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► TURKEY AND THE EU IN GLOBAL POLITICAL ECONOMY

LUDWIG SCHULZ

*MEIA Research / Center for Applied
Policy Research at Ludwig Maximilian
University Munich*

InBrief Series

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LUDWIG SCHULZ

MEIA Research / Center for Applied Policy Research at Ludwig Maximilian University Munich

Ludwig Schulz is chairman of the board of the Middle East and International Affairs Research Group (MEIA Research), and runs the Middle East Program of the Center for Applied Policy Research (C.A.P.) at Ludwig Maximilian University Munich. In addition, he is member of the board of Network Turkey.

Mr. Schulz studied Political Science and International Relations, History and Culture of the Near and Middle East/ Turcology, and European Law at Munich Ludwig Maximilian University and Istanbul Bilgi University.

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Turkey and the EU should stop blame gaming and refrain from the logic of leverage, but negotiate a joint strategy for the future

On the 10th of November this year, the day of commemoration of the passing away of Atatürk, founder of the Turkish Republic, President Recep Tayyip Erdoğan repeated his ambition that the country should become one of the ten leading economies in the world. “Hopefully, we will achieve and ensure that our country [...] will be among the top 10 countries in the world economy. I believe that this will be the greatest gift to Atatürk,” the President was quoted as saying.¹ Just two days later, Bloomberg Economics presented the results of a study forecasting the dynamics of global economies until 2050, using a GDP growth accounting framework and comparing forecasts of the potential GDPs of 39 countries. Apparently, Bloomberg makes President Erdoğan’s wishes come true, as Turkey is projected to join the top ten club by 2050.

During the 2030s, Bloomberg forecasts, the People’s Republic of China will surpass the United States of America. By 2050, Germany, currently ranking fourth, will be surpassed by India and Indonesia (which economically hits on the globe also in the 2030s); France and the UK will fall to the ranks of 8 and 9 respectively. In sum, “Asia is returning to the center of the global economy. [...] By 2050, the continent that already hosts more than half the world’s population will also contribute more than half its economic output. North America and Europe will be in retreat.”²

Global economy and trade in flux

Analytically, it is unclear whether the authors of the Bloomberg study took, for example, Turkey’s EU membership bid or, maybe even more important, the launch of the Regional Compre-

¹ Hurriyetdailynews.com (2020): Turkey aims to be among world’s top 10 economies: President Erdoğan, 10.11.2020, <https://www.hurriyetdailynews.com/turkey-aims-to-be-among-worlds-top-10-economies-president-erdogan-159912>.

² Orlik, Tom/ Van Roye, Björn (2020): An Economist’s Guide to the World in 2050, 12.11.2020, https://www.bloomberg.com/graphics/2020-global-economic-forecast-2050/?srnd=premium-europe&sref=RqRj603m&fbclid=IwAR3vhgNF_H--wSqNxVa0_qmr1ShTMq_b5HiOaF_Ql7B573g0MMOf3Bav01Q.

hensive Economic Partnership (RCEP), signed on November, 15th 2020 in Hanoi, Vietnam, into consideration. After ratification, RCEP creates the largest free trade zone for about 30 percent of the world's population. Between the ten ASEAN states (i.e. Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam) and five of their FTA partners – China, Japan, South Korea, Australia and New Zealand – RCEP also represents 30 percent of the world GDP. Observers agree that the RCEP could only be possible because the Trump administration decided in 2017 to withdraw from the “Trans-Pacific-Partnership” (TPP) with Australia, Japan, Canada, Chile and some ASEAN members, that President Obama pushed for aiming to counter China's rise as a trading power.³ This opportunity has been lost now, and RCEP may become, what former EU Commissioner Günther Oettinger calls, the new “lead market in the world”, setting standards and norms for products and services in the future.⁴ Turning to the EU, Europe can draw a positive balance line after its Economic Partnership with Japan went into force in early 2019, covering 40% of world trade; but its ambition to form another huge free trade zone with the Mercosur countries of South America are likely to fail, as it remains doubtful that Brazil and others would agree to the EU's conditions to restrict economic progress at the expense of climate and environment protection.⁵

