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WHAT IS THEIR SHARED HISTORY, WHAT RELATIONS DO THEY HOLD AND DO THEY OFFER POSITIVE PROSPECTS?

Présenté par

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First and foremost, I want to thank my teacher and promoter, Mr Alen, for his support and patience.

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1 THEORETICAL INFORMATION

1.1 A little insight as an introduction

The world population in 2019 reaches 7.7 billion, the total population in Europe is around 740 million and *Turkey*’s population is more than 82 million. The reasons why I am starting by giving you those numbers are diverse.

One of them is to give you an idea of how, when considering only the workforce, *Turkey*'s population could impact European Union's economy.

To go even further, the repercussion on the European Union could also bring up a sudden change in the current world economic tendencies when being impacted by *Turkey*'s economy.

Then, answering this question becomes even more relevant: "What is going to happen to the economic relations *Turkey* holds with Europe in the next decade?".

Throughout the whole dissertation I will try my best to give insight into every aspect of this matter regarding two major world economies which are the *EU* and *Turkey*.

Many major events happened during the 20th century that is for sure. One may think of the sorrow or massive destruction that wars brought to the European continent. However, when things are broken down, it leaves room for a will to rebuild in a better and more efficient way. This is what happened to the European countries. They did not stop searching for further ways to limit and wipe out the hatred and resentment they had one for another. Today, the *European Union* is one of the most powerful economic organisations around the world.

One of the currently closest states to the *European Union* is *Turkey*. Since almost all of the other *EU* surrounding countries are already part of the *EU*, it is important to cover this matter as the market in the international layer is ever more competitive. It may definitely be interesting to the *EU* to actually start a convenient partnership with countries it shares borders with i.e. *Turkey*.

1.2 Over the European Union

1.2.1 Birth and Origin

Created 70 years ago, although it has been called many different names over the years, the *European Union* is a great success as a political and economic union. According to sources like the official European Union online domain, the idea of a united Europe was shared but even stronger than that "nourished" by many great thinkers such as *Konrad Adenauer*[1], *Winston Churchill*[2] and *Robert Schuman*[3] to only quote several of them.

As for the countries that accessed the *EU*, they have not always been 28. The European Union grew and kept on evolving over the years.

Indeed, it is when the surrounding countries saw the benefits of making alliances, whether economic, social, intellectual or of any other kind with neighbouring countries that they slowly began to express a desire to be part of the newly established potential world's best economic area.

The plan succeeded as planned since most of the countries in the European plateau[4] entered the *European Union*. But this does not mean all *EU*'s neighbour countries will ever be a member state since there are some heavy and decisive requirements to meet. In the light of that, the only countries that are not presently in the *EU* are those that are applying different political systems.

However, one should not forget all the efforts and time it took to unite most of Europe's countries into this economic and political group. Everything began in Paris in 1951 with the ECSC, which stands for *European Coal and Steel Community*.

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[1] A great German Statesman, he was born in 1879 and passed away in 1967.
[2] Well-known Statesman and former Prime Minister of the *UK*. He was born in 1874 and passed away in 1965.
[3] He was a Statesman and also Prime Minister of France. He was born in 1886 and passed away in 1963.
[4] It is common to hear from politicians that the EU membership can only be possible if the country applying for its access is situated in the geographical area defining Europe. The European plateau highlights just that.

The *Organisation for Economic Co-operation Development* was created and re-formed afterwards in 1961 due to the *Marshall Plan* launched by the *USA* in order to help Europe standing on its feet again.

In 1957, the true ancestor of the *European Union* was established by the *Treaty of Rome*: the *European Economic Community*. This one counted many more countries than the first 6 ones (*UK*, *Greece*, *Spain*, …), which marks the start of a successful future large-scale cooperation between many countries on the European continent.

1.2.2 Economy figures

As we previously mentioned, the European Union's population accounts for almost 10 % of the world's population. So, one may think that the *GDP* of the *EU* also makes around that percentage. Let's list some figures here (million USD):

Data about the GDP/Region:

- World: 80,000,000.00
- USA: 20,500,000.00
- EU: 18,000,000.00
- China: 13.500.000
- Turkey: 700.000
- Belgium: 550.000

Now let's compare with the GDP *per capita* (in USD):

- USA: 59,531.66
- EU: 33,723.27
- China: 8,826.99
- Turkey: 10,546.15
- Belgium: 43,323.81

Those figures were retrieved from the *World Bank Group*[1] . What is interesting here is the fact that *Turkey* would inevitably lower the rank of the *EU* regarding the GDP per capita. Now, considering this data, it is quite understandable that European people are not really looking forward to *Turkey* entering the *EU*.

However, I would like to quote Croatia, Romania and Bulgaria. These are countries which have a GDP per capita like *Turkey*'s, but this did not stop the enlargement of the *EU* to those territories.

This is very interesting. What are the motives for both these behaviours? To answer this question, one should consider more parameters and not only the *GDP per capita*.

What are the resources in the country in question? What are the benefits of suppressing the borders? What will that country bring to my economy? Are there any possibilities to expand the market union to the lands beyond and consider welcoming these in the *European Union*?

Those are examples of question that raises new characteristics, new reasons, new incentives that would help to define the eligibility of the countries that apply to access

[1] According to *Wikipedia*: " The World Bank Group (WBG) is a family of five international organizations that make leveraged loans to developing countries. It is the largest and most well-known development bank in the world and is an observer at the United Nations Development Group."

the *EU*. Every association, every partnership, every agreement revolves around mutual benefit. Then, what is *Turkey* going to bring to the *EU*?

Turkey is proficient in some sectors which are not the main assets of the *EU*. In this regard, I will quote agriculture/fish farming, industry, textile and Industry. Agriculture and fish farming are in a very special stance right now. *Turkey* has always been an agricultural area, this was the case through every inch of the territory.

Due to the pace of modernisation, the tendencies regarding the above-mentioned subjects have changed.

This is the case for developed countries but also for developing countries, amongst which Turkey happens to be.

From a mediating point of view, the two parties should focus on their complementary assets and cooperate for general benefit.

1.3 Over Turkey

1.3.1 Birth and origin

Turkey is a republic that was proclaimed after *World War I*. It was previously one of the many dozens of ethnical groups which made up the *Ottoman Empire*. Thanks to the great leadership of the military commander of the *Young-Turks Mustapha Kemal Atatürk*, *Turkey* earned its independence after fighting and repelling the Allied-*Forces* from the Turkish (rather Ottoman) territory.

Afterwards, *Turkey* underwent a severe change in its political system, which had a direct impact on its economy. After trying isolationism, which turned out not to work, Mustafa Kemal Atatürk decided to establish secularism following the example of Western countries and he became *Turkey*'s first President. Nevertheless, this did not happen in one day and *Turkey* underwent many economic crises, some very harsh to Turkish people. In response, the government never stopped establishing measures to fight the crises and eventually *Turkey* succeeded.

From that time on, *Turkey* became politically and economically sounder as a trading partner for Europe, which, at that time, was not united yet.

A major advantage for both Europe and Asia was the fact that there would be no more danger right in the middle of both continents. *Turkey*, being docile after having what it longed for through the *Treaty of Lausanne,* would not interfere with global trade matters e.g. the silk road, which would be more accessible to all parties including even North Africa. In 2019, there is no doubt that this treaty accounts for a lot of the economic prosperity that arose since then in the area encompassing the three continents mentioned above.

1.3.2 Important dates

February 17, 1923: on that memorable date, the leaders of *Turkey* held a national economic congress to set the future after-war situation of *Turkey*. They set economic goals and outcomes for the following decades. However, their recently established economically and politically isolated state was weak and thus overwhelmed. This situation was due to the long time spent in an empire. Turkish people were a mere ethnicity in the *Ottoman Empire*. They used to have what they needed not by manufacturing them per se, but by trading them internally from area to area. It is not so surprising considering the size of the empire's vast territory.

Afterwards, *Turkey* was not a prominent actor during the *Trente Glorieuses*[1]. *Turkey* still availed itself of developments in its economy, but it was nowhere near the developments developing countries met. The situation remained the same until late in the century namely the 1980s.

January 24, 1980: the second Economic Congress was hold in Izmir. The decisions were sharper and further polished owing to measures taken about importation, foreign investments. It also aimed at better profit management by reinvesting and

[1] The *Trentes Glorieuses* is the name given to the 30-year period between 1945 and 1975 during which Western Europe (mostly) benefited from an invisible great economic growth.

better currency liberty for the banks. The most impactful decision was further multiplying and enhancing international trade and competition.

Turkey realised that the future of its economy would be ensured by nothing but by entering the globalisation process. The ultimate decision of *Turkey* regarding its economy was to apply the *Economic Liberalisation* and *Freedom of Market* (characteristics of *Liberalism*). Which had been applied for over decades in the West at that time. *Turkey* was late, but eventually did the right choice to compete with the Western market. Today, we can say that all those hardships and decisions paid off: *Turkey* is currently a member of the *G20*[1].

1.3.3 Other major dates

On 5 April 1994 important decisions were again made for bringing the Turkish economy back on its feet. Since the beginning of the year 1994, the country had experienced very important disorders in the management of its budgets due to macroeconomic imbalances. However, it is said that this economic crisis could be eased by the presence of similar situations in other countries in the region.

The next Turkish crisis arose within another decade later: the crisis of November 2001. This crisis began due to accusations made against bankers and their banking systems. Accused of wrongdoing, many important personalities were arrested. This, in turn, was the cause for a continuous increase of interest rates in *Turkey*. The market suffered with a high inflation rate that kept on increasing for years until the *IMF*[2] brought its help by means of a debt amounting to $ 10,400,000.00 granted to the Turkish government.

[1] The *G20* is an international organisation that hosts in a Forum world's 20 biggest economies.
[2] The *International Monetary Fund* is one of world's biggest economic organisations and includes 189 countries. Its goals can be summed up like this: instigating economic growth worldwide and fighting poverty around the world.

1.3.4 Economy figures

(Cfr pp. 6-7).

The *unemployment rate* in *Turkey* turns around 10.00 % (recent peak in 2018) whereas it is around 7.00-8.00 % in *Belgium*. European Union's *unemployment rate* remains under 7.00 %.

Turkey produces over 1.60 Quadrillion (10^{15}) *BTU*[1] and consumes 5.85 Quadrillion *BTU*. *Belgium* produces for 0.59 Quadrillion *BTU* but consumes 2.62 Quadrillion *BTU*.

Moreover, the population density in both those countries also matters. In *Turkey* you find 105 (people)/km² and in Belgium it is over three times as much: 376 (people)/km².

This data was retrieved from *Knoema*, which I personally found to be one of the best organisations that run analyses about economy. Though many other could be mentioned here, I chose to keep it short and only quote the easiest manageable data.

1.4 Interesting points

Energy works as fuel works in a car. Everything is convertible into energy. Besides, everything needs energy and some things produces it as well. A fundamental rule in chemistry comes to mind:

> *"Rien ne se perd, rien ne se crée: tout se transforme[2]."*

This quote from *Antoine Lavoisier* is considered very important in science, but also in other areas of life. In state affairs, it would be an asset to consider energy production as well as energy expenses.

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[1] The *British Thermal Unit* is a traditional unit of energy, more precisely in the form of heat. It is defined as "the amount of heat required to raise the temperature of one gram of water by one degree *Celsius*". One *BTU* equals 1055 *Joules*.

[2] "*Nothing is lost, nothing is created, everything is transformed.*"

If everything is countable in energy units (BTU), then even the GDP is.

For any state, exporting is more profitable than importing. Therefore, in terms of *globalisation*, the countries that are economically ranked better are usually the countries that export more than they import. This concept is called *Trade balance*.

Energy is a direct parallel to the trade balance because it enables a country to further develop from within and without the intervention of other countries. Consequently, this reduces the importation rate and lets room for the exportation rate to overstep it.

When we look at the previous data, we see that *Belgium* has a ratio around 1/5. This is explainable by the union made with the other European countries. *Belgium* does not need to produce a lot since it can import it from countries that produce even more. It is important to note that I am referring to the energy production in general. *Belgium* produces a lot of electricity via its power stations, surprisingly, more than *Germany*. But *Germany* produces more energy eventually because of its various sources of energy production. So, *France*, *Germany* and the *United Kingdom* are massive energy producers. Therefore, these countries can complement one another. *Turkey*, on the other hand, has potential to produce a lot but, seemingly, it does not want to become independent (1/5). If *Turkey* was to self-sustain as regards energy, it would be seen as a protectionist state. However, *Turkey* has not wanted that since the second Economic Congress in 1981. Given the current conjuncture, this tendency may be headed elsewhere though.

The point is that *Turkey*'s territory is large, so is its population. But how could that benefit both *Turkey* as well as the *EU*? Well, *Turkey*'s particularity is that the water surrounding it can be used efficiently. It is already taking advantage of it with its many ports all along the coast of the *Black Sea*. Besides, this much water could be used in the cooling system needed in nuclear, thermal and common power stations. Although, it is important to know that *Turkey* has had no nuclear stations[1] so far. Certain EU-member countries could, this way, focus on another type of activity. On the other hand, such a large territory (*Turkey*) would indirectly benefit other

[1] *Turkey* is currently rectifying this as it is developing 2 modern nuclear stations, one in partnership with *Japan* and the other with *Russia*.

European countries. They could get rid of energy production facilities in high density areas.

