

Lund University  
Department of Political Science

STVM17  
Supervisor: Rikard Bengtsson

# Principles versus Interests

Reactions of the Current Actors in Turkey to the EU's Increasing FTAs with  
Third Countries

Yilmaz Kaplan

# Abstract

The EU has recently shifted its trade policy from multilateralism to bilateralism, and this has highly affected Turkey via the existing trade regime with the EU. The aim of this dissertation is to analyse the reactions of current actors in Turkey to the EU's increasing FTAs with third countries in the EU-Turkey trade regime context. To do this, a theoretical framework has been established by using the neo-liberal institutionalist approach, and then a qualitative case study has been designed. Most of the data have been directly collected from several actors by using different methods. The collected data have been analysed with the help of the theoretical framework, and the main finding is that the current actors in Turkey who have an effect on the foreign trade policy demand to make a change within the EU-Turkey trade regime rather than to change the regime/to establish another alternative regime as a response to the EU's increasing FTAs with third countries.

*Key words:* the EU-Turkey relations, international regimes, complex interdependence, neo-liberal institutionalism.

*Word Count:* 19.906

# Table of contents

Abstract .....	i
List of Abbreviations.....	iv
List of Boxes and Tables.....	v
1 Introduction .....	1
1.1 Research Question and Purpose .....	1
1.2 Literature Review .....	3
1.3 Definitions .....	4
1.3.1 Globalization as an Initial Concept.....	4
1.3.2 International Economic Integration .....	5
1.3.3 International Regime.....	5
1.4 Structure of the Thesis.....	6
2 Theoretical Framework .....	8
2.1 Neo-Liberal Institutionalism as an International Regime Approach.....	8
2.1.1 Neo-liberal Institutionalism: Demand-Side Explanation for Regimes .....	8
2.1.2 Complex Interdependence .....	13
3 Methodology .....	16
3.1 Tentative Hypothesis .....	16
3.2 Research Design .....	17
3.2.1 Qualitative Case Study.....	17
3.2.2 Potential Limitations.....	19
3.2.3 Components of the Qualitative Case Study.....	20
3.3 Data Collection .....	20
3.3.1 Semi-Structured Interviews .....	21
3.3.2 Discourse Analysis and Non-Participant Observation.....	22
4 The Trade Regime between the EU and Turkey .....	24
4.1 The Evolution of the Regime.....	24
4.1.1 The Preparatory Stage (1964-1973).....	25
4.1.2 The Transitional Stage (1973-1995).....	25
4.1.3 The Final Stage .....	28
4.2 The Institutions of the Regime .....	29

4.3 Towards a More Complex Regime: From the Customs Union to the Accession Negotiations.....	31
4.4 The Principles behind the Regime.....	35
4.5 The Economic Norms behind the Regime.....	37
5 Analysis of Data.....	40
5.1 Why is the EU's Increasing FTAs Perceived as a Problem in the EU-Turkey Regime Context by Turkish Actors?.....	41
5.2 The Principles and Economic Norms.....	46
5.3 The Interdependence in the Regime.....	48
5.4 The National Concerns of the Actors.....	51
5.5 The process of Turkey's Accession to the EU.....	52
6 Conclusion.....	54
6.1 Summary of the Findings.....	54
6.2 Quality of Research.....	55
7 Executive Summary.....	57
8 Reference List.....	61
9 Appendices.....	66

# List of Abbreviations

ABGS	Avrupa Birliđi Genel Sekreterliđi (Secretariat General for EU Affairs)
CU	Customs Union
DTM	Dıř Ticaret M¼steřarliđı (Undersecretariat of Foreign Trade)
EEC	European Economic Community
ESAM	Ekonomik ve Sosyal Politikalar Merkezi (Economic and Social Research Center)
EU	European Union
FTA	Free Trade Agreement
İKV	İktisadi Kalkınma Vakfı (Economic Development Foundation)
MP	Member of Parliament
METU	Middle East Technical University
NGO	Non –governmental Organization
TEPAV	T¼rkiye Ekonomi Politikaları Arařtırma Vakfı (Economic Policy Research Foundation of Turkey)
TEU	Treaty on European Union
TİM	T¼rkiye İhracatçılar Meclisi (Turkey Exporters Assembly)
TOBB	T¼rkiye Odalar ve Borsalar Birliđi (The Union of Chambers and Commodity Exchanges of Turkey)
T¼SİAD	T¼rk Sanayicileri ve İřadamları Derneđi (Turkish Industrialists' and Businessmens' Associations).
USSR	Union of Soviet Socialist Republics
USA	United States of America
USAK	Uluslararası Stratejik Arařtırma Kurumu (International Strategic Research Organization)

# List of Boxes and Tables

Box 1      The Mutual Obligations originates from the Additional Protocol

Box 2      The Negotiation Framework

Box 3      The Principles of the WTO for Trading Systems

Box 4      The Cause and Effect Diagram

Table I     The Main EU27 Trading Partners (Import)

Table II    The EU(%) in Turkey's Foreign Trade

Table III   The WTO Statistics

*This thesis is dedicated to my love, Nalan,  
for her love, endless support and  
encouragement.*

# 1 Introduction

## 1.1 Research Question and Purpose

There is an expanding web of transnational regulatory institutions in parallel with increasing global circulation of finance, capital, investment, technology, and labour in the world (Holton, 1998, p. 80). In this context, international trade is one of the most intensively globalized and so institutionalized fields. For example, Held and McGrew highlight that “world trade has grown much faster than world output, and significantly so since the 1990s” (2007, p. 74). To prove this, they show that the world export volume as a proportion of world output was three times more in 1998 than in 1950 (ibid.). Another indicator of globalization of the trade is growing ambition to govern trade at the global level (via established regulatory institutions/regimes) rather than at the domestic level. For instance, Richardson et al. give NAFTA as the single most important manifestation of globalization in North America (2006, p. 75). In the same vein, there are 153 members and 30 observers within the WTO regime, which is also the main international regulatory institution for trade. In addition to this amount of membership, there are also 462 regional trade agreements, notified to the GATT/WTO up to February 2010.<sup>1</sup> Thus, these initiatives are good indicators to see the level of globalization of the international trade. From another perspective, this level of globalization in the international trade means that the states are strongly interlinked with each other and distinction between domestic and external issues with regard to decision making process has recently become more obscure. However, increasing integration trend among the nation states has deepened complexity of the international trade because the international trade system is somehow a blend of multilateral, regional and bilateral initiatives, and this increasing complexity results in new challenges for the global trade system. At this point, “spaghetti bowl” phenomenon emerges as the main problem, which originates from increasing preferential trade agreements (bilateral or regional) at the expense of the multilateral WTO system because every single special trade initiative means different trade arrangements within the multilateral system, and these different trade arrangements may clash with each other or disturb the consistency of the multilateral system. In other words, different regional or

---

<sup>1</sup> [http://www.wto.org/english/tratop\\_e/region\\_e/region\\_e.htm](http://www.wto.org/english/tratop_e/region_e/region_e.htm), accessed on 25.04.2010.

bilateral agreements result in different rules, and different rules mean accumulation of new discrimination in the global trade system (Bhagwati, 1995, p. 4)<sup>2</sup>.