Obviously the world and future of global economy and trade is highly in flux – now more than before because of the impact of Covid-19 and the trends it either unearthed or expedited. Old partnerships alter, new alliances emerge; the rise of Asia and, in particular, China seem unstoppable, especially if the latter's plans within RCEP and its Belt and Road Initiative (BRI) bear fruit. At the same time, Western, and in particular European, companies are critically reviewing chains of production and supply mainly looking at cost efficiency, productivity and resilience to crises such as the current pandemic.⁶ This is expected to result in reconfigurations of economic and trading partnerships, such as companies turning to their closer regions in the production and supply chains around the giants in productivity and consumption, China or the EU. In Asia, for instance, Japanese and Korean companies are supposed to withdraw their industrial production from China and turn to Indonesia, the Philippines or Malaysia.⁷ Similarly, European companies may narrow the geographical gap between Asia and Europe by turning to intermediary markets, closer to their ‘original’ European market. This is where Turkey comes into play. Ankara may be able to meet its current government's long-term goal – if it takes the right decisions, and realizes its huge potential as a central hub at the intersection of three continents, interconnected with businesses in Europe, Western Asia and Africa.⁸

³ See e.g. Buchter, Heike (2020): Chinas Gewicht in Asien ist erneut gestärkt. 16.11.2020, <https://www.zeit.de/wirtschaft/2020-11/fuenf-vor-acht-handelsabkommen-rcep-china-asien/komplettansicht>.

After the US withdrawal TPP continues as Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) of 11 American and Asian countries that went into force in 2018. Even under current President elect Joe Biden it seems unlikely that the US will try to make access to CPTPP.

⁴ Handelsblatt.de (2020): „Es gibt in vielen europäischen Hauptstädten eine völlige Selbstüberschätzung der eigenen Wirtschaftskraft“. Interview with Günther Oettinger. 16.11.2020, <https://www.handelsblatt.com/politik/international/guenther-oettinger-im-interview-es-gibt-in-vielen-europaeischen-hauptstaedten-eine-voellige-selbstueberschaetzung-der-eigenen-wirtschaftskraft/26-628222.html>. Also, former president of the WTO and EU Commissioner Pascal Lamy sees China's goal to be an “ordering power in the region”; DIE ZEIT (2020): “Wir sollten uns nicht einschüchtern lassen.” Interview with Pascal Lamy. DIE ZEIT, 19.11.2020, p. 23. Both translations: L.S.

⁵ See e.g. Süddeutsche Zeitung (2020): Welten auseinander. Süddeutsche Zeitung, 9.10.2020, p. 15.

⁶ In a recent study, the German Association for Supply Chain Management, Procurement and Logistics (BME) found that 92% of surveyed companies do not monitor and assess risks in their supply chain automatically; pro-active risk management is highly needed. BME/ Riskmethods (2020): Supply Chain Risk Management: Herausforderungen und Status Quo 2020. <https://www.bme.de/mehrstoerungen-in-der-lieferkette-schwachstelle-risikopraevention-3688/>.

⁷ Yang, Xifan (2020): Asien macht's anders. DIE ZEIT, 19.11.2020, p. 1.

⁸ See in this context e.g. Schulz, Ludwig (2019): Shaping geopolitical destiny and coping with global complexity: Germany and Turkey as central powers in international politics. In: Ebru Turhan (ed.): German-Turkish relations revisited. Baden-Baden: Nomos, pp. 111-142