Now, let's talk about fishery[1]. Where do the fishes sold in Belgium come from? Well, the answer is not logical at first sight. The *EU* is surrounded by seas and oceans, but the *EU* is not its own sole fish provider:

> "*The top four species consumed in the EU – tuna, cod, salmon and Alaska pollock – represented 35% of the market, and were mostly imported from non-EU countries.*"

Of course, it depends on the species we are talking about, but even when we reduce the scope to species commonly found around Europe, we notice that there is still a dependence to far-off countries. The main fish providers are *Iceland*, Scandinavian countries (*Norway*), *USA*, *Ecuador*, some Asian countries like *China*, *Indonesia* and *Vietnam*, *Morocco* and other exotic countries.

In the European fishing industry, the market is a complete single market. Therefore, the whole continent acts like one country, exporting and importing when fish is needed. This continent has access to many seas on top of the Atlantic Ocean in the West. Nevertheless, the *EU* still imports a lot of its fish as we saw above. A common term used is "*Self-sufficiency*" per fish. This self-sufficiency rate is strangely calculated since the *EU* imports fish from outside before reaching its own fish production capacity peak. This means that the *EU* is not availing itself totally of its gift (the seas). Consequently, billions of euros were lost making a huge trade deficit amounting to EUR 19.6 Billion. In fact, the solutions are not missing, they are just not put into practice. The *EU* needs to put national limitations regarding fish imports, especially for countries like Sweden and Spain which are the main fish product providers.

Turkey could reverse *EU*'s current situation as Turkey is surrounded by 4 different seas. Moreover, it trades with other countries which are surrounded by further seas and oceans to e.g. Qatar, Azerbaijan, Iran, Arabia, Egypt ... For that, however, the *EU* needs having a special agreement with *Turkey* or merely accept it in the *EU*. As a matter of fact, a cooperation already exists. This cooperation is the *GMFC,*

[1] The chapter for Fishery is, still today (2019), one of the frozen chapters that prevent Turkey from accessing the EU.

General Fisheries Commission for the Mediterranean (and the Black Sea) and operates in the Mediterranean Sea and in the Black sea only. The members are the EU-member states in addition to 23 non-EU countries.

Earlier, I stated "proficient" when commenting some Turkish economic sectors. It is neither wrong nor right because it does not reflect on *Turkey*'s *GDP*. *Turkey*'s *GDP* is high, which is the reason why it is in the *G-20*, but not as much as we could expect if we consider its population. That is true, but if we take into account the growing presence of *Turkey* in EU affairs, *Turkey*'s economy will most likely skyrocket. Particularly if we remove the barrier applied by the currency difference as well as the paperwork that continues to be troublesome at times. Indeed, it has been clear throughout the years that paperwork undermined trade between the two parties. So much so that measures needed to be taken shortly.

Above, I explained a case in a specific sector: fishery. It is also the same situation with the rest of the sectors I mentioned. All this information (made of tangible situations) will be relevant as we dig deeper into the subject.

1.5 Shared past of both countries throughout history & agreements

1.5.1 Preamble

I briefly talked about some aspects of the history of *Turkey*, but there are still many things to mention and further develop. We will try to answer two simple question: "*How come Turkey isn't yet a member of the EU?"* and *"What did the EU do to ensure Turkey's access in the EU?".* In this section, I will remind you of some important events of *EU's* history which relates closely to its relationships with *Turkey*.

When we say "*agreement"*, we must be precise as to what we are referring to. Agreements come in several types or layers:

1 The highest layer: international legal agreements, which are made between states, countries and other similar major entities.

2 The middle layer: international sectorial agreements, which are monitored by their higher tier. They however have a considerable amount of freedom in their relationships with other entities of the same nature e.g. the *Erasmus* program between universities.

3 The lower layer: agreements[1] made between companies, which is monitored by the middle tier and indirectly by the highest.

This is, of course, not the only way to divide agreements into different types. I will mostly deal with the highest layer because this is the core of the matter. In addition, I will also make mention of the others but they will not have their own section.

1.5.2 The beginning

In the 1960s, the *European Economic Union* was quite successful with its 6 founding members. Soon after that, countries such as *Greece* were amongst the first that applied for an admission. Around the same time, another country submitted its will to enter the Union, this country was *Turkey*. The procedure that takes place is the following:

1 The country applies for its admission.

2 The *EU* studies the case and establishes, in the form of a written report, a picture including the most important characteristics of the country and some guidelines. The *EU* judges and supervises the country by giving indications as to improvements that must be made.

3 The country in question works towards those goals.

4 The country applies back to the *EU* for a re-analysis and states its readiness to further work on new requirements.

5 The second step takes place here again.

[1] Contracts and cooperation, meaning business.

6 The country applies once more.

7 If this time everything is correct, the parties proceed to the practical aspects of the admission. If not however, we go back to the second step and so on.

The average citizen may not have a good grasp of how much time this actually requires. It takes a big amount of time due to the international involvement (gathering people with busy schedules, reports to write and study, need for every parties' approval etc.). An exhaustive report takes months, even years, to establish. This explains why other EU-countries accessed the Union through succession[1] of entry in groups.

When we look at the admission dates (Appendix 1) of other countries in the *EU* and compare them with *Turkey*'s situation, it becomes obvious that something is odd. *Turkey* is surprisingly not part of the *EU* yet. Although it applied for it a while ago.

1.5.3 Ankara agreement

On 1 December 1963, the Ankara agreement started running: an agreement signed on 12 September 1963 by the *EU* on the one hand and *Turkey* on the other hand. This agreement is a very peculiar agreement as it is quite unique. It covers many economic sectors that I will quote shortly. Furthermore, this agreement has been running up to now, but as we will see, the status quo[2] will probably be maintained.

The base matter of this agreement deals with the potential ways of making business interactions easier for both parties. Broadly speaking, its main feature is a customs union which would have removed custom duties for certain types of product at first, then for others. In addition to that, a complete removal of the importation taxes was planned. Nevertheless, no article foresaw some ruling for avoiding the necessity of having a visa to travel to European countries as a Turkish citizen.

Though the agreement was signed in 1963, it only came into effect in December 1964. It ran for decades and is still, sort of, running today. It initially included 2

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[1] I.e. the official "enlargements".
[2] Statu quo is a latin locution, which means "Existing situation".

protocols which applied as the Ankara agreements up until 1970, when the *Additional protocol* took effect instead of the previous protocols. The matters treated in the very start of the discussions make up *Turkey*'s "*raw*" *Pre-accession strategy*. In order to make *Turkey* a full member of the *EU*, the Union foresaw three stages *Turkey* would need to pass through and quoted them inside the 1963 protocols. The preparatory stage (5 years), the transitional stage (12 years maximum as from the end of the 2nd stage) and the final stage. When *Turkey* entered the Transitional stage, the second major agreement was signed: the *Additional protocol* of 23 November 1970 and took a little more than 2 years to be running (from 1 January 1973).

The signature of these protocols meant a lot for *Turkey*, as this was a clear sign that the *EU* gave heed to the will and efforts shown by *Turkey* to enter the Union. This protocol granted *Turkey* some advantages in business even if quotas were applied for several types of product[1]. *Turkey* as well as the *EU* were anticipating, perhaps *Turkey* more enthusiastically, that the latter would eventually enter the *EU* in the long term. To illustrate this, it was mentioned many times in the different protocols that an extension could be conceivable. Although the protocol was a diplomatic necessity for sure, the outcome is far away from the expectations as *Turkey* is still not a member country of the *EU*. This is mostly due to how long it took the *EU* to grant *Turkey* the basic rights of a fellow EU-member state.

Starting with the preparatory stage, the *European Union* supported *Turkey* by helping it to develop its economy. For that purpose, the *EU* opened its market to *Turkey* and raised the quotas of importation for certain products such as tobacco, grapes, dried figs and nuts.

Next, the Transitional stage followed up little by little (it took a long time to be complete) letting the industrial products cross and travel beyond the borders of both parties freely i.e. without duties. After applying that, the field of action was enlarged to the service sector. Likewise, for business purposes, the workers were allowed to cross the borders without visa. The downside of this results was spending too much time with red tape e.g. by proving one's real purpose and intentions for crossing the

[1] Mostly agricultural products (food) such as nuts, dried figs, grapes and manufactured tobacco products. Then, with the coming of the additional protocol, the range has been expanded to other products such as chocolate, cotton, toys etc.

borders. Therefore, no solution was enforced for a while. As I pointed out in the long introduction, agriculture played and still plays a major role in the Turkish economy, hence the decision was enlarged in order to encompass agriculture. In a nutshell, the transitional stage aims at reducing the costs of both parties. Cashflows are becoming, at this point, more and more common between banks, state institutions, authorities and private as well as public sector companies. By the start of the final stage, financial cooperation would be at its peak (as it is between EU-member states).

The Final stage was said to start after 12 years maximum once *Turkey* reaches the 2nd stage according to a provision in the two initial protocols. As I mentioned it above, this stage is pretty much one step before *Turkey* eventually becomes part of the *EU*. Which, de facto, was an odd scenario since no admission procedure was launched before the late 1980s and that none of the parties reasonably discussed the subject around the table.

Subsequently, there is another core requirement in the agreement between the parties that has always remained the same throughout the years. I am referring to the emphasis put on closing the gap between their relative economic and political systems. *Turkey*, at that time, was new to economic principles such as market freedom or the free enterprise. Regarding competition in *Turkey*, it was not as dynamic as it is in the *EU* (particularly in some sectors). So, the *EU* suggested some changes in that regard. Furthermore, adopting a law on free movement of capital (which is included in the financial cooperation we talked about earlier) was also planned according to some advice from the *EU*.

In the 10th article of the Ankara agreement[1], it is said that no tax on neither importation nor exportation will be allowed. The goal was to bring closer the business between the two parties with a view to making it as it is amongst EU-member states.

This lengthy process was pretty justifiable because of the nature of the changes *Turkey* was meant to deal with. Eventually, the taxes on *Turkey*'s exportations as regards industrial products (except the textile and petroleum sectors) were heavily

[1] I am referring to the first two protocols here.

decreased[1] as from 1 January 1971. With this new regulation, we can obviously see the impact of the *Additional Protocol,* as it only came into force a year earlier when the *Transitory stage* was introduced.

For the agricultural sector, the taxes (duties) were gradually decreased from 1 January 1981 and totally removed as from 1 January 1987. The taxes on importations in application from the *third countries*[2], on the other hand, must be the same as the ones applied by the *EU*. Only several exceptions were to be made with regard to agricultural products, but this matter was settled only years later.

Subsequently, the foreseen freedom of Turkish workers travelling beyond the borders has not been implemented properly though the ultimate deadline was said to be in 1986. Only a few little improvements were made to ease the situation of Turkish citizens residing in European countries.

Moreover, the protocol mentions a due growing cooperation in the social policies and foreign trade between the parties. Therefore, *Turkey* was expected to put efforts in the realisation of those.

The resulting progress led the parties to acknowledge that this was the end of an era between these two. The bonds have soon become stronger and the business more flourishing.

The nineties were very busy for both parties as the new era had started. One of the first input in this era was a revision of the customs union as well as the financial cooperation according to the guidelines laid down by the *EU*.

Thanks to *the ACD No 1/95*[3], every type of cooperation between the *EU* and *Turkey* was sped up.

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[1] The organisation responsible for such negotiation is the Council of the European Communities which has, nowadays, become Council of the European Union. This organisation works very closely with the European Commission.
[2] They are the countries outside of the European Union e.g. China, Switzerland, …
[3] The Association Council is the organ which is responsible for making decisions regarding the relations between both parties. The few improvements made in the free travelling of Turkish workers were the results of this association's decisions for instance. When this organ decides, the decision is called Association Council Decision (*ACD*).

On 30 September 1991, the first meeting of the *Association Council* was held. The second took place on 9 November 1992. The latter happened to be more successful as a *Turkey-EU Customs Union Management Committee* was founded. The bottom line of this second meeting was that, since the launching of the *Ankara agreement*, things had evolved in a positive way, not quickly enough nevertheless. The parties fixed 1995 as the year when the customs union would finally be 100 % complete and running.

On 6 March 1995, a decision was made by the *Association Council*, which was named *Decision No 1/95*. This decision covered aspects we talked about before with slight changes in the already available provisions (i.e. the tariffs and quotas were dropped for some other types of products) and brought new material as well.

Eventually, on 6 March 1995, the official proclamation of a complete customs union was made with the proceedings starting as from 1 January 1996. Later, on 25 July 1996, the agreement covering the products corresponding to the products listed by the *ECSC*[1] was signed (making it clear that those products can now travel in and out totally free of charge). The other types of product are, nowadays, still undergoing some difficulties (Tariff quotas, paperwork, …). Nevertheless, a customs union is in application and transactions are still way more advantageous than before. Hence the year 1995-1996 is considered as the passage to the third and final stage.

A new aspect later came into consideration: financial cooperation. Although financial support had taken place between both parties, *Turkey* had to be further involved in this cooperation. The emphasis is quite big, since *Turkey* wants to be part of the *EU*, it has to provide the *EU* with its financial capabilities (monetary resources). That is, amongst others, a characteristic of a unified market. Thus, support through cash flows occurred between the *EU* and *Turkey*. This decision however weighed lighter on *Turkey*'s shoulders because it has been a member of so many other organisations such as the *IMF*, *NATO*, *COE*, *G-20*, *OECD*[2], … *Turkey*, unlike other countries, is amongst the countries that have rather favourable financial capabilities i.e. it grants more money than it is granted. This process is effective to foster countries'

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[1] *European Coal and Steel Community*.
[2] Founded in 1961, the *Organisation for Economic Co-operation and Development* is an international economic cooperation which counts 36 member states worldwide.

growth and economic health because the more a state supports another, the more its expectations will be accounted for from the latter and its partners.