Despite the “spaghetti bowl” syndrome, the bilateral free trade agreements emerged as the “best-second strategy for states due to the stalled multilateral trade talks (the Doha Round) under the auspices of the WTO (Aggarwal and Fogarty, 2004, p.1; Hoa, 2008, p. 9). This atmosphere also pushed the EU to focus on the bilateral free trade agreements (Woolcock, 2007) although the European Commission officially declares on its website that the multilateral trade system under the WTO constitutes the core of the EU trade policy and that global rules are the best way to ensure fair and open trade between countries.<sup>3</sup> As a result, on 4 October 2006, the European Commission officially adopted a new trade strategy as follows:

*The Commission will propose a new generation of bilateral free trade agreements with key partners to build on WTO rules by tackling issues which are not ready for multilateral discussion and by preparing the ground for the next level of multilateral liberalisation. The key economic criteria for new FTAs should be market potential – particularly the emerging markets of Asia.<sup>4</sup>*

This new policy is useful for the EU in getting through the bottleneck originating from the stalled multilateral trade negotiations in the Doha Round and in increasing the competition capacity at the expense of other competitors in terms of trade. On the other hand, as mentioned above, in a more complex and interlinked international trade system, the EU’s trade policy shift has also affected other countries with which the EU has strong economic relations. At this point, Turkey is one of these countries that have been affected from this policy shift. Although Turkey is a member of the WTO and the WTO’s “fair and free trade principle” plays a role in shaping Turkey’s trade policies, especially, the trade regime with the EU, which was established after a long economical integration process since the Ankara Agreement in 1963, has become one of the main factors which affects Turkey’s foreign trade policy. In addition to this, the EU’s influence on Turkey’s foreign trade policy has deepened

---

<sup>2</sup> Also see: Baghwati, “Preferential trade agreements: the wrong road”. From: <http://www.questia.com/googleScholar.qst;jsessionid=LJNf2JQL12YwSglqmCpTvpcPJ7T11C2M5pGh9QP9YvG1mc3khL1T!-1453575164!1144346239?docId=5000458403>, accessed on 25.04.2010.

<sup>3</sup> From: <http://ec.europa.eu/trade/creating-opportunities/eu-and-wto/>, accessed on 25.04.2010.

<sup>4</sup> [http://trade.ec.europa.eu/doclib/cfm/doclib\\_section.cfm?sec=285&link\\_types=&dis=20&sta=61&en=80&page=4&langId=en](http://trade.ec.europa.eu/doclib/cfm/doclib_section.cfm?sec=285&link_types=&dis=20&sta=61&en=80&page=4&langId=en), accessed on 31.01.2010.

as a result of the beginning of Turkey's accession negotiations process.<sup>5</sup> As a result of this closed economic relations between the EU and Turkey, the EU's increasing bilateral free trade agreements have highly affected Turkey. At this point, to analyse this effect on Turkey in a qualitative way, it is quite fruitful in focusing on the current actors in Turkey. Therefore, the study will focus on two questions that are interlinked with each other in a cause-effect relationship, namely; *How have the current domestic actors in Turkey, who have an influence on the decision making process related to the foreign trade policy, reacted to the EU's increasing bilateral free trade agreements in the EU-Turkey trade regime context, and how has the trade regime affected these reactions?*

The aim of this dissertation is to analyse the reactions of the current actors in Turkey to the EU's increasing free trade agreements with third parties in the EU-Turkey trade regime context. Thus, the trade regime between the EU and Turkey will be put at the centre of the study to understand the impact of the regime on these reactions. In this sense, particularly, the effects of the principles and economic norms behind the regime, the interdependence stemming from the regime, and the process of Turkey's accession to the EU are taken into consideration as the main variables, which affect the current Turkish actors' reaction in the EU-Turkey trade regime context against the EU's increasing free trade agreements, in addition to the national concerns of the actors.

## 1.2 Literature Review

The extensive literature on international regimes increased in 1980s (Keohane, 1982, Krasner, 1983; Keohane, 1984; Keohane and Axelrod, 1985; Keohane, 1988; Keohane and Nye, 1989). These studies are very fruitful in understanding what regime theory is, how it can be applied to real cases especially related to the international economic cooperations, and specifically the interaction between regimes and domestic actors. For example, Keohane and Nye (1989) focused on regime change in international monetary regimes. In addition to this volume, in the volume edited by Krasner (1983), there are plenty of case studies related to international regimes like the study on the GATT by Finlayson and Zahcer (pp. 273-314). Moreover, Hasenclever, Mayer and Rittberger (1997) successfully formulize the main approaches related to international regimes, and in addition to this study, there are also

---

<sup>5</sup> DTM, (2010?) Report on Turkey: Joint Study Report on Economic Impact Assessment for a Prospective Free Trade Agreement between Turkey and Korea.

several studies that discuss regime theory in the changed world context (Crawford, 1996; Horn, 1995; Keohane and Ostrom, 1995; Kroll, 1993; Little, 2001; Milner, 2009; Molle, 2003; Rogerson, 2000; and Sterling-Folker, 2002). Moreover, the literature on the EU-Turkey relations is very important to understand the evolution of the EU-Turkey trade regime, and there are many domestic and external studies on the issue (domestic: Ay, 2007; Bozdağoğlu, 2003; Çalış, 2006; Dartan and Hatipoğlu, 2006; Durak and Atik, 2007; Erdemli, 2005; Karluk, 1999; Özen, 2002; Tecer, 2007; Yılmaz, 2009) (external: Arvanitopoulos, 2009; Joseph, 2006; and Zürcher 2004). However, the researcher has mainly used the domestic literature because the study focuses on the actors in Turkey, and in this sense, the domestic literature has also become a sort of secondary data for the research. Additionally, the volume edited by Spector and Zartman (2007) is a good study that shows the dynamic nature of regimes. In this volume, particularly Sjöstedt (pp. 89-114) underlines the importance of norms and principles in regimes' post-negotiations processes. However, it is observed during the literature review that there are not much studies on the post-negotiation process of the regime between the EU and Turkey and the regime's effect on Turkish actors; therefore, this study also aims to add this perspective to the literature on the EU-Turkey relations.

## 1.3 Definitions

### 1.3.1 Globalization as an Initial Concept

Globalization as a phenomenon can be observed everywhere in the life, and there are several attempts to define this phenomenon from different perspectives. For instance, a working definition of the phenomenon was offered by Gopinath as: "Globalization represents the continuing effort by the people of the world to interact and share transnationally in the pursuit of their objectives" (2008, p.10). In addition to him, Scholte argues that "global-ness" (as a fact) has a long story, but the issues "globality" (the condition) and "globalization" (the trend) have increased since 1980 (2005, p. 49). He also points out that the concepts; internationalization, liberalization, universalization, and westernization are also used together with the phenomenon (these concepts are not equivalent to the globalization but the phenomenon may cover them together or separately) (ibid., pp. 54-59). On the other hand, Payne claims that globalization can be seen in different formats like; economic and trade globalization, financial globalization, political globalization, military globalization, cultural globalization, environmental globalization, and criminal globalization (2007, p. 17) (or the

phenomenon entails all these topics). Finally, despite the fact that globalization is a polysemous phenomenon; there is a consensus point that it has resulted in “the erosion of the (nation) state’s external sovereignty, its domestic monopoly, and its ability to govern” (Osterhammel and Petersson, 2005, p.7). In other words, globalization symbolizes that there is no longer a clear cut traditional distinction between domestic/international, territorial/ non-territorial or inside/outside factors in terms of policy making process about any issue (Held and McGrew, 2007, p. 20).