Don't stop short, look forward for the post-2023 future

However, for more than ten years now, Turkey and various players in the European Union, both member states and supranational actors, refrain from any constructive and joint, vision-oriented endeavors. Blame gaming and mutual accusations for blackmailing seem to dominate the agenda and public discourses; “double standards” from the one side and “unacceptable behavior” from the other being the friendliest accusations towards each other.⁹ Leaders behave shortsightedly, playing to domestic audiences, but don't realize that strategic thinking and acting are needed to achieve long-term goals. Instead of aiming at developing a strategic spirit and an agenda of strong, convincing answers to common, future challenges such as climate change and a new global economic order rising, both follow the logic of leveraging, of (empty) promises and (false) expectations. This logic goes, for instance, that the Customs Union can only be modernized if Turkey returns to rule of law and human rights based policy making; that visa liberalization and new chapters in EU accession negotiations will only materialize if Ankara reforms its anti-terror legislation and if it fully cooperates on refugees; that Turkey feels fully committed to the refugee agreements only if the EU meets its commitments – visa liberalization and a new opening in the accession process, too; or that both blame each other on who goes wrong in the claims about the Aegean and Eastern Mediterranean Economic Zones and gas exploitation potentials, followed by calls for boycotts and sanctions. If both continue like this, Turkey and the EU lose more precious time in a rapidly changing era.

This doesn't mean that norms and values, especially the rule of law and a democratic order, citizens and refugees' rights and international and maritime law are on sale for the sake of economic or business gains; nor that talks and negotiations shouldn't be part of the regular interactions between Turkey and the EU. Yet, by following the logics of leverage and blame gaming, Ankara and Brussels (and other European capitals) objectivize each other and lose sight of the potentials that a closer cooperation could bring to their societies, businesses, democracies, and to 'wider Europe' of which Turkey is part just like the UK, Norway, Switzerland, the Western Balkans, Ukraine or Georgia.¹⁰

In such a Europe, the EU can make strategic use of its current review of its economic and trade policy aiming at strengthening both its powerful position in the global economy as well as multilateralism and a normative global trade regime. In doing so and essentially, Brussels should reach out to and integrate its neighborhood in this process of reflection and policy review, too. In that sense, for instance, BusinessEurope, Euratex and Digital Europe's recent public consultations on the EU Trade Policy Review reaffirm the importance of trade between Turkey and the EU, and underscores how crucial it is to update and upgrade the Customs Union Agreement.¹¹

Turkey, on the other hand, urgently needs to invest into rebuilding and ensuring trust and commitment to its European path, a few years before the centenary of the Republic in 2023. Economically and strategically, Turkey can and should make use of its potential to being a hub for production and logistics as well as a market place between Europe, the Middle East and booming

⁹ See also e.g. Aydıntaşbaşı, Asli (2018): The discreet charm of hypocrisy: An EU-Turkey power audit. ECFR Policy Brief, 23.03.2018, https://ecfr.eu/publication/the_discreet_charm_of_hypocrisy_an_eu_turkey_power_audit.

¹⁰ See also Schulz, Ludwig/ Weidenfeld, Werner (2015): Partnership by crisis – A strategic outlook for a common European future. In: Günter Seufert, Ebru Turhan (eds.): German interests and Turkey's EU accession process: A holistic perspective. Istanbul: Istanbul Policy Center 2015, pp. 10-12.

¹¹ On the EU trade policy review see European Commission (2020): A renewed trade policy for a stronger Europe. Consultation Note. 16.06.2020, <https://trade.ec.europa.eu/doclib/html/159146.htm> and results of the (closed) consultation process at https://trade.ec.europa.eu/consultations/index.cfm?consul_id=266.

Asia. But it is only governance that is democratic and sustainable which guarantees this potential to get unfold fully and fairly across society.¹²

As the world changes with, on the one hand, a profoundly autocratic China on the rise, and

the USA in the grip of the pandemic and of deep rooted internal tensions, on the other, the EU with its democratic neighbors should shine a light. It is time to start planning a joint map for Turkey's and the EU's partnership for the post-2023 future.

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All internet sources were accessed and verified on 30th of November 2020.

¹² On the level and quality of sustainable governance in Turkey and other OECD countries see e.g. the annual Sustainable Governance Indicators Reports of Bertelsmann Foundation, recently <https://www.sgi-network.org/2020/Turkey>.

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