From *Turkey*'s point of view, all the advances prove a huge step forward. But due to the time and effort required preparing the accession of the many Western Balkan countries, *Turkey* was not *EU*'s focus of attention any longer. The Balkans entry dates are actually very close to each other. In a nutshell, the discussions started in 1996-1997 and their entry happened between 2004 and 2013 (single market and eurozone for most of them).

The *Decision 1/95* is somewhere between an expansion and a replacement of the 1970 *Additional Protocol*. Certain agreements were revised, such as the customs union by sector. We have seen that the products matching *ECSC*'s were dealt with separately. All the other sectors were also revised in the decision. The quotas (tariff quotas) for agricultural products were advantageously raised. The exceptions for importation taxes on agricultural products coming from the third countries have been successfully ratified by the *AC*. Nevertheless, there are still little improvements required to be made concerning the red tape. Indeed, the procedures take too long, *the* parties plan to shorten and make them easier through 1996.

Turkey was given some points of improvement to reach, such as valid competition laws, intellectual and property rights and a commercial law system that would correspond well enough with *EU*'s.

Most of the so-called requirements never really prevented *Turkey* from concluding agreements with the *EU*. The agreements were, indeed, brought up for the sake of collective interest. Additionally, the *EU* and *Turkey* have been trading partners for centuries, which shows why both parties displayed so much patience to pursue economic relations with each other. After all, each area has something valuable to bring to the other. This makes the outcome worth it and does not really leave room for doubt.

Turkey had a hard time in 1995 as it had reached the 3rd stage which is the last one according to the provisional protocol of 1964. This stage is not a mere procedure. It is a very important date in the parties' common history. To demonstrate its importance, the above mentioned *ACD* (written contract) includes more specific cases compared to any written contract signed between the parties before.

Turkey is now de jure expected to ensure its participation in the development of great projects. These are major projects which, given the nature of the sectors concerned, require international structures. Amongst the projects I am referring to, we find:

1 Exchange of general knowledge and information

Any type of data that can be used by any EU-member country (and vice-versa) for defined purposes shall be shared. This attitude is called "Transparency". For example:

> "*Regulation on the notification of the technical legislation and standards between Turkey and the European Union*".

Turkey was, in fact, suffering from such cooperation. As *Turkey* has not been a major actor in the 3rd industrial revolution, it could not avail itself of the Western standards applied afterwards. It does not stop there, when a party needs information in any field, it has the right to ask for the counterpart organisation's support.

2 Cooperation in the Energy sector

Many innovative projects are in the scope of such cooperation. To quote only one, the *EU* had the project to realise the Southern Gas Corridor (Appendix 2) which includes the *BTE*[1] and *Nabucco*[2]. These gas conducting pipelines would cross the Caucasus (right next to the spot where the gas is extracted), *Turkey* and European countries to ensure an efficient gas distribution. According to *Tolga Demiryol*[3]: "*BTE is of strategic value for both Turkey and Europe*". The impact of this project is so great that it got ambitiously bigger. That is to say by connecting North-Africa too. This would make a huge pipeline system covering 3 continents. Which is not only great, but unbelievably prestigious. Tolga Demiryol illustrated this in his work, "*The*

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[1] *BTE* means *Baku–Tbilisi–Erzurum* and is a natural gas pipeline that comes all the way from Azerbaijan to Turkey. This pipeline is known by other names as well such as *Shah Deniz Pipelibe* or *South Caucasus Pipeline*.
[2] A gas pipeline project that would link Turkey and Austria. Its full name Nabucco-West pipeline. It remained as a project for nearly a decade before being aborted.
[3] Professor of Political Science in a university in Istanbul (Altınbaş).

Geopolitics of Energy Cooperation between Turkey and the European Union":

> "*… it will not only allow the Caspian gas to be transported via Turkey to Europe but also to redirect the gas that initially arrived in Italy from Northern Africa to the Balkans …*"

Since the 2000s turned out to experience the highest natural gas consumption, there is no wonder gas cooperation was set as a priority in the EU-Turkey relationships.

3 Transportation

Strategically located, *Turkey*'s territory will inevitably come in handy for transportations. Surrounded by water, fluvial transportation is highly enabled. Furthermore, Turkish ports are numerous.

As to airfreight, Istanbul hosts 2 airports. One was closed since another opened instead, the greatest airport in Europe (so, still 2 in activity). This event was not random, neither was it in vain. Since economic growth is constant, improvements in the vectors of transportation are needed. The Istanbul airport was hence an urgent need.

Road transportation is also worth mentioning. An ever-increasing number of lorries drive on *Turkey*'s highways to reach far-off destination nowadays. This would not have been possible without such cooperation being emphasised in the late nineties.

> "*In April and May, 2007, another important caravan procession drove a total of 8,500km along the planned route of the Black Sea Ring Highway, which is very much linked to the Silk Road. Having driven across the 12 Black Sea Economic Cooperation (BSEC) countries, the 12 trucks arrived in Istanbul, Turkey ["the emerging pearl of Europe"], a rapidly developing country where east meets west; where huge highway projects are planned; which boasts the fifth biggest economy in Europe (16th in the world) and which is the fifth biggest construction equipment market in Europe …*"

4 Telecommunication

Under the political competence of the *Ministry of Transport and Infrastructure*, the *Telecom* sector has gone through little improvements until the 2000s. The system in force was fundamentally different in *Turkey* compared to *EU*'s. Therefore, the cooperation was delayed until the beginning of the 1st decade of the 2000s. Since then, the Telecom sector expanded exponentially, partly thanks to globalisation and standardisation. The 2nd decade *Turkey* experienced specially marked peak growth with *BusinessWire* describing Turkish Telecom as so:

- *"Turkey is producing its own domestic communication satellite with qualification testing expected to begin in 2018* (supposed to be completed by 2020).
- *"Pre-paid mobile subscriptions are in decline while post-paid are growing.*
- *"Millions of homes have now been passed by the fibre broadband network in Turkey.*
- *"Mobile penetration in Turkey was close to reaching 100%* [*sic*] *in 2017.*
- *"Turkey is positioning itself as an important node for data traffic on a global scale.*
- *"Turkey is very proactive in the development of e-government services and solutions."*

Amongst its successful technologies, we can find the mobile telephony. Indeed, the *Penetration Rate* (*PR*) is almost reaching 100 %. The number of subscribers stands at over 70 million (2014), and 70 % of those have 3G. Compared to *Turkey*'s total population in 2014 (77 million), the *PR*[1] reaches 91 %, according to *Osman Coşkunoğlu* in his work[2]. The mobile broadband (mobile data services; 4G) is the biggest Broadband technology

[1] The *Penetration Rate* is a number in percentage that shows how well a technology does in the market e.g. if the *PR* of mobile phones is at 100 %, it means everyone has one. It can exceed 100 % depending on the technology concerned.
[2] "Infrastructure and Independence: Why Turkey's Telecommunications Sector Is Not Keeping Pace with Demand".

(Appendix 3) with a PR of 34.5 % (2014). The 4.5G is available in *Turkey* since April 2016, although around 60 million Turks are able to use it, only half of those have been recorded using it till March 2018 due to technical limitations (incompatible mobile phones, incompatible SIM cards, …). In comparison to the 4G data, the average *OECD PR* stands around 68.4 %. The fixed broadband technology is also promising:

> "*The fixed broadband penetration rate in Turkey is 14.7%, compared with the 30.6% average OECD rate, indicating strong potential in Turkey* (in 2017)".

The *World Economic Forum*'s ranks the *NRI*[1] of *Turkey* 48th out of 139 in 2016. In 2006, it was ranked 52nd by the same organisation and in 2003 it was the 61st. Though the figures above may be satisfying, *NRI*'s criteria are many and not all criteria were ranked 48th (average). I will not go further into the details because a section will be attributed to the Telecom sector. For now, it is important to know that *Turkey* has quite a special case in Telecom, which does not enable the *EU* and *Turkey* working much together in this sector.

The cooperation agreements quoted above are just a few examples. Several other sectors were also stated in the *Decision 1/95*.

1.5.4 Turkey's Accession Statuses

Let's talk more about *Turkey*'s accession status throughout the years. It is a crucial point, since the smaller the gap, the more beneficial the relations would be.

On 14 April 1987, *Turkey* formally applied for its admission into the *EU*. Later, upon the launch of the negotiations on the 5th enlargement, *Turkey* submitted again its will for accession. I remind you that the Ankara agreement was not meant to apply as a permanent solution, but as an ephemeral one tailored for *Turkey* only. This

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[1] *Network Readiness Index*, it is a number that shows how well the *Telecom* sector of country is developed.

means that anything may follow after the agreement validity is put to an end. As a result of this request, the *EU Commission* decided to officially start a case for the request in 1988. However, a report released in 1989 by the *European Commission* about a potential admission of *Turkey* advised a delay in the process.

In 1997, many events took place, I will however only talk about some of them.

We are in mid-March 1997 in a meeting of the *Ministers of Foreign Affairs* of the *EU* in *Apeldoorn*[1]. In this meeting, the Ministers explicitly specified that *Turkey* would undergo the exact same criteria as the other candidate members. This claim was repeated a second time in April 1997 during a meeting of the *Association Council*. At that time, this is what *Turkey* had been waiting for as almost half a century had gone by since the beginning of the cooperation. *Turkey* was slightly losing patience whilst the centre attention of the *EU* was slightly getting drawn away.

In the *EU Summit* that was held in Amsterdam on 16 and 17 June 1997, no candidate countries were ever mentioned. However, in a further briefing meeting that occurred on 27June, *Turkey* could partake under the same criteria as the other candidate countries invited.

The *European Commission* released on 16 July 1997 a report called "*Agenda 2000"*, which started the negotiations and proceedings to bring 10 *Central* and *Eastern Europe* countries and *Cyprus* into the *EU*. Those proceedings were foreseen to occur throughout the 2000s. *Turkey* happened to appear neither amongst those nor amongst the countries that are in the pre-accession scheme. The only declaration that was made about *Turkey* basically said that the customs union already in effect shall have further developments.

The *EU* heads of states and governments gathered during the *Luxembourg Summit* on 12-13 December 1997. According to a report from the *Turkish Parliamentary Authorities*:

> "… [Translation] *During the EU heads of states and governments Summit that was held on 12-13 December 1997, the great part of Turkey's expectations was not met. Although Turkey was said that it would see an*

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[1] *Netherlands*.

> *improvement in its cooperation* [with the EU]*, which is a parallel aspect to the ongoing* [unofficial] *pre-accession strategy, and that it was invited to EU's conference, Turkey felt like it was discriminated as it had not been put in the spotlight like the other 10 candidate countries. This impression stems from the EU moving away from the core subject, which is the enlargement, and by applying different political* [accession] *conditions for Turkey* …"

Therefore, the exchanges were slowed down, so much so that a clear "*pause*" settled in between both parties. Consequently, *Turkey* decided not to participate to *EU*'s conference in London on 12 March 1998.

On 14 December 1997, *Turkey* declared it will meet the expectations in its affairs relating to Greek-Turkish relations (e.g. human rights). It was also said it would endeavour to foster the economic and trade relationships as ideally as possible.

Afterwards, the *EU* released a report called *European Strategy for Turkey* on 4 March 1998. *Turkey* found this report to be incomplete, that is why it released an equivalent but more convenient report on 22 July of the same year. This report is important since *Turkey* stated in it that every improvement or development had no value nor benefit unless it strives for integrating *Turkey* into the *EU*. Moreover, *Turkey* stated that, in order to have a good functioning cooperation, the *EU* must give heed to *Ankara*'s interests. *Turkey* must have the right to handle to a certain extent the mechanisms of the customs union specifics (customs duties, …) according to *International Law* (e.g. for *Cyprus)*.

The next event gathering the two parties occurred on 15-16 June 1998: the *Cardiff Summit*. Compared to the previous summit, this one was more favourable. First, in the summit's report, the title "Enlargement" was given for *Turkey*'s chapter. Then, *Turkey* was given the responsibility to write a complete report on the developments made so far about *Turkey*'s accession into the *EU.* Finally, the summit's report also pointed out that the specifications in *Turkey*'s version of the *European Strategy for Turkey* report will be considered. Nevertheless, the specific conditions applied for *Turkey* remained unchanged, hence *Turkey* was disappointed once more.

Subsequently, the *EU* published the first *Turkey Progress Report*[1] in 1998. While the *EU* published the other candidate countries' progress reports in 1997, *Turkey*'s was published a year later. In mid-December 1998, during the *Vienna Summit*, the *EU* stated that it granted a great attention to EU-Turkey relations and that it would work towards *Turkey*'s accession into the *EU* as the previous summits implied. Then again, nothing concrete occurred on that occasion from *Turkey*'s point of view. *Turkey* described the strategy as being insufficient and stated that it needed to be improved.

The next year on 3-4 June 1999, another summit gathered the heads of states and governments. This one took place in *Köln*[2]. The specific conditions that the *EU* requires *Turkey* to meet could not be removed despite efforts in the negotiations. Moreover, some EU-member states (Germany, …) showed their approval to give *Turkey* the "*candidate country*" status while others did not. This prevented any developments to happen.

Several months later, during an unofficial meeting in *Saariselka*[3] in September 1999, some countries (*Germany*, *France*, *Netherlands*, …) agreed that it was necessary that *Turkey* receives the candidate country status whereas others (*Sweden*, *Denmark*, …) highlighted that *Turkey* had to meet (as a minimum) first the *Copenhagen criteria. Greece* said that, in principle, they do not stand against *Turkey*'s accession but just asked *Turkey* to drop its criticism as regards *Cyprus*' accession status.