### 1.3.2 International Economic Integration

There is not a clear-cut definition of “international economic integration”; however, most of the definitions formulate “international economic integration” as a process in which direct or indirect trade barriers are tried to be removed between at least two states (Jovanovic, 2006, pp. 15-21). Moreover, in practice, there are different forms of economic integration formations; namely, free trade areas, Customs Unions, Common Markets, complete economic unions, and complete political unions. In free trade areas, member states remove all trade barriers (import restrictions) among themselves but they can perform their own regulations or measures against non-member states in term of the international trade. In Customs Unions, in addition to removal of trade restrictions inside, member states should also act together against non-member states in terms of trade. For example, they must develop common external tariffs to harmoniously regulate imports from third countries. Common market is a more sophisticated customs union in which mobility of factors (e.g. goods, services, labours and other factors) is also possible among member states. An economic union means that in addition to common market, other economic policies are also harmonized among member states like fiscal, monetary, industrial, transportation etc. In a complete political union, member states achieve to establish a supranational government in addition to their single economic policy; therefore, administrative barriers against free movement of goods, services and factors are totally removed (El-Agraa, 1997, pp. 1-2; Jovanovic, 2006, p. 22; Mikic, 1998, p. 442).

### 1.3.3 International Regime

The most widely accepted definition of “international regime” in the literature was formulated by Stephen Krasner in the early 1980s (Little, 2001, p.302; Keohane and Nye, 1989, p. 258; Crawford, 1996, p.3.; Molle, 2003, p. 93), and according to Krasner:

*[International] Regimes can be defined as sets of implicit or explicit principles, norms, rules, and decision-making procedures around which actors' expectations converge in a given area of international relations. Principles are beliefs of fact, causation, and rectitude. Norms are standards of behaviour defined in terms of rights and obligations. Rules are specific prescriptions or proscriptions for action. Decision-making procedures are prevailing practices for making and implementing collective choice (1983, p. 2).*

However, there is a tendency to use the regime concept very loosely despite its commonly accepted definition (Crawford, 1996, p. 55). To illustrate, Stein perceives this term as “an umbrella for all international relations to little more than a synonym for international organizations” (1983, p. 115). Besides, according to Young; “international regimes are complex social institutions”<sup>6</sup> (1983, p. 94); therefore, they become meaningless if we try to separate them from behaviour of groups or individuals (ibid., p.95). Susan Strange also emphasizes the point that the regime is a polysemous concept because people mean different things while using this concept in several discussions (1983, p. 342-343). Moreover, Nye and Keohane argue that international regimes have a function in providing the political framework in which international economic processes are carried out (1989, p. 38), and the regimes also have an influence on the political bargaining and daily decision making processes implementing within the system (1989, p. 21). Additionally, Hasenclever, Mayer and Rittberger also highlight another side of the coin by arguing that: “Regimes are deliberately constructed, partial international orders on either a regional or a global scale, which are intended to remove specific issue-areas of inter-national politics from the sphere of self-help behaviour” (1997, p.3).

## 1.4 Structure of the Thesis

In addition to the introductory chapter, the thesis has 5 more chapters. In the second chapter, the theoretical framework of the study will be given. In the third chapter, a tentative hypothesis will be developed, and an efficient research design and data collection methods will be formulated in line with this hypothesis. In the fourth chapter, the regime between the EU and Turkey will be deeply investigated to understand the context of the study. In the fifth chapter, the collected data will be analysed and the previously established hypothesis will be tested according to this analysis. In the concluding chapter, the findings will be summarized, and the quality of the study will be discussed.

---

<sup>6</sup> Because of their being social institutions, Stein think that regimes develop or evolve over time.



## 2 Theoretical Framework

There are several approaches that try to explain the questions: how international regimes are developed by states and to what extent regimes affect states' (or actors') behaviours and vice versa. In this sense, there are three main approaches: interest-based, power-based, and knowledge based approaches (Hasenclever, Mayer, Rittberger, 1997, pp. 1-2). In more detail, firstly, the interest-based approaches depend on neo-liberal school of thought. According to this school, although national interests are still important, international regimes help states to realize common interests. Besides, states are defined as rational egoists who focus only on their own (absolute) gains, and economic reasoning and consideration of both information and transaction costs also play a crucial role in the decision making process of states. Secondly, the power-based approaches originating from realist school believe that relative gain is more important than absolute gain for states even if it is possible for states to establish international regimes; therefore, power and balance of power are also important in cooperation as well as in conflict. Thirdly, the knowledge based approaches are developed by cognitivists who focus on the origin of interests and normative ideas (ibid., pp. 3-5). At this point, interest based neo-liberal institutionalism is highly efficient to explain economic issues, therefore, neo-liberal approach will be used as the main theoretical framework of the study.

### 2.1 Neo-Liberal Institutionalism as an International Regime Approach

#### 2.1.1 Neo-liberal Institutionalism: Demand-Side Explanation for Regimes

In general, there are four elements which represent general outlook of Neo-liberal Institutional approach. First, according to this approach, there are non-state actors in the world politics in addition to states. Second, there are varieties of power in world politics; therefore, military force is not the unique/predominant source of power. Third, the fact of interdependence is as much important as the anarchy "as a defining feature of the international system". Fourth, this approach put more emphasize on cooperation than conflict in the world politics (Milner, 2009, pp. 5-19). In parallel with this formulation, Hasenclever

et al. also focus on the similar points, and according to them; neo-liberal institutionalism has a realist premise but also has liberal institutionalist conclusions (1997, p. 28). Moreover, they argue that this approach defines nation-states as “rational egoists” in the international arena, and Keohane definitely clarifies the meaning of this concept as follows:

*Rationality means that [states as international actors] have consistent, ordered preferences, and that they calculate costs and benefits of alternative courses of action in order to maximize their utility in view of those preferences. Egoism means that their utility functions are independent of one another: they do not gain or lose utility simply because of the gains or losses of others<sup>7</sup> (Keohane, 1984, p. 27; also cited in: Hasenclever, Mayer, Rittberger, 1997, p.29).*

This clarification also illustrates that the mentioned formulation for the fundamental motivation of states to establish international regimes is derived from microeconomic theory (Keohane, 1984, p. 27). In this sense, Prisoner’s Dilemma<sup>8</sup> as a game-theoretical model is used to explain the main reasoning behind why cooperation for states is rational and beneficial. Additionally, this model illustrates that “anarchy impedes cooperation through its generation of uncertainty in states about the compliance of partners” (Grieco, 1988, p. 502). In this structure, the main consideration of a state can be the risk of being cheated. At this point, this view distinguishes neo-liberals from structural realists because according to realists, the relative gain is the main consideration of states related to any cooperation since there is always a risk that today’s ally can be an enemy of the future in the anarchical international system (ibid.; Powell, 1991, p. 1303). However, the neo-liberals think that international cooperation can help states to realize the fact that common interests are possible at the international level, and after this realization (via rational cost-benefits calculations), states demand to establish international regimes and concrete institutions to get rid of negative effects of unpredictable anarchic world system. In this sense, Keohane formulates another difference between neoliberal and structural realist approaches by using an efficient metaphor, which is based on demand and supply concepts of microeconomics (1982, p. 143). “A classical example of a power-based (structural realist) theory of international regimes is *the theory of hegemonic stability*” (Hasenclever, Mayer, and Rittberger, 1997, p. 84); and according to Keohane, hegemonic stability theory is “the view that concentration of power in one dominant state facilitates the development of strong regimes, and that fragmentation of power is associated with regime collapse” (1982, p.142). Therefore, this view is a kind of

---

<sup>7</sup> In this context, Keohane’s definition doesn’t connect egoism with enviousness.