Upon the next summit of 10-11 December 1999 in *Helsinki*, a few improvements were made. Then, *Turkey had* to meet the same criteria as the other candidate countries. Hence, *Turkey*'s status officially changed into candidate. In the same way, *Turkey* could, as of then, take part in the meetings between the *EU* and the candidate countries, but this was to be implemented on a later date. Improvements were planned to be brought to the pre-accession strategy, also called Economic Pre-accession Program. In parallel, *Turkey* was in charge of implementing a national

[1] A progress report is made up every year for candidate countries. This report accounts for an exhaustive analysis. The outcome is to figure whether the *Copenhagen Criteria* (economic markers required to access the EU) are reachable or not.
[2] *Germany*.
[3] Finland.

programme[1] as preparation. Otherwise, *Turkey* submitted a request to the *EU*, asking to prepare a framework about its future financial support.

Both parties met again on 11 April 2000 for a meeting of the *Association Council*. This meeting brought the accession process to the next step including e.g. free movement of services and freedom of establishment:

> "*Negotiations aimed at the liberalisation of services and the mutual opening of procurement markets between the Community and Turkey shall begin in April 2000."*

The two points raised above have been twice provisions in both the 1964 and 1970 agreements but never came into force. This proves how disorganised and inconsistent the negotiations were. Then, 8 Subcommittees were formed to "*monitor progress with the priorities of the Accession Partnership*".

Eventually, a huge step forward was made on 8 March 2001. The *European Council*[2] and the *European Commission* adopted the *Accession Partnership.* The objective of this partnership, according to the official treaty is:

" […] *to set out in a single framework the priority areas for further work* […] *towards membership of the European Union, the financial means available to help Turkey implement these* […] *It is expected that Turkey on the basis of this Accession Partnership adopts before the end of the year a national programme for the adoption of the acquis*[3] [*sic*].

This implied many things, amongst which a financial reform that would operate in parallel with *Turkey*'s national programme, which was submitted to the *GSC*, the *General Secretariat of the Council of the EU,* on 28 November 2000. This national programme was designed to raise the relevant points required to be improved in order to satisfy the *Copenhagen criteria.*

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[1] A national programme is done in parallel with an Accession Partnership Document: the first one is done by the candidate country and is very long; and the latter is done by the EC and is very short.
[2] "The *European Council* is a collective body that defines the European Union's overall political direction and priorities."
[3] The *Acquis* (from *Acquis Communautaire*) is basically *EU* community's body of law.

We understood that some requirements were imposed by the *EU*. So, what about their implementation? The *SPO*[1] worked with public institutions and organisations in order to make up a scheme for that purpose. That scheme was the first of two parts and was later submitted to the *EC* (*European commission*).

The *Laeken*[2] *Summit* also played a major role in the accession process. *Turkey* could, from that date on, participate in the EU-meetings with other candidate countries and bring them support (cfr page 29). The summit took place on 14-15 December 2001. This later had the greatest impact because the accession process for *Turkey* was announced at the highest levels. This was once again a new era that started.

Half a year later, the *Sevilla*[3] *Summit* (June 2002) reminded the attendees that *Turkey* had full support from the *EU* and that the next step will be made in a future summit in *Copenhagen*. In August of that year, the second part of *SPO*'s (cfr supra) scheme for the pre-accession strategy was submitted to the *EC* (*European Commission*).

Subsequently, the parties met once more in Copenhagen, for the summit of 12-13 December 2002. The advancements were praised by the *EU*, but it put an emphasis on the political reforms, which were lacking improvements in comparison. Likewise, an increased financial support was to be granted to *Turkey* according to a decision made. Finally, on 14 April 2003, the Council of the *EU* accepted the new *Accession Partnership document*[4] established by the *EC*.

Turkey's Law related improvements were positively perceived by the *EU*. In the *Selanik*[5] *Summit* of 19-20 June 2003, the *EU* stated that it would support the candidate country in satisfying the *Copenhagen Criteria*, the last wall blocking *Turkey*'s accession. To that end, the *General Secretariat of the EU* completed and ratified *Turkey*'s

[1] Translation of DPT, which means State Planning Organisation in Turkish.
[2] *Belgium*.
[3] *Spain.*
[4] Such partnerships are usually updated every other year according to the *Council Decision 2008/157/EC* of February 2008.
[5] *Greece*.

recently made up national programme with view to adopting the *Acquis Communautaire*.

Eventually, the different EU-institutions agreed on 16-17 December 2004 in a summit in Brussels that the accession negotiations could start without delay. 35 chapters have been raised so far (2019), one of which is temporarily closed[1] (*Science and Research*) whereas the rest are either frozen or still open.

1.5.5 Turkey-EU post 2004-2005

The great part of the preceding work was done to track some aspects of history. In the further sections, I will focus more on lesser concrete aspects. In the same way, some room will be left for a little speculation. The readers are recommended to read with an objective open mind. Indeed, the nature of this subject is based on a long-lasting "*conflict*" so to speak. Therefore, I will try to be as neutral as possible in order not to favour any opinion.

In the post-2004 period, negotiations continued but decayed with time. The reasons are too many to discuss or dig deeper into, but I am still going to mention some of them.

After the summit of the 16-17 December 2004 *Turkey* was to extend the customs union and every corollary cooperation that comes with it to the new 10 EU-member states. Amongst those, we find *The Republic of Cyprus*. *Cyprus* is still today a matter of dispute between Greek Cypriots and Turkish Cypriots (backed up by *Turkey*'s people). The matter is too complex to make it justice, so I will roughly simplify it for your ease of understanding.

The island has been shared by both communities since the beginning of the issue as *Cyprus* was once a territory of the *Ottoman Empire*. However, the Greek citizens have always been predominant. Anyhow, only one government was in force for the only "*Republic of Cyprus*", so that inevitably led to disputes. The two communities

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[1] When we talk about these chapters, "*closed*" means that it is effectively settled, "*open*" means negotiations are being held. "*Frozen*" on the other hand means the negotiations stopped.

attempted to fix the situation by different means, but the parties have never come to an understanding. Today, the *TRNC*[1] is still striving for gaining its independence because it is recognised only by itself and *Turkey* so far.

Turkey needed to make difficult concessions for ensuring its accession into the *EU*. Indeed, the additional protocol of July 2005 was to be applied for all EU-member states including *Cyprus*. *Turkey*, of course, was reluctant since this would mean it recognises the *Republic of Cyprus* as a sole unique state entity. *Turkey* disagreed to apply the protocol to *Cyprus*. To act accordingly, it kept its ports and airbases closed to the *Republic of Cyprus*, restricting, this way, the free movement of goods, its own economic potential and its chances of accession. This, in turn, made up one of the most influential blocking points towards *Turkey*'s accession into the *EU*.

Later, full-membership negotiations started on 3 October 2005. Nevertheless, the Cyprus issue above undermined the process again. As a consequence, 8 chapters on 35 have been frozen as from 11 December 2006. Throughout the years, many chapters were frozen and later opened again, but some of them have remained frozen till this day. I believe it is best not to dig deeper on what happened to what chapter (If interested, you can find an appendix [Appendix 4] listing the chapters' progression status.), it is far more interesting to see and discuss what caused the blockages.

1.6 Incidents jeopardising Turkey's accession into the EU in 2018

In this section, I will talk about the different events that are the cause of the slowdown in *Turkey*'s accession process. Rather, those listed in the 2018 *Turkey Progress Report* will be mentioned.

I have mentioned *Cyprus* above already, but I definitely need to talk about it further given its importance. The Cypriot case played a great role in the cooling down of

[1] *Turkish Republic of Northern Cyprus*.

negotiations so far. It is perhaps even the biggest threat to *Turkey*'s accession into the *EU*. As a matter of fact, no core chapters were opened afterwards until May 2012 because of it.

The second matter that causes trouble in the accession process is the non-respect of the guidelines laid out by the *ECHR*[1] (created simultaneously with the *Council of Europe*), the convention of which *Turkey* signed in 1949. Therefore, *Turkey* is said to be non-democratic. The vehemence of the opposition with regard to *Turkey*'s accession has immensely grown lately. There are a lot of factors for that, from *Recep Tayyip Erdoğan*'s appointment as President, to the consequences of the failed Coup of 15 July 2016. My point is not to describe either of them, rather to give hints towards understanding the retreat of the *EU* from the accession negotiations.

The West sees the Turkish President as an authoritarian leader, who is, amongst other things, gradually implementing a dictatorial regime, flouting human rights and not abiding by the *Rule of Law*[2]. The Western society also accuse him of being a puppeteer against his own people by plotting in order to access more power.

What are the arguments of the West then?

First, the Freedom of Speech was totally transgressed in the post-coup period. The figures are unclear. However, it is said that since November 2018, over 250,000 people were held in prison. All of them were judged guilty by the court in accordance with their relationship with the Coup.

Then, the West also quoted *Women rights* as well as the *Rights of the minorities*. The West condemns domestic violence, honour killing or even sexual harassment (higher odds of being raped) cases that commonly happen in major Turkish cities.

As for the Minorities, the Armenian case is regularly brought back to the table by the *EU*. The same applies for the Kurds, who are considered as a continuously persecuted and despised minority.

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[1] *European Court of Human Rights*.
[2] : The *Rule of Law* is a principle that implies that Law is supreme and stands above all i.e. all must abide by the Law.

Turkish democracy is constantly debated all around the world, and has been figuring, for years now, in the headlines of media in the rest of the world.

Since it is important to hear all the parties before making one's own opinion, I will now share *Turkey*'s thoughts about the above matters.

The Armenian case is a very sensitive subject between *Turkey* and *Europe*. Turkish people's point of view is the following: everything started in 1828, when the *Ottoman Empire* was dismantled. *France*, *England* and *Russia* worked towards the conquest of the empire's lost territories. For that purpose, they used the Armenian people. Further, the *Treaty of Berlin* was signed in 1878, which granted all the parties some empowerment over the empire. Not long after that, *Russia* unfairly promised Armenians a home country in an eastern territory of the empire. *England* and *France* were supporting the plan as well. This promise led to actions from the Armenians. Indeed, they created two armed terrorist groups (*Taşnak* and *Hınçak*). Insurrections took place (the first one in 1890) from area to area and the terrorists even attempted to kill the *Ottoman Empire*'s Sultan: *Abdülhamit II*.

During *World War I*, Armenian Ottomans who fought alongside every other Ottoman ethnic groups, switched camps and helped Russians in the middle of the war. However, the heads of the terrorist groups were arrested in April 1915. Afterwards, the Armenians who found themselves on a battleground were deported to other areas where there was no fighting and the great number of casualties happened during this deportation. Hence, *Turkey* calls the event merely "*Deportation*" and not "*Genocide*". The Ottoman casualties accounted for more than 2 million regardless of ethnicities. The *West* assesses the Armenian casualties to half a million whereas *Turkey* to much less than that. After the war ended, the Armenians had been expecting further support from *England*, *France* and *Russia* in order to be given a territory, but none of these did anything to start negotiations. Armenians were not even mentioned in the post-war treaties. This lasted up until 1923 when the *Treaty of Lausanne* was signed. What we retain from that is that Armenians were lured, the Ottomans were irreversibly weakened, and that *England* and *France* were victorious owing to the alliances with the independent states of Romania and countries nearby (split from the *Soviet Union*).

This is the never-ending debate between Europe and *Turkey*. Each party believes firmly their side of the story, consequently, this matter made up one of the blocking points regarding *Turkey*'s accession into the *EU*.

Concerning women's and minorities' rights, *Turkey* sees nothing serious to it as the law condemns any breach. Furthermore, the *WHO*[1], which publishes regular research on the matter, implies that domestic violence is happening as much in some current EU-member states as well (Appendix 5). Cases of rape are also listed as a less perpetrated crime against women in *Turkey*. As for the minorities' rights, it is in *Turkey*'s historical legacy to being decent and fair towards all ethnic groups. The only mishaps that happen are what every state may be confronted with at times. Moreover, the Kurds are often stated as being a minority whereas, in *Turkey*, they are especially not in the East. Historically, they have lived there for centuries.

When it comes to freedom of speech, *Turkey* states in his constitution that one is free to speak and criticise. However, another provision states that this right may be restrained. According to *Erdoğan*, those who actively fight to jeopardise the country should be fought. This encompasses the coup perpetrators, the *PKK*, *YPG*, *PYD*, and other "*vatan hainleri*[2]". So, if one is suspected to support groups that try to spread chaos in the country, he will be brought into custody and judged accordingly. If he is judged guilty by the court, he will have to comply with the verdict. *Erdoğan* stated: "*I am very delicate when it comes to freedom of speech*" in the sense that it means a lot to him since he, decades ago, went to prison because he publicly read a certain poem. Hence, he really believes he does nothing non-democratic. He oftentimes quotes the pride of the West: "*democracy*" and says that his country is indeed democratic since his people keep voting and supporting him.

Another important point is that *Erdoğan* has limited power on the judicial system, which is independent so to speak. So, whenever the courts judges someone guilty, the sentence is not resulting from the President himself. Nevertheless, cases such as the following come up quite often and enlightens our view on the situation in *Turkey*. A Belgian of Turkish origin in his fifties went to *Turkey* to visit his family and

[1] *World Health Organisation*.
[2] Traitors to the nation.

was arrested because of mere *Facebook* posts that criticised *Erdoğan*'s regime. He is said to risk 20 years of imprisonment.

1.7 Turkey's abrupt back off against EU's slow retreat

In this section, I will deal with an interesting part of the relations between the *EU* and *Turkey*, which is the level of trust between them at present. Therefore, this section will be the most up to date. When we look at the past, we notably see that *Turkey* was becoming less enthusiastic about accessing the *EU* while the latter was concentrating its interest elsewhere. In fact, none of the observations of today were unexpected. *Turkey* showed signs of irritation and impatience about its entry delay already in the late-1990s. The EU has, in a way, lured *Turkey* with lots of promises, but *Turkey*'s expectations have never been met entirely, according to various sources (Appendix 6).

The people in *Turkey* have been in the centre of the matter. Several decades ago, we can easily recall them having positive opinions towards EU-citizenship and the *Economic Community* whether they are living in *Turkey* or in an *EU*-member state. These days, a reversal from the Turkish people is being observed. In addition, and consolidating this observation, many public and private institutions led studies to determine whether this tendency was indeed true. It later appeared through media reports that the tendency was and still is true.

Turks complaining is no old story. Indeed, they have been complaining for decades now. The complaints were even recognised by some *MEPs*[1] of the *EU Parliament* and were relayed to the *EC*, which gave further credit to *Turkey*'s allegations. Today, some experts in *Geopolitical Science* are accusing the *EU* institutions of letting *Turkey* take the *EU* hostage exploiting loopholes in the agreements[2] between the two entities. *Turkey* has been quoting the *EU*'s double-standards on several matters

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[1] *Member of the European Parliament*, also known as *Eurodeputee*.
[2] Such as the migration agreement, *Cyprus*' embargo, *NATO*'s jeopardizing due to a partnership of two strong States i.e. *Russia* and *Turkey*.

concerning *Turkey*'s accession into the *EU*. What we can remember from Turks' standpoint is that when the *EU* really wants to expand to a country, it does. Suddenly, when it comes to *Turkey*, it seemingly needs more than half a century of negotiations. It reminds me of cases like *Bulgaria*'s. *Bulgaria* (amongst other countries) is said to have accessed the *EU* without thorough inspection insofar as areas such as fight against corruption, financial, democratic and constitutional stability, democratisation and more importantly, human rights were somewhat overlooked and wrongly assessed in the process. So, *Turkey*'s backing off is not much surprising, and we raised that the cause of it may have originated from *EU*'s behaviour.

Let's remember what *Daniel Hannan* said in an *EP* meeting back in 2009. Instead of saying "*no*" to *Turkey* in the outset of the negotiations, the *EU* put off this decision and overlooked the scope of the reproaches expressed (in European societies, by the people) against *Turkey* over the years, relatively softening their impact. Coming to the reason why this becomes a problem, it is one since European People's opinion is betrayed so to speak.

Moreover, *Turkey* often says that the *EU* makes the accession negotiations pending because most of *Turkey*'s population is made up of Muslims (i.e. by discriminating). *Daniel* did not fail to quote this in front of the *EP*. Interesting enough, it may also be convenient to recall Nicolas Sarkozy. The former President of the French Republic has numerous speeches that went in this direction as well. Nevertheless, Eurodeputee *Marietje Schaake* says:

> "*Indeed, I think that there is a double standard on the part of the member states' governments and the* ***Commission****, but not on the part of* ***European Parliament*** […]."

So, there is a potential religious reason behind the blocking of the accession negotiations. At least, this is what comes out and what *Turkey* keeps on bringing up so far.

Kati Piri, the reporter for the *Committee on Foreign Affairs* of the *EP* responsible for *Turkey*, actually says otherwise. She claims that whatever the *Council of the European Union* (+ *EC*) decides about the accession status, the basis is objective due to the *Parliament*'s nature, it represents the people, including the pro-Europeans in *Turkey*. Therefore, as the Turkish Administration stated that the reports were too much far-right positioned, *Kati Piri* could reply that the statement was unfounded since the far-right parties voted against her report because they assessed it to be too soft. In order to bring more sense into this, the 2018 report about *Turkey* requested that the accession talks be frozen until *Turkey* aligns itself more on the core European values and principles.

The *EU* membership is a whole made of several aspects. It is perhaps best to remind the readers that the actual union happens under three schemes, the framework of which are unrelated:

- *The European Union*
- *The Eurozone*
- *The Schengen area*

Now, since the accession talks remain, as it appears to be, completely frozen, the focus was given to the visa-free travel privilege. This visa-free travel possibility would be a great enhancement in the economic relations of the two parties because this subject has been amongst the main points brought up by economic actors that have been hoping for improvement in this regard. In April 2016, the *Turkish Prime Minister* stated that the *EU* should allow Turkish citizens visa-free travel or could expect *Turkey* not to meet its commitments regarding the freshly contracted *migrant deal*. We know, thanks to a 2018 EU-report, that *Turkey* will not be granted visa liberalisation unless it recognises Cyprus as an independent country. Apart from that, *Turkey* still needs to meet 7 other benchmarks out of 72: *the fight against corruption, judicial cooperation in criminal matters, cooperation with Europol, data protection legislation, anti-terrorism legislation,* ***EU-Turkey*** *readmission agreement, and biometric passports*. However, there is still hope according to the Schengen area's Official website:

> "*Now it is the closest* ***Turkey*** *has ever been to reaching a visa-free travel agreement with the* ***EU****, after it signed a migration deal with the* ***EU*** *in 2016.*"

The only thing we, as citizens in both areas, can hope for is for the liberalisation not to happen too late …

The next subject worth covering is definitely *TSK*: *Türk Silahlı Kuvvetleri* (*Turkish Armed Forces*). This is how the *Turkish Army* is called in *Turkey*.

The *Turkish Armed Forces* have been committed to standing out and make others talk about itself. So much so that the *Turkish Army* is known for being "*feared*", for its potential and for its efficiency. In fact, *George Friedman*, American political scientist founder of *Stratfor* and *Geopolitical Futures*[1] and considered a reliable source[2] in the forecasting of geopolitical events by many, said that *Turkey*'s army is amongst the most powerful in not only the *Middle East* but also in the *Far East* and, surprisingly, *Europe*:

> "… *It* [***Turkey***] *has an army and a military capability that is probably the best in* ***Europe****, with the possible exception of* ***Great Britain****. They could beat the Germans in an afternoon and the French in an hour if they showed up. …*"

In the light of such words, we can easily understand why the *EU* is resilient to put an actual end to the negotiations. One of *EU*'s interest is to have such an ally to ensure a decent defence capability and to increase it simultaneously.

Turkey is much execrated as far as *NATO* is concerned. Indeed, issues and conflicts of interests have risen along the way, some minor, some major such as *NATO*'s actions and inactions in the Middle East (*Syria*) and *Turkey*'s when it comes to fighting terrorism (*PKK*, *Fetullah Gülen* movement, …). This made *NATO* re-think *Turkey*'s seat in the International Organisation. Nevertheless, *Turkey* remains a member today. We can easily assume that this is due to *Turkey*'s army power and to the actual support it brings to the organisation.

To further dive into the present economic situation, let's talk about the embargo put by the *USA* on *Turkey*, which is reinforced by *USA*'s first partner: *EU* countries. The embargo took place owing to 2 circumstances:

- An order for hundreds of *F-35* from the *USA*;
- An order for *S-400 Triumph*[3] from Russia.

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[1] Private intelligence and forecasting companies.
[2] George Friedman and his corporations are oftentimes compared to the CIA. Although they have no connections whatsoever.
[3] Wikipedia: "*Anti-aircraft weapon system …*" manufactured by *Russia*.

The above stated items are 2 opposite war machines ordered from 2 long-standing antagonist states and superpowers that are *Russia* and the *USA*. While the *Turkey*-Russia relations are being deepened and enhanced, the Turkey-EU/USA ones are slightly being undermined. The situation was not unpredictable though pretty much far-fetched considering that the deal for the *F-35s* dates from 2009 and that *Turkey* itself participates in their production and their success as a famous and powerful Fighter aircraft. The *USA* are currently threatening and blackmailing *Turkey* not to buy *S-400s* if it really wants to receive the ordered *F-35s* (plus receive the training) as agreed. *Ankara* though keeps replying that there is no need for a dialog about this case when this is only *Turkey*'s business. So, any complaints or threats are meant to be ignored and disregarded by *Ankara* in the following months.

USA's reasons for the embargo, on the other hand, seem quite unclear and doubtful. We could only speculate in order to have an, insight into this. Some say that the reason of it is that the *S-400* system could be later upgraded to eventually have the upper hand against the *F-35*'s exceptional stealth capabilities. Others say that making war to a *Turkey* that has *S-400s* in his ground force could very much be unthinkable for the *USA*, implying that the *USA* never discards such an outcome and that this may be real.

Of course, the *EU*, as a close partner of the *USA*, followed their lead, condemning *Turkey*'s transactions. In fact, the *EU*'s current anti-aircraft weapon systems mostly consists of the *US-Patriot* technology, which is pretty much the American version of the *S-400 Triumph* but less competent in many aspects. Today, the *EU*, and by extension: *NATO*, keeps stating that *Turkey* is further moving away from the standards and that its positions looks ambiguous and unfavourable to *NATO*'s interest. Hence, we can see a great spot granted to *Turkey* in the daily news all around the world. Cases such as this one naturally have an impact on *Turkey*'s economic health and also identity (economic enemy or ally), we can only speculate on this but the outcome could be devastating, especially when we look into numbers. The *F-35* deal is worth $ 16 Billion and the *S-400* deal $ 2.5 Billion.

1.8 Conclusion of the 1st part

After its establishment in the post-*World War I* period, *Turkey* started making deals and local partnerships with surrounding economies. That helped *Turkey* take several steps further until it finally was considered worthy of being an asset in an economic union in Europe in 1964. Although the road was expected to be long and difficult, some areas were settled quite fast and easily. Amongst these areas we find the customs union and the removal of taxes on importation.

For every actual cooperation, there must be an exhaustive contract that serves as a base for further negotiations. This contract was called "*The Ankara agreement*" and included tens of subordinate documents such as the provisional, financial and some additional protocols. Later, *Turkey* showed and submitted its demand for gaining access to the European Union. However, the proceedings took very long and both parties were worn out trying to make the accession possible. They faced a slowdown then a complete freeze of negotiations.

Later, geopolitical issues have noticeably risen after *Recep Tayyip Erdoğan* entered politics. Today, *Erdoğan* is the *President of the Republic of Turkey*. He was elected twice by his people, receiving the majority of the votes and in line with the Western democratic values. Nevertheless, he is said to have (too many) power and rights he is not supposed to, implying that his mandate duration is no more meaningful as he could do whatever he wishes. Turkish People are divided into 2 groups, those who fully support the President in any circumstances and those who are sceptical as for his methods and practices. It is true that his voters have been decreasing for years, but the progress his country made thanks to him are seemingly impossible to overlook for most of the Turkish citizens.

Finally, this decade was a decade full of tension for every party, whether it is the *EU*, the *USA*, *Turkey*, *China* or *Russia*. All of them have had some kind of trouble with each other. Eventually, some got closer like *Russia* and *Turkey* and some are parting ways like *Turkey* and the *EU* or *North-Korea* and the *USA*. Consequently, regional economies are being affected by these geopolitical events. The Turkish inflation was recorded at the very high percentage of 20.3 in 2018, and the failed coup's economic consequences are still not over as of yet.

2 Practical information

2.1 Current Telecommunication sector in Turkey

2.1.1 Foreword

The purpose of my present dissertation is to get my degree this Summer 2019. During my schooling, I have had the chance of doing a traineeship in a large Spin-off in my hometown: *CE+T Power Belgium* in Wandre. The company can be put in the electronics sector. In fact, the initials stand for *Communication, Electronics and Telecommunications*. Most of their profits are made in the Telecom sector and their services are most required there. *CE+T* is a company that could expand fast and go global effectively. Even if it is a Spin-off, it competes with other global brands, which, sometimes, also happen to be their partners e.g. *ELTEK*, *VERTIV* and *Alpha Technologies*. Since they make business in such a sector and as *Turkey*'s Telecom situation is quite peculiar, I wanted to speak about it further and at the best I can.

Firstly, the *Information and Communication Technologies* has become a great deal in our present era. This wasn't the case prior to the 2000s. The shift happened gradually around the world, but regarding *Turkey*'s *ICT*, we can say for sure that the implementation was undermined by the political instability. I feel free to remind the readers that in a little more than 50 years, *Turkey* coped with 5 coups. The 2015 one aside, the last one occurred in 1997. This coup was nicknamed "*The Postmodern Coup*" because the flouting of the rights of the former *Prime Minister Necmettin Erbakan* by the army wasn't as harsh as it was during the previous 3 coups. It brought thereafter a new face to Turkish Politics.

The impacts were huge and tainted everything including ICT. This was around the 2000s. However, as I said in previous sections, the post-2004/2005 *Turkey* (in fact, already in 2002) was different and could enhance itself from within very fast (Appendix 3). This is what we will talk about here, how drastic, efficient and quick were the improvements. Are there any opportunities in *Turkey* for Western companies to make good business or not? This is a question I want to answer and explain better.

2.1.2 Brief history of Turkish Telecommunication

It all started in 1840, today's *Türk Telekom* was called "*Postahane-I Amirane*[1]" and as the designation suggests, it was managed by the sultan i.e. by the state.

Whenever an industry is managed and monitored by the state, it is defined as a monopoly. This lasted until nowadays unfortunately. In fact, the *Telecommunication Industry* experienced a general change through 2002-2005 and an isolated one long before in 1995. As to how long it has been going on, it is said to have been lasting till the beginning of our decade.