<sup>8</sup> See Appendix I for further information.

supply-side approach in which hegemonic power is the essential supplier of the international regimes. As a result of this, demands for international regimes are ignored by supply side explanations, and “[the theory of hegemonic stability] fails to explain lags between changes in power structures and changes in international regimes” (ibid.). For example, in the volume; *After Hegemony: Cooperation and Discord in the World Political Economy (1984)*, Keohane focuses on the period between the 1960s and the 1980s in which the international economic regime changed and points out: “As hegemony erodes, regimes become more difficult to supply; yet the demand for them, based on their contributions to facilitating mutually beneficial agreements among states, persists” (Keohane, 1984, p. 195). In other words, from Keohane’s point of view, despite the collapse of the USA’s economic hegemony in the 70s, the rest of the world wanted to maintain the international regimes established under the USA hegemony.

Keohane formulates this demand-side approach by putting rational-choice theory at the centre of this formulation. Therefore, the approach presumes that actors are individual goal seekers but are under some constraints which may arise from international regimes/institutions or interdependencies (Snidal, 2005, pp. 74-75). In other words, this approach focuses on constraints and incentives at the international level, and actors rationally behave or decide by putting these constraints and incentives into consideration. From this point of view, international regimes “as sets of ... principles, norms, rules, and decision-making procedures” can impose several constraints on the rational choice oriented states (and on domestic actors of those states which have an influence on the decision-making processes). Additionally, this approach also doesn’t ignore the role of power because the asymmetric power situation among states has also effect on the actors’ choices. If the issue is discussed from other side of the coin, it is clear that the nature of international system (anarchy) as a general context in which decision making processes are carried out by the actors is also an important factor for the rational choice approach because the anarchic international context means not only the absence of a global government but also presence of disorder (Waltz, 1979, p.115) and just only offers lack of information and uncertainty for the states (Keohane, 1982, p. 148). As a result of this fact, states must find their own ways to cooperate with each other in spite of this anarchic international system (Keohane and Ostrom, 1995, p. 1). At this point, Keohane points out that international regimes play an important role by making mutually beneficial

agreements possible for the governments<sup>9</sup> (1982, p. 148). As a conclusion, from the rational choice perspective, it is clear that the main motivation of the states to demand for international regimes originates from the question how to deal with anarchic international context.

In particular, the problems of transactions costs and information imperfections are the essential reason for states to demand international regimes (Keohane, 1982, p. 170) because international regimes are one of the main facilitators that make international agreements possible by reducing barriers originating from high transaction costs and uncertainty (Keohane, 1984, p. 100; Keohane and Ostrom, 1995, p. 2). In other words, if transaction costs are high, a new regime will become a need to facilitate mutually beneficial exchange (Keohane, 1988, p. 386). In this theoretical context, transaction costs can be perceived as any cost which covers: the opportunity costs related to time, energy and money; search and information costs; bargaining and decision costs; policing and enforcement costs<sup>10</sup> etc. Additionally, Horn gives the costs originating from the time and effort (energy) as two of the most obvious transaction costs (1995, p. 13), and attempts to eliminate these costs play a major role in founding international regimes. For example, it is clear that the main motivation behind the foundation of the WTO is to get rid of the extra costs (the time and energy consuming procedures while implementing international trade). Moreover, the liberal intergovernmentalists emphasize the importance of the transaction costs (particularly: time and money) while analyzing the integration process of the European Union (Moravcsik, 1993). In the same vein, Keohane underlines the aim to eliminate any transaction cost as the main function of the international regimes by arguing as follows: “Once a regime has been established, the marginal cost of dealing with each additional issue will be lower than it would be without a regime” (1984, p. 90). In parallel with transaction costs, another problem which motivates states to establish regimes is information imperfections. As mentioned above, one of the main concerns of the world politics is how to deal with anarchic international environment since it causes a great uncertainty in which states cannot come together easily. In this sense, international regimes play an important role in reducing this uncertainty by providing enough information for its participants (Keohane, 1982, p. 162). In

---

<sup>9</sup> Keohane distinguishes international regimes and ad hoc substantive agreements. According to him: “Regimes [...] facilitate the making of substantive agreements by providing a framework of rules, norms, principles, and procedures for negotiation” (1983, p. 153).

<sup>10</sup> From: [http://www.auburn.edu/~johnspm/gloss/transaction\\_costs](http://www.auburn.edu/~johnspm/gloss/transaction_costs), accessed on: 08.04.2010.

addition to this, international regimes also increase quality and quantity of communication among the participants because governments need information to know their partners more than to know about them (ibid., p. 163). At this point, to know your partners in an international cooperation is important because the information imperfections result from several difficulties like asymmetric information, moral hazard, and irresponsibility (Keohane, 1984, p. 93). In this sense, it is clear that reciprocity is very important for actors to establish or to maintain any international cooperation. For example, Keohane underlines the reality: “No one trusts habitual cheaters” and claims that a viable regime always needs the principle of reciprocity (1989, p. 276). As illustrated in Appendix I, if the two-person Prisoner's Dilemma game is played by the egoist players only once, they are unlikely to realize the importance of cooperation, but if the game is played over and over again (iteration), the cooperation can be achieved through a reciprocal strategy (“tit-for-tat”) without any hegemonic enforcement because the players’ experiences lead them to realize the importance of cooperation (Axelrod, 1984, p. 21; Axelrod and Keohane, 1985, p. 224).

In parallel with transaction cost approach, Keohane also highlights the concept of *issue density* which means that if there is a high density in a particular field between states, there will be also high transaction costs in the traditional international context. In this situation, it can be expected that these states’ demand for an international regime will be higher to regulate the mentioned field and to get rid of high transaction costs via the founded regime’s *economies of scale*<sup>11</sup> function. Moreover, this density in a specific field will probably impinge on other fields, and so actors will need a general framework which consists of a set of principles, norms, rules, and procedures, to cover all clusters of fields (Keohane; 1982, pp. 155-156; 1984, p. 90; 1988, p. 386-387; Keohane and Axelrod, 1985, p. 239). For example, if two countries decide to mutually eliminate border control related to trade, they will also need to take some measures about security, illegal migration, narcotics etc. As a result, they will need a regime which contains a set of principle, norms, rules, and procedures to regulate side-effects of free trade.

---

<sup>11</sup> According to Encyclopædia Britannica Online; “In economics, the relationship between the size of a plant or industry and the lowest possible cost of a product. When a factory increases output, a reduction in the average cost of a product is usually obtained. This reduction is known as economy of scale.” (from: <http://www.britannica.com/EBchecked/topic/178584/economy-of-scale>, accessed on 09.04.2010)

The demand side explanation also shows the linkage between interdependence and international regime (Keohane, 1982, p. 157; also see: Crawford, 1996, p. 53; Sterling-Folker, 2002, p. 18). Keohane and Nye briefly formulate the relations between interdependence and international regimes as follows:

*Interdependence affects world politics and the behaviours of states; but governmental actions also influence patterns of interdependence. By creating or accepting procedures, rules, or institutions for certain kinds of activity, governments regulate and control transnational and interstate relations. We refer to these governing arrangements as international regimes (1989, p. 5).*