The *Telecommunications Liberalisation* was taking place thanks to the *Telecommunications Regulatory Body* in *Turkey*, *ICTA*, *Information and Communication Technologies Authority*[2]. The regulatory body for Telecommunications was established very late in *Turkey* compared to most of the countries. Hence, we have been observing flaws in the Turkish Telecom sector, mainly, competitive flaws. The state owned 100 % (*Türk Telekom*[3]) of the market for fixed-line telephony in the early 2000s and still owns a great part today. Regarding mobile telephony however, private companies used to share the market but was soon dominated by *Türk Telekom* as well. Moreover, *Avea*[4], a subsidiary of *Türk Telekom*, was created for commercialising mobile technologies exclusively, in order to switch the tendencies. As fixed-line telephony usage has been decreasing since the appearance of mobile-telephony. Due to that decrease, the market value of fixed-line telephony doesn't represent much at all compared to the other titans such as *Mobile Telephony*, *Internet* and *Television/Radio*.

A split in the sector is to be acknowledged. I have already mentioned *ICTA* as playing a major role in this sector, it is in fact monitoring *Telephony* and *Internet* whereas *TV* and *Radio* is monitored by another organisation that is state-owned: *RTSC*, *Radio and Television Supreme Council*[5]. As I said in a section of the 1st part of this

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[1] Literally: *Imperial Post*.
[2] In Turkish, *BTK*, meaning *Bilgi Teknolojileri ve İletişim Kurulumu*.
[3] And accordingly, its past counterparts because the name of the company changed. Türk telekom originates from Turkish Post, PTT in Turkish, it withdrew from in 1995. This withdrawal accounted for a privatisation of the company; however, it must be said that it was only partially made effective.
[4] Recently renamed TT Mobil (Türk Telekom Mobil) for uniformisation purposes.
[5] In Turkish, *RTÜK*, meaning *Radyo ve Televizyon Üst Kurulu*.

theses, the whole sector comes under the competence of the *Ministry of Transport and Infrastructure*.

Interestingly, fixed-line telephony will remain worthy as a reliable guaranteed revenue. This is due to the number of international fixed phone calls[1] made to overseas by Turks as it is a lot more cost-effective (Germany, USA, Northern Cyprus, England, Turkmenistan, …).

New telecom technologies were developed around the world but unfortunately failed to enter the Turkish Market as quick as it did with developed countries. This is mostly due to the flawed competition freedom. It appeared throughout this dissertation that the *EU* expressed several times a mild dissatisfaction as far as competition laws in *Turkey* are concerned. In other words, the only fact that the Turkish State takes part as a competitor suffices to bring trouble and instability in the economic developments in *Turkey* as it is, similarly, currently the case with the infamous Turkish media censorship. In such cases, fear and worry prevents companies from applying and commercialising these new technologies. Nevertheless, the rapid rise of the Turkish Telecom economy proves that the tendency changed plain effectively. Corroborating this, we can notice in the Turkish media ads that promote the implementation of the 5G over the 4.5G that is currently implemented in *Turkey*. It is worth mentioning that the 4.5G is not available in all European Countries. In Belgium, it is available in only a few cities.

2.1.3 Figure comparison

Here, I want to show how much this sector (with its several markets) is worth in *Turkey* by stating the profits generated, how much it has made progress and how much is the investment.

[1] Explained by the strong number of Turks residing overseas.

First, the *TV/Radio* market is worth a huge amount of money, though being the least interesting for us. Back in 2004, it was worth, in *Turkish Lira*[1], ₺ 586,967,162.00 ($ 104,815,564.40).

In 2013, it reached ₺ 3,168,158,347.59 (with the Radio never amounting to more than 5-6 % of this figure.). Since then, its value remained stable and amounted to around ₺ 3,633,842,000.00 in 2018 ($ 648,900,000.00[2]).

Second, we shall look at how much the fixed-line telephony market is worth. I have mentioned above that the fixed-line telephony wasn't the most profitable market, but considering that competition isn't much existing, it can therefore be valuable and profitable as we will see. According to the official data provided by *ICTA*, the worthiness of this market, all actors included (*Türk Telekom* + the rest), amounted to ₺ 12,216,982,296.00 in 2018 ($ 2,181,603,981.00).

More than 80 % of this amount is generated by *Turkish Telekom* mentioned as "*TT*" in the following chart:

So, there is pretty much an obvious monopoly of the previously state-owned company. This is precisely the point diplomats and experts in the matter have been complaining about, *ICTA*'s measures are applied neither quickly enough nor effectively. Consequently, competition can't evolve in such an environment. In the short run it

[1] The *Local Currency Unit* (*LCU*) in *Turkey.*

[2] The exchange rate used is the current 5.6. Unless otherwise specified, the conversions to the USD ($) will be done following the present exchange rate: 5.6 ($ 1 = ₺ 5.6).

does not matter much, but in the long term it is most likely going to destroy the chances of competition. As *Nancy Pearcey* said:

> "*Competition is always a good thing. It forces us to do our best. A monopoly renders people complacent and satisfied with mediocrity*."

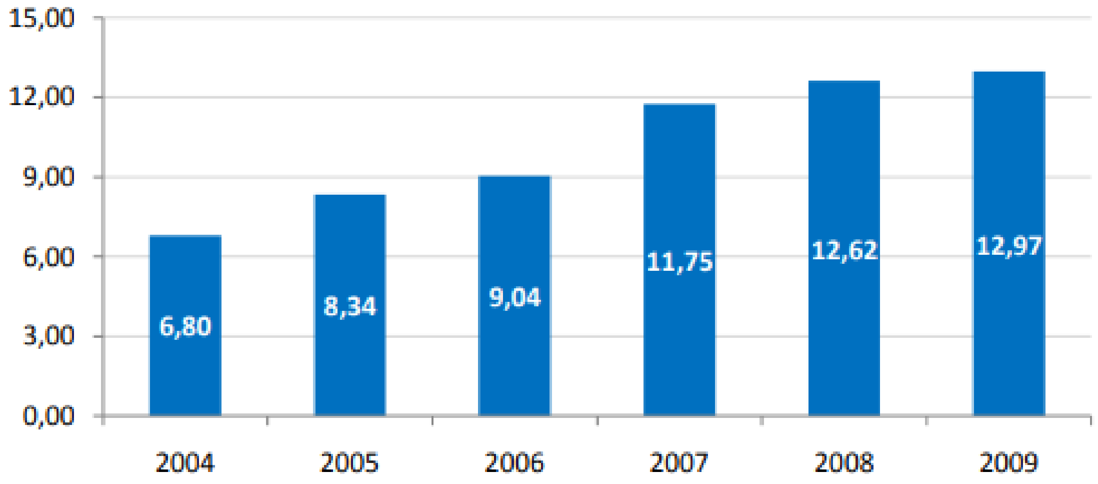
Hence, Turkish people are the first to suffer from this conjuncture.

Third, we shall look at the second most profitable and valuable market, which is *Internet Service* market. Again, *ICTA* provides the data. We can see that, in 2015, the *ISS* (equals *ISP*: *Internet Service Provision*) market generated a little more than ₺ 5,500,000,000.00 whereas in 2011, it generated around ₺ 3,300,000,000.00. *ICTA*'s 2018 report shows that in that year the value created was worth around ₺ 8,000,000,000.00, so a little less than 1.5 Billion USD. Expressed in percentage, the growth from 2011 to 2018 is very promising: 241 %. In Belgium, the growth is represented by a steady 142 %. The profits generated by this market in Belgium amounts to $ 2,106,000,000.00.

Lastly, I will cover the most valuable market in this sector: *Mobile-telephony*. The market is currently governed by three giants that are all successful and comparatively promoted in the media. These are *Türkcell*, *Vodafone Türkiye* and *TT Mobil* (previously known as *Avea*).

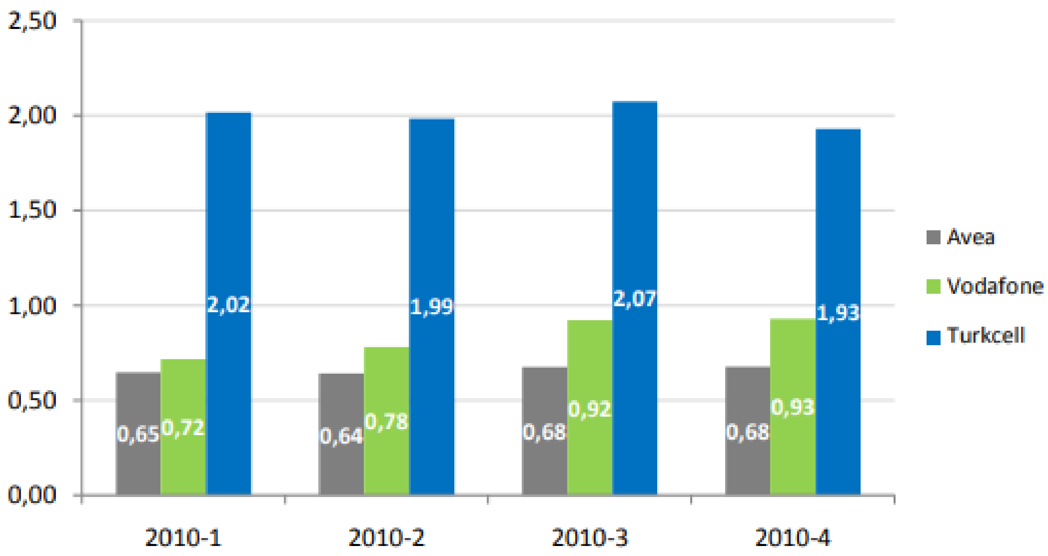
The years of reference will be 2004, 2010, and 2018. Concurrently, I will show some charts retrieved from ICTA's reports hereinbelow.

Şekil 4-22 Yıllar İtibariyle Mobil Telekomünikasyon Hizmetlerinden Elde Edilen Gelir, (Milyar TL)



These figures show the annual mobile revenue before 2010 and are in Billion *Turkish Lira* (₺). In 2004, the profits (for mobile-tele-phony) reached ₺ 6,800,000,000.00 ($ 1,214,285,714.19).

Şekil 4-23 Mobil Telekomünikasyon Hizmetlerinden Elde Edilen Üç Aylık Gelirler, (Milyar TL)



*İşletmecilerin Kurumumuza göndermiş oldukları üç aylık gelir rakamları dikkate alınarak hazırlanmıştır. Kesinleşmiş gelir bilgileri değildir.

This chart shows the quarterly mobile revenue in 2010 in Billion TL and by operator.

For the year 2010, *ICTA* divided the figure into quarterly profits by mobile operator. In total, all operators included, the revenue of the mobile market in 2010 reaches around ₺ 14,000,000,000.00. Converting according to the current exchange rate, this amount exceeds $ 2,500,000,000.00. However, back in 2010 the exchange rate used to be around 1.5 ($ 1 = ₺ 1.5), in turn increasing the value of these profits by quite a lot: $ 9,000,000,000.00.

Now, let's have a look at the most up to date data from *ICTA* about the year 2018:

This chart shows the quarterly mobile revenue from 2016 to 2018 in Billion TL and all operators included.

According to the above chart, the mobile market in 2018 generated, in total, around ₺ 34,000,000,000.00 ($ 6,000,000,000.00). That is more than twice as much as 8 years before, indicating that this sector is more than promising. To emphasise how impactful that is, I want to compare this data with my home country's: *Belgium*. *IBPT*, *Institut belge des services postaux et des télécommunication*, is the Belgian telecom authority responsible for publishing reports on the *Telecom* sector. According to its data, the revenue generated in 2018 decreased by 26 % compared to 2010. Simultaneously, *Turkey*'s generated revenue increased by over 240 %.

Turkey's well-known fast economic development is most probably substantiated by sectors such as this one. Now, I want to highlight how much the companies invest in order to enhance the markets they are in. The data provided may however not be exact due to the fact that cable internet for example may, sometimes, not be included in the amount specified, and sometimes, well. The numbers get mixed up easily due to the ever-changing content of the sector, which includes or not Internet service alongside mobile internet service.

Between 2010 and 2018, the total investments made by all operators, all markets included, almost doubled reaching $ 1,200,000,000.00; of which $ 860,000,000.00 was invested only in the mobile market. The investments in Belgium reached around $ 1,650,000,000.00 in 2010, completely eclipsing *Turkey*'s record. Eight years later, this amount changed a little amounting to 1.93 billion USD.

This significant difference between the two states is explained, again, by the lack of competition in *Turkey* with the same operators in all markets. Belgium on the other hand, always has a handful more operators competing in the different markets.

2.1.4 Facts about Turkish Telecom sector

One thing I have not really mentioned in the numbers I gave above is how the 2015 coup impacted the sector. Interestingly, it did not. We could attribute to the fact that this sector is largely auto-dependent i.e. the investments is largely national. So, any-thing could have happened, this would not have affected a lot the Turkish telecom sector.

Now, foreign investors do participate much more than before: *Türk Telekom*, now, is owned at 55 % by *Oger Telecom Limited* (Saudi telecom company) whereas *Türkcell* is owned at 51 % by *Telia Company AB* (Swedish telecom company). New foreign actors in the market is exactly what *Turkey* needed to boost his Telecom sector even further.

Moreover, one could never emphasise how present telecom companies are in the media. The system in application in *Turkey* for making profits in the TV market is actually very different from Belgium. There is no licence fee for the consumers. Therefore, TV channels do not generate money per se, rather, they display loads of ads here and there every 10 to 30 minutes or so. Thus, their income is generated by the ads only. That is where it becomes interesting. Although I did not find any accurate data about this, it is confirmed (practically) that one could not watch any channel for half an hour without being interrupted once by a telecom operator ad. In fact, they are the most common ads shown on TV.