### 2.1.2 Complex Interdependence

Interdependence, in a general way, is defined by Knorr as a concept which means that “states are mutually dependent on one another for things valued by their populations” and here “valued things are peace, security, power, income, employment, knowledge, ideology, cultural goods etc.” (1979, p. 168). Another broad definition of the concept is also given by Rosecrance et al: “interdependence is a state of affairs where what one nation does impinge directly upon other nations” (1977, p. 426). In addition to these broad definitions, according to Crawford; “interdependence tends to be defined as a process over which states have little or no control, though it is in large measures a product of their own making” (1996, p. 50). However, especially in the early discussions, there is a cleavage between the scholars who study on the concept about whether interdependence is best seen as a function of vulnerability or of sensitivity (Kroll, 1993, p. 322). Similarly, Baldwin points out that “the distinction between ‘sensitivity interdependence,’ defined in terms of mutual ‘effects,’ and ‘vulnerability interdependence,’ defined in terms of the opportunity costs of disrupting the relationship, has become widely accepted [...]” (1980, pp. 489-490). For example, Waltz perceives the concept from the vulnerability side by arguing that “the cost of breaking the interdependent relation would be high” (1970, p. 206), but contrary to Waltz, Cooper uses the concept in a restricted sense (economic interdependence), and according to him; economic interdependence refers to “the sensitivity of economic transactions between two or more nations [...]” (1972, p. 159). On the other hand, as Kroll underlines (1993, p. 322), Keohane and Nye clarify these sensitivity and vulnerability concepts as being two dimensions of their complex interdependence explanation (see: Keohane and Nye, 1989, pp. 11-19).

Keohane and Nye, in the volume: Power and Interdependence (1989), define interdependence as an analytical concept, and this definition is one of the most well-known and respectful

attempt in the IR discipline (Rogerson, 2000, p. 416). According to them; “Interdependence in world politics refers to situations characterized by reciprocal effects among countries or among actors in different countries” (1989, p. 8). In line with this definition of the concept of interdependence, they see international transactions<sup>12</sup> as the main reason for the interdependence in the world system, and they highlight that the level of the transactions from several points has been increasing since the WWII. Furthermore, they declare that they don’t limit the concept as “situations of mutual limits”, because according to them, for example; the interdependence between the USA and the USSR in the cold war era and the interdependence between the developed and less developed countries are not the same. Additionally, they point out that the pure symmetry in the interdependent relations is an extreme situation, and there are generally asymmetries which give the less dependent countries an advantage over the more dependent parts in the bargaining processes. In the same token, to clearly analyse the role of power in interdependence, they look at the concept from two different dimensions; namely, sensitivity and vulnerability<sup>13</sup>. To clarify these dimensions, Keohane and Nye give two solid examples. The first one is about the situation of the developed countries (the USA, Japan, and Western Europe) in the oil crisis. According to them, when the oil prices broke out in the early 70s, those developed countries had sensitivity dependence on oil because they could not immediately develop and implement new policies. Therefore, their sensitivity was the main reason for a great amount of petroleum import and increasing costs of foreign oil. However, in particular, the USA was less sensitive than Japan thanks to its smaller portion of imported petroleum requirement. Secondly, they focused on the Bretton Woods monetary regimes during the late 1960s. According to them, in this period, both the USA and Great Britain were sensitive to the foreign speculators’ or central banks’ monetary activities in terms of value of dollar or sterling. However, the Great Britain was more vulnerable than the USA because the US had an ability to change the rules of the system and actually did in 1971 (Keoahane and Nye, 1989, pp. 11-15).

Keohane and Nye also underline that the international relations are more complex than what the realists assume, and they call this fact as complex interdependence, which has three main characteristics; namely, multiple channels, absence of hierarchy among issues, and minor role of military force. The characteristic of multiple channel means that there are several informal

---

<sup>12</sup> According to Keohane and Nye, international transactions; flows of money, goods, people, and messages across international boundaries (1989, p. 9).

<sup>13</sup> Also see: Appendix II

channels that connect societies to each other (e.g. multinational corporations or non-governmental organizations) in addition to formal interstate relations, which are traditional channels in line with realist assumption. Moreover, these interstate relations include so many issues that it is impossible to arrange them according to a clear hierarchy. Therefore, this “absence of hierarchy among issues” means that military issues are not predominantly at the top of the agenda for states. As a result of these characteristics of complex interdependence, Keohane and Nye conclude that there is not a totally clear-cut distinction between domestic and foreign issues (1989, pp. 24-25). In addition to these analyses, later on, Keohane and Nye observe that the level of complex interdependence at the world level has been increasing because of the developments in the information sector. For instance, in the late 90s, Keohane and Nye (1998, p. 84) argue that “[t]he information revolution alters patterns of complex interdependence by exponentially increasing the number of channels of communication in world politics—between individuals in networks, not just individuals within bureaucracies” (cited in: Rogerson, 2000, p. 432).

# 3 Methodology

## 3.1 Tentative Hypothesis

As Bryman points out; “[theory] provides a framework within which social phenomena can be understood and the research findings can be interpreted” (2008, p.6). Similarly, May emphasizes that a social research needs a theory to interpret the findings of the research (1997, p. 31). Besides, Creswell also claims that a theory is used by qualitative researchers as a lens or perspective to guide their study (2003, p. 131). Therefore, it is clear that theory is the backbone of any scientific research. Moreover, researchers use two approaches to build or to test theories in their social researches; namely, deductive and inductive approaches (Neuman, 2000, p. 49). “Deductive research develops theories or hypotheses and then tests out these theories or hypotheses through empirical observation” (Lancaster, 2005, p. 22). Contrary to this approach, “if [researchers] use an inductive approach, [they] begin with detailed observations of the world and move toward more abstract generalizations and ideas” (Neuman, 2000, p.49). However, it should also be put into consideration that both deduction and induction approaches can be implemented at different stages of a social research process at the same time (Ritchie and Lewis, 2003, p.23; Trochim and Donnelly, 2006, p.17). Additionally, inductive and deductive approaches entail some elements from each other (Bryman, 2008, p.11) and “[i]n practice, most researchers are flexible and use both approaches at various points in a study” (Neuman, 2007, p. 29).

In line with these arguments, there will be an active interaction between the theory and the empirical study to explain the research question. In this context, with the help of the previous observations and studies, a tentative hypothesis which has a strong potentiality to explain the research question will be developed in line with theoretical framework of the study. Moreover, the empirical data gained after the data collection process will play a crucial role in verifying the hypothesis (theory testing) or in altering the hypothesis (theory development). In other words, theoretical position of the study will be in an efficient point between “abstract deductivism” and “simplistic inductivism”, and whereby, the researcher will have “open but not empty minds” during the research period (Janesick, 2000, p. 384, c.i: Ritchie and Lewis, 2003, p.49).

As given in the following section of the study in detail, there is a regional trade regime between the EU and Turkey, and this regime has a set of implicit or explicit principles, norms, rules, and decision-making procedures around which Turkish and European actors' expectations converge. However, the EU has recently started to pay much more attention to establish free trade agreements with other countries, and from Turkish actors' point of views, this attention is not in accordance with Turkey's interest because the recent development disturbs the balance in the regime at the expense of Turkey. Therefore, it can be expected that the domestic actors in Turkey, who have an effect on the decision making process, will react to this policy change of the EU, and as a response to the EU's policy shift, they will also request a change about the regime. At this point, as mentioned in the theory part, there are several external factors/constraints that affect the domestic actors' reactions in Turkey against the EU's increasing bilateral free trade agreements. Moreover, in parallel with the theoretical lens of the study, the first assumption of the research is that the domestic actors who have an effect on the trade policy in Turkey are rational utility maximizers who calculate the cost and benefits of their behaviours. Secondly, despite realization of benefits of the cooperation, the national concerns still continue to exist in the regime, and they trigger the actors' reactions. Thirdly, the regime between the EU and Turkey has deepened the complex interdependence between the parties, and the rational actors also consider this complexity while expressing their reaction. Furthermore, it is also expected that Turkish actors still supports the principles and economic norms of the trade regime. Lastly, Turkey's accession process to the EU has also an impact on Turkish actors' attitudes towards the EU. As a conclusion, the tentative hypothesis of the study is that: *The current actors in Turkey, who have an influence on the decision making process related to the foreign trade policy, will demand "a change within the existing trade regime between the EU and Turkey" rather than demand to establish "a new kind of trade regime" as a response to the EU's increasing free trade agreements with third parties.*

## 3.2 Research Design

### 3.2.1 Qualitative Case Study

The study is designed as a qualitative case study in order to answer the research question. In the beginning, it should be notified that qualitative research method is highly suitable for the research because qualitative research is an inquiry process through which human oriented

issues are tried to be understood. To do this, “[t]he researcher builds a complex, holistic picture, analyzes words, reports detailed views of informants, and conducts the study in a natural setting” (Creswell, 1998, p.15). Additionally, qualitative research simply puts words rather than numbers at the centre of social inquiry (Bryman, 2008, p. 366).

Stake argues that case study as a research design is a common way to do qualitative inquiry (2005, p. 443), and in another study, he defines case study as: “the study of the particularity and complexity of a single case, coming to understand its activity within important circumstances” (1995, p. xii, cited in: Simons, 2009, p. 19). In line with this perspective, Berg formulates case study as “a method involving systematically gathering enough information about a particular person, social setting, event, or group to permit the researcher to effectively understand how the subject operates or functions” (2007, p.283). Moreover, case studies are highly appropriate to understand political phenomena at both micro and macro levels, and this makes case studies valuable at all stages of theory testing and/or building process (Eckstein, 2000, p.119). Hancke also underlines that case studies are intently built on the basis of a theory, and this makes them quite powerful tools to test an existing theory and/or to develop a new theory if the existing theory doesn’t work (2009, p.61). Additionally, according to Stark and Torrance, the strength of case study comes from the point that it can choose an example of an activity (an intently selected target group from all the current domestic actors in Turkey who affect decision making process in terms of foreign trade policy) and use multiple sources and methods to sufficiently explain/explore or describe it (2005, p. 33). In accordance with these general views, it is clear that the study tries to understand a complex political phenomenon (the reaction of the current actors in Turkey to the EU’s increasing bilateral free trade policy); therefore, a tentative hypothesis derived from a general theory was developed to understand the phenomenon, and now, there has emerged a necessity of whether this hypothesis is correct or not. At this point, case study method makes it possible for the researcher to test the tentative hypothesis through using the collected data/findings from the case field, and also, if the tentative hypothesis is not applicable for explaining the research question, the empirically collected data/findings can be used to propose another explanation. To do this, particularly, “process-tracing” through which the researcher makes the study in an evolutionary way is a useful method in case studies. At this point, George and Bennet points out that “[i]n process-tracing, the researcher examines histories, archival documents, interview transcripts to see whether the causal process a

theory hypotheses or implies in a case is in fact evident in the sequence and values of the intervening variables on that case” ( 2005, p.6).

In addition to this general framework, in particular, the case study is also the most appropriate strategy for this research for several reasons. Firstly, the research will be an empirical inquiry that focuses on a current phenomenon from real-life context (reactions of the current actors in Turkey). Secondly, we cannot separate the phenomenon (reactions of the Turkish actors) from the context (Turkey). Thirdly, the research question starts with “how” question and case study is an efficient strategy to answer it (Yin, 2003, pp. 9-13). Fourthly, somehow, the study tries to understand the change in the Turkish actors’ behaviours as a response to the EU’s increasing free trade agreements; thus, qualitative case study is quite effective in exploring the process and the dynamics of the change. Fifthly, case study is flexible; therefore, it doesn’t put pressure on the study in terms of both time limitation and data collection methods. Finally, case study lets a researcher to participate in the research process; therefore, this gives the researcher an opportunity to clearly understand the case via efficient interaction with both the case field and the target group (Simons, 2009, p. 23).

### 3.2.2 Potential Limitations

There are also some potential limitations, which should be put into account before starting the qualitative case study research. First of all, the study focuses on the reactions of Turkish actors against the EU’s increasing bilateral free trade agreements in a limited time but this variable (the actors) can change in time. Secondly, as mentioned above, the researcher’s participation in the research process is an advantage for the study, but too much personal involvement may dilute objectivity of the study (Simons, 2009, pp.23-24). Thirdly, the case study may result in a mass of data accumulation, and it becomes very hard for the researchers to analyse this amount of data in parallel with the purpose of the study (Simons, 2009, p. 24; Yin, 2003, p. 11). Last but not least, although the researcher can expand and generalize a theory (analytical generalization) by doing a case study, the aim of a case study cannot be to enumerate frequencies (statistical generalization) because a case study is intently chosen unlike random sample surveys (ibid.).

### 3.2.3 Components of the Qualitative Case Study

According to Yin, a case study should have five components for research design as follows: question of study, proposition, unit(s) of analysis, the logic linking the data to the proposition, and the criteria for interpreting the findings (Yin, 1994, p. 20). Until now, a research question starting with “how” has been formulated. Later on, a tentative hypothesis derived from the theoretical framework has been developed. In addition to these components, the study also needs a unit(s) of analysis. Unit of analysis is what the researcher focuses on in the study like; an individual, a group, an organization, a geographical area, a social artefact etc (Berg, 2007, p. 293; Neuman, 2007, p. 96; Ruane, 2005, p. 99). In parallel with this definition, it is clear that the unit(s) of analysis of the study is the group of the current actors in Turkey who have an effect on the decision making process related to the foreign trade policy, and in particular, their reactions to the EU’s increasing bilateral trade agreements in the context of the trade regime between the EU and Turkey.

In terms of the last two components; the logic linking the data to the proposition and the criteria for interpreting the findings, Yin argues that these components are the least well developed components in case studies, and there are several ways to put these components in data analysis process (there are not determined ways to implement them) (Yin, 1994, p. 25). Thus, these components will be implicitly implemented in the data analysis process of the study.

## 3.3 Data Collection

Yin asserts that if various data that are collected from different ways and sources are used, the case study will be much more convincing and accurate (2003, p.98) because, by doing this, enough and various types of data are collected, and findings also cross-check each other. In parallel with this argument, different data collection methods are used in the research. First of all, semi-structured interview is the main data collection way of the study because the direct data will be collected from the target group by semi-structured interviews. Secondly, discourse analysis and observation will be also used as supplementary data collection methods. In addition to these data collection methods, the official documents, the reports of the target organizations, the speeches of the target groups, and the related news will be analysed as documentary data. In addition to them, the current literature is also used as a secondary data source for the study.

The unit of analysis (the reactions of the current actors in Turkey who have an effect on the decision making process related to the foreign trade policy) indirectly gives the potential target groups/organizations in Turkey for data collection. As we know, Turkey is a country governed by liberal democracy; therefore, people from different segments of the society can implicitly or explicitly affect the decision making process related to the foreign trade policy. On the other hand, international trade is a complex field so people need to be expert on external trade to influence any policy related to it. If these two factors are combined, it is expected that the current actors, who have an effect on the decision making process related to the foreign trade policy in Turkey, are bureaucrats/technocrats from the government side, researchers from the NGOs, experts from private sector, academicians, and politicians. In addition to these groups, the related government bodies in Turkey: DTM (Undersecretariat of Foreign Trade), The Undersecretariat of Customs, Secretariat General for EU Affairs, and Ministry of Foreign Affairs, the related private sector organizations: TÜSIAD, TİM, TOBB, and several NGOs have been determined as target organizations to collect data.