In addition, Telecom operators play a great role in sponsorship. They make partnerships and invest in many sectors e.g. the great *Türk Telekom Stadyumu* (Appendix 7), which is the famous Football and Basketball stadia of *Galatasaray* in *Istanbul*. *Türk Telekom* has been acting as a sponsor for the infrastructure for almost 10 years. Having such a sponsorship potential proves how big Turkish telecom companies are.

Furthermore, *Türkcell*, another telecom operator, is "*the first Turkish company to be listed on the New York Stock Exchange* (*NYSE*) *…*" and figures in the magazine "*Fortune 2000*", as one of the world's biggest companies.

Turkey is considered one of the top countries that sells telecom related products, mobile phones, subscriptions, …, proving that the score given by *WEF* for the *Affordability* subindex is exact (6.9 out of 7). On the other hand, personal computers are not as common there as they are in the West.

Further, *Turkey* copes with power issues for decades now. In fact, outside the metropoles, many cities are complaining about power cuts. Though it happens far less than before, it still happens. The reasons for it are diverse. *Turkey* has a huge territory with mountains, forests and arid areas which makes things more difficult. Above all, *Turkey* deals with extreme climates from area to area, which are a real source of trouble for the *Construction and Infrastructure Industry*. As metropoles' sizes differ, the urgency of building solid infrastructure is mostly postponed. This is exactly what *Turkey* suffers from at present. About this matter, the Turkish people are divided into 2 groups: those who praise President *Erdoğan* for the advances he brought and those who have been complaining for years for not having treated them equally (compared to metropoles). Anyway, those power cuts are dangerous to both *Telecom* and *Datacom Centres*. Power cuts are synonym of huge counter-productivity and probably even worse.

Thus, there are indeed opportunities in *Turkey*. But at what cost? The main reason Belgian companies are not selling much in *Turkey* is the state of the exchange rates and the bureaucracy proceedings. The exchange rates are unfavourable for both parties. *Turkey* must buy at expensive prices and the profits would be disadvantageousl for foreign companies. That is why *Turkey* is not so keen on importing foreign products, prices are too high to pay and therefore Turkey prefers lower-quality national products. Also, Turkey's strategy differs from *EU*'s when it comes to selling products, it focuses mainly on the affordability unlike Belgium for instance. This is also a negative point that makes foreign exports less likely to happen. As for the red tape, it still needs to be improved, but due to the clash between *Erdoğan* and the *EU*, not much enhancements are being made. Things go even worse, since a decrease of efficiency is being observed.

In relation to the previous paragraph, *AWEX*, the *Walloon Agency for Exportation* in Belgium, have been receiving a lot of requests, asking about possible opportunities and facilities to export. So, there are definitely opportunities as well as interested parties, but the economic conjuncture makes it seem like there is no hope for now.

Finally, *Advantis consulting* describes the Turkish telecom market as "a p*romising market*" and estimates the number of employees of the sector at over 120,000. This number is very high and figures amongst the sectors that employs the most people in *Turkey*.

2.2 Conclusion of the 2nd part

As a conclusion, the Turkish *Telecom* sector faced a late liberalisation that explains the gap we currently see between it and European telecom scores. Nevertheless, *Turkey*'s economy is growing very fast. Since the telecom companies are very big, they grow alongside as well, to the point where they are said to be amongst *Turkey*'s best assets. The strategy used is different from Western markets', *Turkey* stresses the affordability over other strategies. The investments are also huge and growing very fast yearly, achieving the 4.5G in almost the whole territory and being on the verge of spreading the 5G. Telecom companies are present everywhere in the media and are close to Turkish people.

Are there opportunities in *Turkey* for a Belgian company? The answer is yes and no at the same time. Yes, there are opportunities for foreign companies (potential suppliers of Turkish customers interested by products of quality) to work within the Turkish telecom sector, but would it be effective? Indeed, Though, there is a need for products of quality, *Turkey* happens to be reluctant importing because it simply can't afford it and orients itself more to national products at lower costs.

The situation is however not desperate. Although *Erdoğan*'s Government seems to be try shutting down every collaboration with the *EU*, many independent organisations and authorities are wishful to collaborate and are working towards a stable economic state that correspond with *EU*'s. There are several events that are still to take place and there is no certainty as to whether it will enhance the statu quo or damage it. Some are full of hope whereas others sceptical, but only time will tell what will happen next.

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LIST OF THE APPENDICES

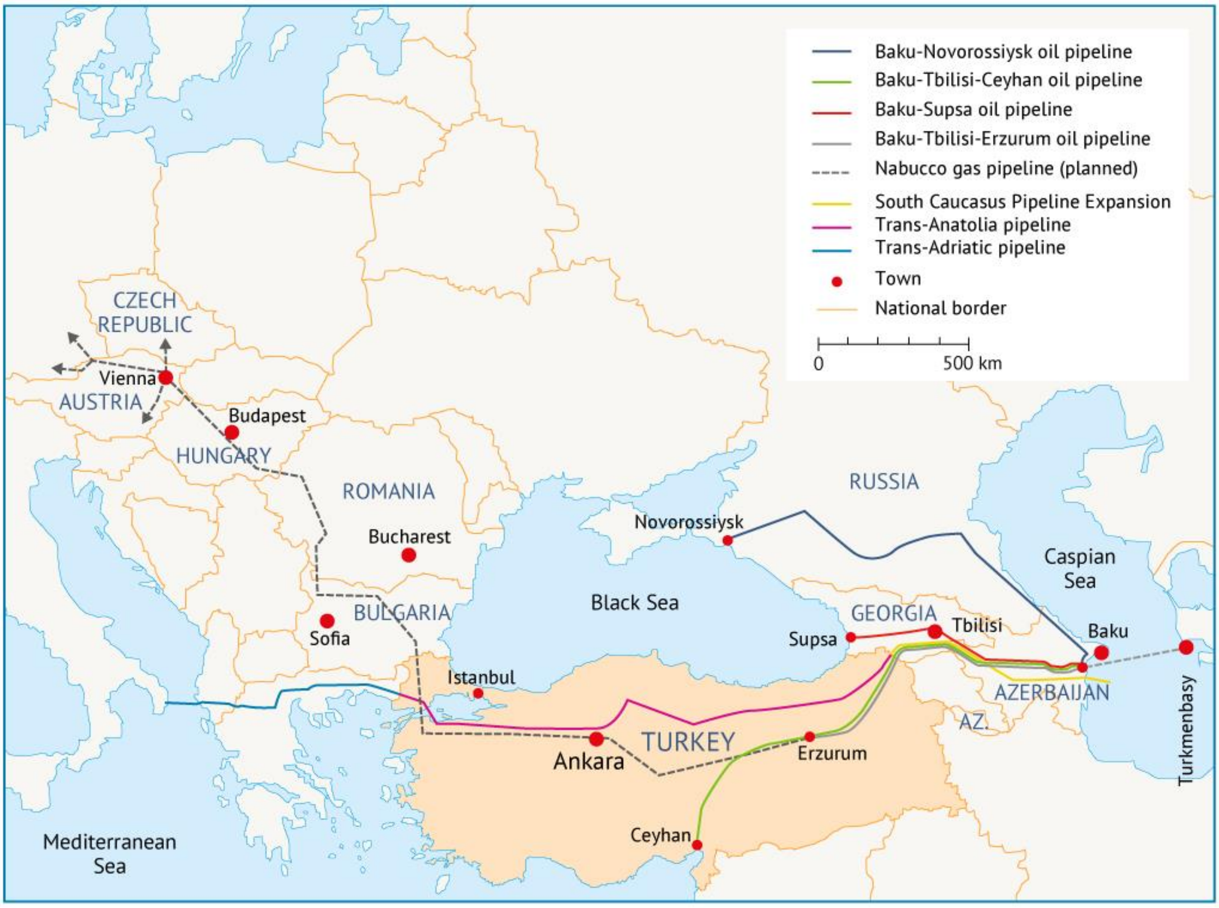
Appendix 1

European Union countries accession dates

Applicant	Issued	Accession/ failure rationale
Albania	2009-04-28	*Official candidate*[15]
Austria	1989-07-17	1995-01-01
Belgium	N/A	1952-07-23
Bosnia and Herzegovina	2016-02-15[16]	*Potential candidate*[17]
Bulgaria	1995-12-14	2007-01-01
Croatia	2003-02-21	2013-07-01
Cyprus	1990-07-03	2004-05-01
Czech Republic	1996-01-17	2004-05-01
Denmark	1961-08-10	Withdrawn [show]
	1967-05-11	1973-01-01
Estonia	1995-11-24	2004-05-01
Finland	1992-03-18	1995-01-01
France	N/A	1952-07-23
West Germany[18]	N/A	1952-07-23
Greece	1975-06-12	1981-01-01
Hungary	1994-03-31	2004-05-01
Iceland	2009-07-17	Frozen [show]
Ireland	1961-07-31	Withdrawn [show]
	1967-05-11	1973-01-01
Italy	N/A	1952-07-23
Kosovo*[22][23]	—	*Potential candidate*[17]
Latvia	1995-09-13	2004-05-01
Lithuania	1995-12-08	2004-05-01
Luxembourg	N/A	1952-07-23
Montenegro	2008-12-15	*Negotiating*[17]
Morocco	1987-07-20	Rejected [show]
Netherlands	N/A	1952-07-23
North Macedonia[26]	2004-03-22	*Official candidate*[17]
Norway	1962-04-30	Withdrawn [show]
	1967-07-21	Rejected [show]
	1992-11-25	Rejected [show]
Poland	1994-04-05	2004-05-01
Portugal	1977-03-28	1986-01-01
Romania	1995-06-22	2007-01-01
Slovakia	1995-06-27	2004-05-01
Slovenia	1996-06-10	2004-05-01
Spain	1962-02-09	Rejected [show]
	1977-06-28	1986-01-01
Serbia	2009-12-22	*Negotiating*[17]
Sweden	1991-07-01	1995-01-01
Switzerland	1992-05-25	Withdrawn [show]
Turkey	1987-04-14	*Negotiating*[17]
United Kingdom	1961-08-10	Vetoed [show]
	1967-05-10	1973-01-01

* Applications to the European Coal and Steel Community, European Communities and European Union depending on date.

Gas corridors (pipelines)