### 3.3.1 Semi-Structured Interviews

“Interviews are a very common form of data collection in case study research” (Hancock and Algozzine, 2006, p. 39), and a clear and brief definition of this data collection method is given by Crano and Brewer as “[research interview is] a data collection method in which participants provide information about their behaviour, thoughts, or feelings in response to questions posed by interviewer” (2002, p.223). Furthermore, there are mainly three types of interview, which can be used for different purposes in researches, namely; structured, semi-structured, and unstructured interviews (Bryman, 2004, pp. 319-321). According to this categorization, semi-structured interview is the most suitable interview type for the study because, as Flick points out, semi-structured interview is one of the most efficient ways to access experts and to collect related data from them (2006, p.165). In semi-structured interviews, the researcher has a previously prepared interview guide covering open-ended questions, and interviewees have a great freedom in how to answer these open-ended questions. In addition to this flexibility, any question that is not included in the guide can be asked to interviewees during the interview period if it is necessary (Bryman, 2004, p. 321). Particularly, interview with experts by using semi-structured type is defined as “the expert interview” by Flick (2006, p. 165) and as “the elite interview” by Gillham (2005, p. 54). In this sense, main advantages of the expert interviews are that every single interview is a rich

source of information and also provides “unpublished” information, and the interviewees as being experts on the studies issue can give new direction to the research (ibid, p. 59). However, controlling the interviews with experts can be hard for researchers because the interviewees can authoritatively grasp the topic in the interviews, and there may emerge a kind of “You’re asking the wrong question” problem in the interviews due to their considerable expertise on the discussed topic (ibid, p. 54). Therefore, these pros and cons of the interview method have been considered before the implementation of the semi-structured interviews with the experts in the research process.

In line with this general framework, to collect efficient data in accordance with scientific criteria, the participants, whose knowledge and ideas are important for the study, have been carefully chosen in parallel with the aim of the study, and it was achieved to access 20 experts from different organizations in Turkey (see Appendix VI). Secondly, an “interview guide” that entails open-ended questions to ask the interviewees was prepared before starting the interviews. Thirdly, the settings in which the interviews were done were also considered before the interviews. For example, I wore a suit before the interview with a senior official from the Ministry of Foreign Affairs because the setting was a highly official place to wear a jean. Fourthly, to save the collected data, most of the interviews were recorded. However, some interviews with the officials could not be recorded due to the legal procedure (some of them also did not want this). In those cases, the interviewees’ views have been penned as much as possible. Finally, all scientific requirements were fulfilled during the interview process. For instance, the interviewees were informed about the aim of research before the interviews, their permissions were taken for taping, and most of the interviewees’ information will be kept strictly confidential upon their own requests (Hancock and Algozzine, 2006, pp. 39-40).

### 3.3.2 Discourse Analysis and Non-Participant Observation

In addition to semi-structured interviews, two methods have also been used in the dissertation as supplementary data sources. First, as Potter emphasizes, newspaper articles, and various kind of formal texts can be used for discourse analysis (1996, p. 105). Therefore, several online newspapers have been browsed to find related news about the actors’ reaction or their direct speeches about the issue. In addition to this, many related reports have been accessed and analysed in accordance with the purpose of the study. Second, as mentioned before, some bureaucrats or technocrats could not freely express their ideas or feelings in the interviews

due to their official position; therefore, non-participant observation<sup>14</sup> has been used as another supplementary data collection method to get rid of this bottleneck.

After the data collection, it is time to analyse them to test the hypothesis. However, before starting the data analysis, the trade regime between the EU and Turkey should also be investigated in a historical context because it is impossible to understand the reactions of the current actors in Turkey to the EU's increasing bilateral free trade agreements without understanding the context (the EU-Turkey trade regime).

---

<sup>14</sup> According to Bryman, "This is a term that is used to describe a situation in which the observer observes but does not participate in what is going on in the social setting" (2008, p. 257).

# 4 The Trade Regime between the EU and Turkey

To regulate their economic relations, the EU and Turkey established a customs union, which entered into force in 1996 after a long period of economic integration process; however, a general customs union definition, which was also given in the definitions part, doesn't draw the whole picture in terms of the economic relations between the EU and Turkey. For example, an official report underlines that:

*Turkey-EU Customs Union constitutes an advanced form of integration with its far-reaching perspective and comprehensive context covering a wide range of policies. The Customs Union Decision covers Turkey's adaptation of a wide range of EU legislations including all aspects of trade, the technical standards, state aid, taxation, intellectual, industrial and commercial property rights (DTM, 2010(?), p. 25)*

In this sense, the theoretical lens of the study is quite efficient in filling this definition gap. From the theoretical perspective of the study, it can be easily argued that the economic relations between the EU and Turkey are governed by a regional trade regime, which entails a set of principles, norms, rules and decision making procedures around which the EU's and Turkey's interests converge.

## 4.1 The Evolution of the Regime

Turkey applied for the membership of the European Economic Community on 31 July, 1959 shortly after the Rome Treaty (1958), which established the EEC. As a result of this application, although the EEC did not accept Turkey's full membership application due to its poor economic condition, it formulated an association agreement for Turkey, and finally, the Association agreement (Ankara Agreement) was signed in September 1963. According to the Agreement (the Article 2), there would be three-stage transition periods to progressively establish a customs union between the EEC and Turkey; namely, a preparatory stage, a transitional stage, and a final stage (Dura and Atik, 2007, p. 483; Yilmaz, 2009, p.54). Moreover, the Ankara Agreement includes some arguments which show that the aim of the

Agreement is further than establishing a customs union. For example, according to the Article 28 of the Agreement<sup>15</sup>:

*As soon as the operation of this Agreement has advanced far enough to justify envisaging full acceptance by Turkey of the obligations arising out of the Treaty establishing the Community, the Contracting Parties shall examine the possibility of the accession of Turkey to the Community.*

In parallel with the prospective full membership mentioned in the Article 28, the Agreement also refers to some regulations including social and political matters in addition to its main function of economic regulations. Moreover, this Agreement is a basic agreement which draws a general framework for the following stages and doesn't have a deadline until achieving the aims<sup>16</sup> listed in the Agreement (Tecer, 2007, p.165).

#### 4.1.1 The Preparatory Stage (1964-1973)

In this period, Turkey did not have any economic burden stemming from the Agreement but the EEC would help for the economic development of Turkey. According to Article 3 of the Ankara Agreement, “during the preparatory stage Turkey shall, with aid from the Community, strengthen its economy so as to enable it to fulfil the obligations which will devolve upon it during the transitional and final stages”. In parallel with this aim, the First Financial Protocol was signed in 1963, and the EEC provided Turkey with 175 million ECU to help its economic development (DTM, 1999, p. 343).