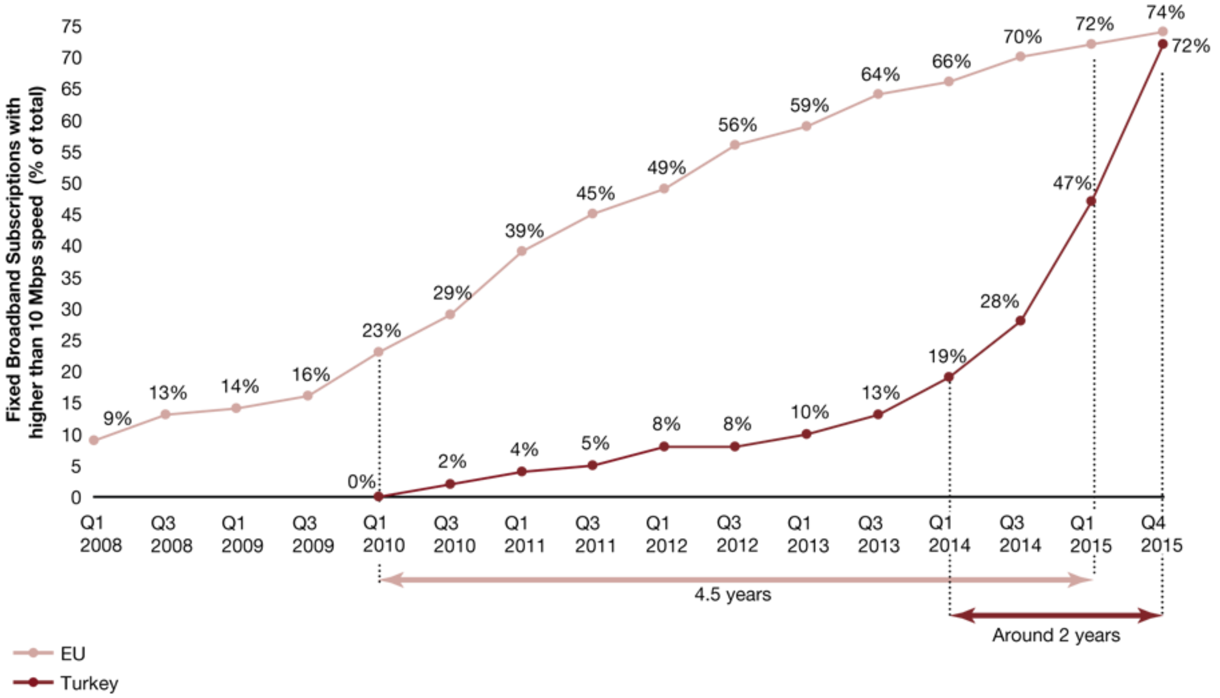


Source: Fanack after BP, Energy-pedia.com, eurodialogue.com

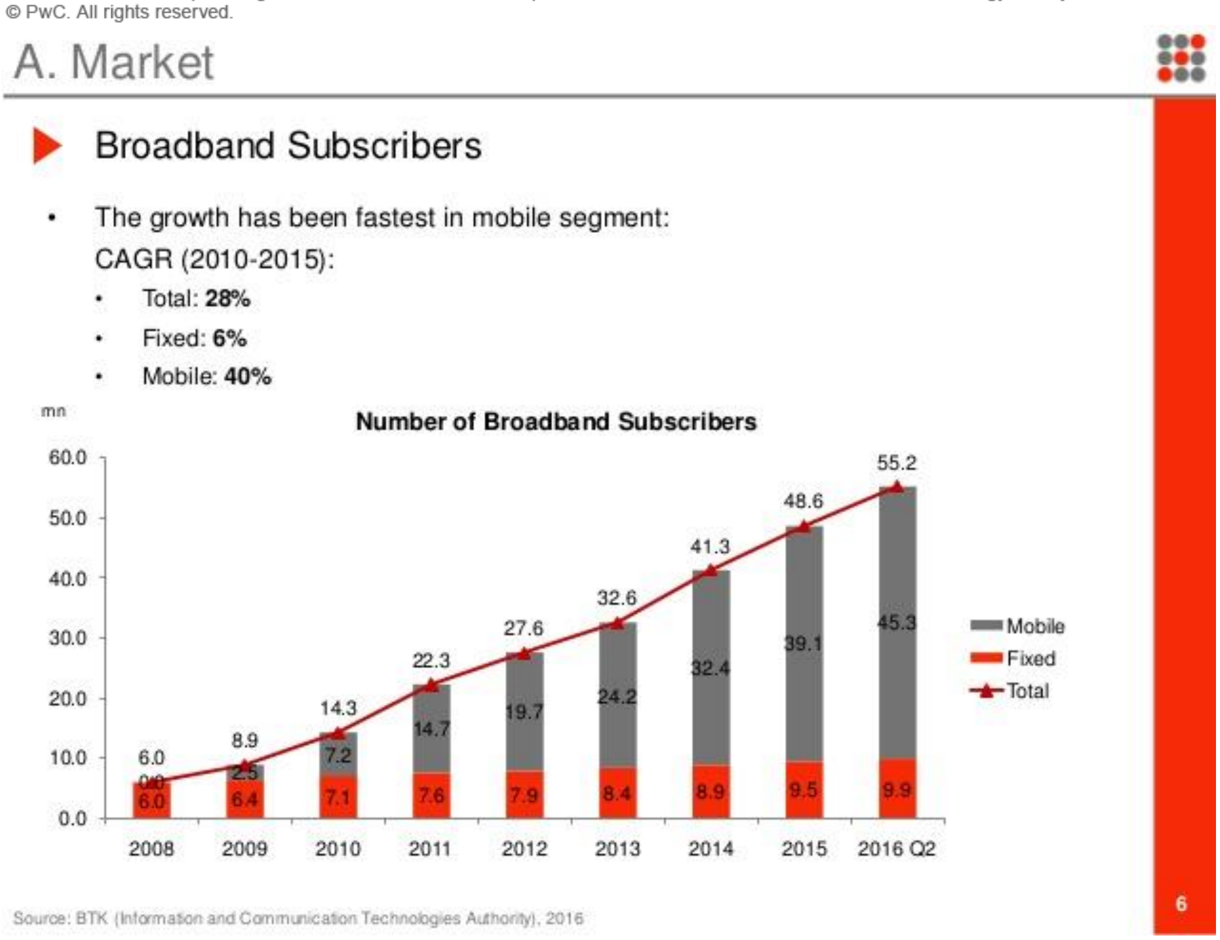
Fixed Broadband Subscriptions

Exhibit 6

Turkey has rapidly attained EU levels of fast broadband subscribers

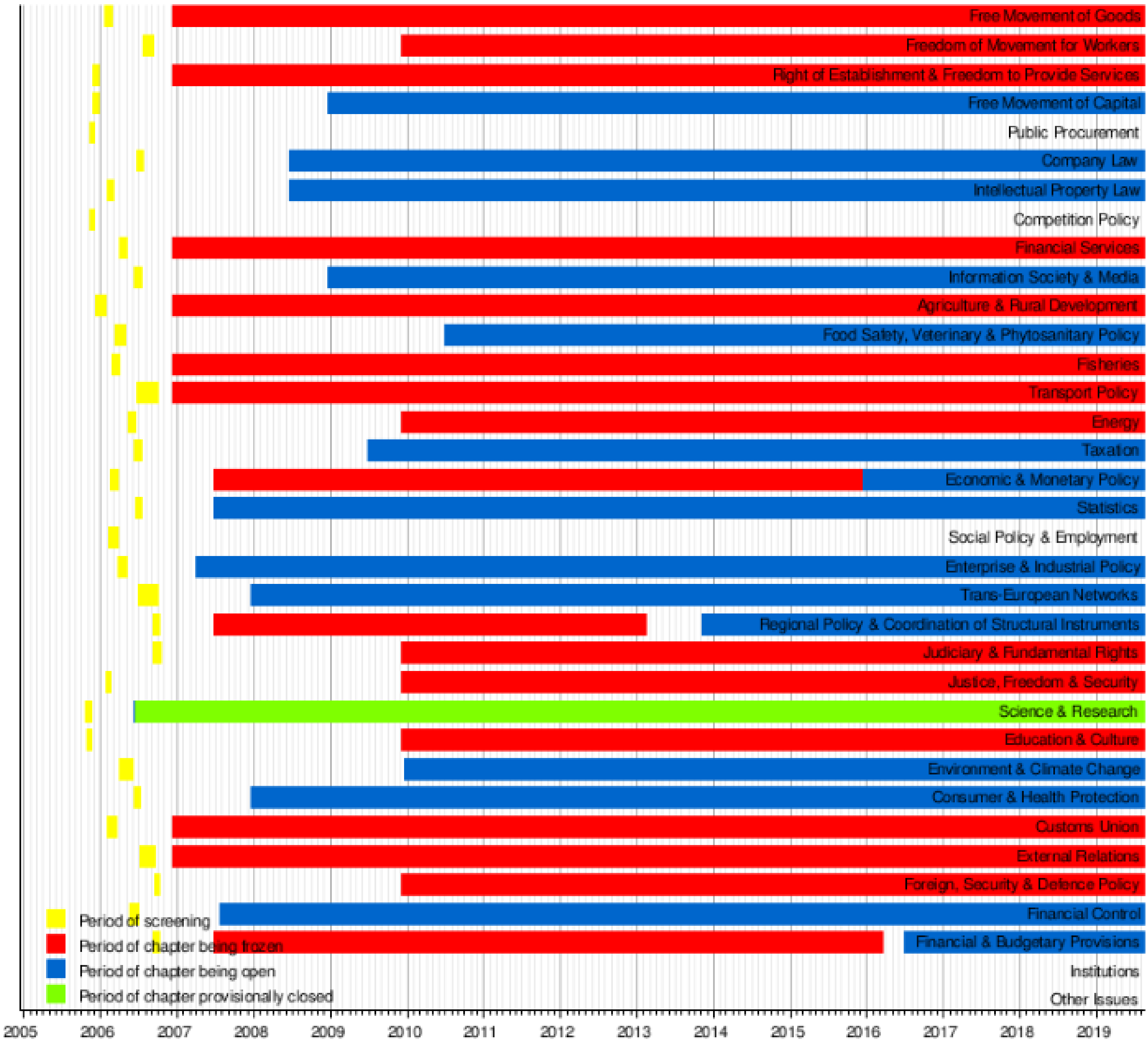


Source: Türk Telekom Wholesale (December 2015), Superonline Fiber subscribers (Dec 2015) , Cable subscribers (June 2015); EU Commission; European Digital Commission; BTK market reports; Turkish Statistical Institute; Türk Telekom, Strategy& analysis



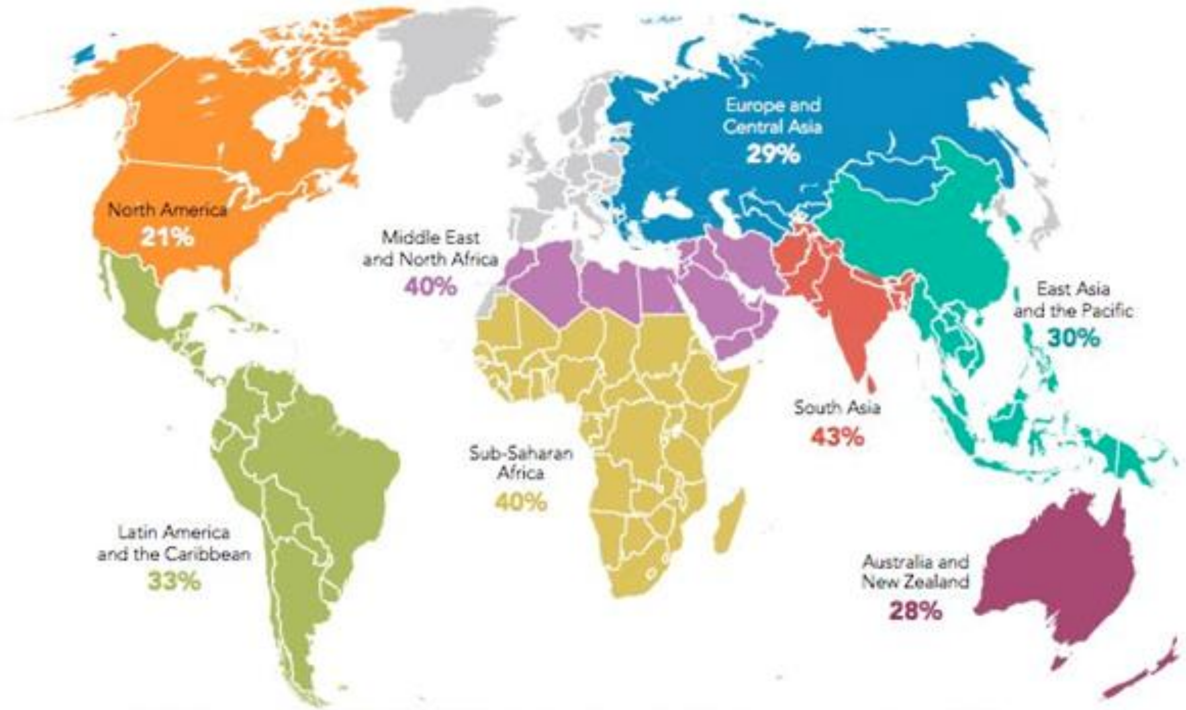
Appendix 4

Turkey's accession status: chapter progression



Share of ever partnered women who have experienced physical or sexual intimate partner violence during their lifetime & Rape statistics

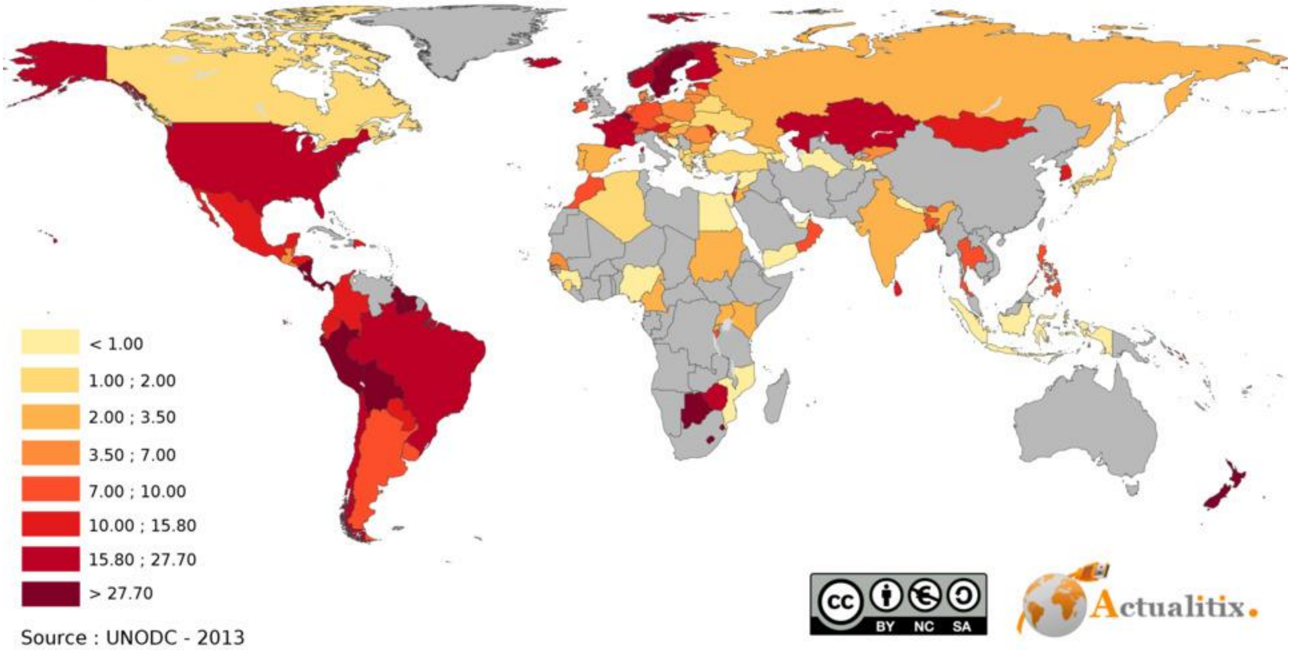
FIGURE 3.2 Share of ever partnered women who have experienced physical or sexual intimate partner violence during their lifetime



Source: Preliminary analysis of WHO (World Health Organization), global prevalence database (2013) using World Bank regions.[24]

Note: Areas shaded in grey are not calculated or do not have relevant data.

Rape (rate per 100,000 population)



Source : UNODC - 2013

Appendix 6

EU's broken promises threaten deals with Turkey

Appendix 7

Türk Telekom Arena (stadium)