#### 4.1.2 The Transitional Stage (1973-1995)

Article 4 of the Ankara Agreement gives the main mutual and balanced obligations for the contracting parties at this stage as follows: to “establish progressively a customs union between Turkey and the Community, and to “align the economic policies of Turkey and the Community more closely in order to ensure the proper functioning of the Association and the progress of the joint measures which this requires”. In the beginning, it was expected that five years would be enough for the preparatory stage; however, later, it was realized that Turkish economy was not ready for the following stage, and it was decided to extend this period from 5 years to 9 years. Finally, the Additional Protocol, which “set out in a detailed fashion how

---

<sup>15</sup> From: <http://www.abgs.gov.tr/index.php?p=117&l=2>, accessed on 15.04.2010.

<sup>16</sup> Turkish side sees the full membership as the final aim according to the article 28 of the Ankara Agreement.

the Customs Union would be established”<sup>17</sup>, was signed in 1970 and came into effect in 1973; therefore, the second stage officially started in 1973 (Tecer, 2007, p. 169). The main difference of this stage from the previous one was that Turkey started to share the mutual obligations<sup>18</sup>, which are mainly given into Box 1.

**Box 1: The Mutual Obligations originates from the Additional Protocol<sup>19</sup>**

The EEC’s Obligations:	Turkey’s Obligations:
<ul style="list-style-type: none"> <li>• The EEC would abolish tariffs and quantitative restriction on the imports coming from Turkey upon the entry into force of the Protocol (exceptions: petroleum products and textile).</li> <li>• Some Turkish agricultural products would freely come into the EEC market (but the restrictions would still exist for some other agricultural products)</li> </ul>	<ul style="list-style-type: none"> <li>• Turkey would progressively abolish tariffs and quantitative barriers to the imports from the EEC within two time tables (12 and 22 years).               <ul style="list-style-type: none"> <li>➤ 12 years transition periods for the products where Turkey’s competitiveness is high</li> <li>➤ 22 years transition period for the products where Turkey’s competitiveness is relatively weak.</li> </ul> </li> <li>• Turkey would regulate her agricultural sector according to the EEC’s agriculture policy</li> <li>• Turkey would adopt the Common Customs Tariffs.</li> </ul>

In the 70s, The EEC abolished tariffs and quantitative restrictions on the Turkish industrial and agricultural goods in accordance with the provisions of the Additional Protocol. In parallel with this development, Turkey decreased around ten per cent of the tariffs implemented for the goods listed in the 12 years time table and 5 per cent of the tariffs implemented for the goods listed in the 22 years time table. However, Turkey did not

<sup>17</sup> <http://www.abgs.gov.tr/index.php?p=111&l=2>, accessed on 15.04.2010.

<sup>18</sup> The obligations are related to industry and agriculture sectors

<sup>19</sup> Derived from: Dura and Atik, 2007, pp. 485-486; DTM, 1999, pp. 333-337; and Karluk, 1996, pp. 411-440.

implement any policy to adopt the Common Customs Tariffs in this period (Dura and Atik, 2007, p. 491).

In the late 70s, the economic integration process faced some problems, and according to Dura and Atik, the EEC had a responsibility for those problems. Firstly, the EEC put the Generalised System of Preferences (GSP)<sup>20</sup> into effect at the beginning of the 70s; therefore, Turkish actors thought that this development could jeopardize Turkey's position in the EEC market. In addition to this, the EEC also made free trade agreements with the EFTA, the ACP countries, and the Mediterranean countries, which decreased the importance of Turkey for the EEC as well. Additionally, after the international negotiations at the GATT, the Common Customs Tariffs were decreased down to 6 %, which increased the burden on Turkish economy (2007, pp. 492). As a result, in 1976, Turkey requested to suspend its obligations for the following year by referring to Article 60 of the Additional protocol as follows:

*If serious disturbances occur in a sector of the Turkish economy or prejudice its external financial stability, or if difficulties arise which adversely affect the economic situation in a region of Turkey, Turkey may take the necessary protective measures. The Council of Association shall be notified immediately of those measures and of the rules for their application.*

In addition to this development, a military intervention took place in Turkey in 1980, and the relations between Turkey and the EEC were totally suspended until 1983, when a civil government came to the power. In the following years, the attempts of the new Turkish government started to normalize the relations with the EEC (Tecer, 2007, p.123). In the 80s, two important developments, which would affect the following relations with the EEC, took place in Turkey. Firstly, Turkey started to implement liberal economic policies after the 24 January Decisions in 1980. In line with those liberal decisions, Turkey accelerated the well-functioned market economy and changed its development strategy from the Import-substitution policy to the export oriented outward looking industrialization policy. Thus, the 24 January Decisions symbolize a certain break from the previous era in terms of Turkish economy policy (Ay, 2007, pp. 117-119). In other words, it can be argued that after Turkey's

---

<sup>20</sup> "The EU's Generalised System of Preferences is a trade arrangement through which the EU provides preferential access to the EU market to 176 developing countries and territories, in the form of reduced tariffs for their goods when entering the EU market. There is no expectation or requirement that this access be reciprocated." from: <http://ec.europa.eu/trade/wider-agenda/development/generalised-system-of-preferences/>, accessed on 16.04.2010.

becoming more free market oriented through the 24 January Decisions, the economic negotiations would be easier with the EC than the previous era on the road of the customs union. Another important development was that Turkey applied to the European Community for the full membership in 1987, which showed new Turkey's ambition to be a member of the EC. However, in this case, Turkey used Rome Treaty instead of the Ankara Agreement as a legal reference for its application, because according to Article 237 of Rome Treaty; "Any European State may apply to become a member of the Community". The European Commission responded to Turkey's full membership application in 1989, and although it confirmed Turkey's being eligible for full membership, Turkey's economic and social condition was still weak to become a full member; thus, the parties initially should focus on the previously initiated customs union process (Palabıyık and Yıldız, 2006, p. 75). At this point, according to Karluk, there are several reasons why Turkey preferred the full membership application to the ongoing customs union process shaped by the Additional Protocol. For example, firstly, as mentioned above, Turkey had lost its advantageous position in time after the signing of the Additional Protocol (e.g. the EEC's GSP policy). Secondly, after the Mediterranean enlargement, there were now three Mediterranean countries (Greece, Spain, Portugal), which had similar economic structure with Turkey, and Turkey was worrying about the risk of losing its market in the EC in terms of several agricultural and industrial products that were also produced by those countries. Secondly, after the 24 January Decisions, the new civil government managed to implement many successful free market oriented reforms that increased the competitiveness of Turkish economy at the global level; therefore, these positive developments in terms of free market encouraged the government to apply for the full membership. Thirdly, Turkey wanted to totally benefit from the EC's sources by being a member of it because the EC's economic support in parallel with the Ankara and Additional Protocol Agreements was not enough for Turkey as a developing economy (1996, pp. 445-447).

#### 4.1.3 The Final Stage

According to Article 5 of the Ankara Agreement, "the final stage shall be based on the customs union and shall entail closer coordination of the economic policies of the Contracting Parties." In parallel with this provision, the final stage came to existence on 1<sup>st</sup> January 1996 after "the Decision No. 1/95 of the EC-Turkey Association Council of 22

December 1995 on implementing the final phase of the Customs Union”<sup>21</sup>. The final stage was started with an unusual procedure that it was the first time a decision of an association council was approved by the European Parliament in the European integration history<sup>22</sup> (Özen, 2002, p.20). In line with this argument, Erdemli points out that the Customs Union between the EU and Turkey covers more issues than the traditional measures: the elimination of the tariff and quantitative restrictions on trade between the parties and the adaptation of a Common External Tariff against the third parties. The Customs Union also envisages harmonization with EEC policies in almost every field related to the internal market affairs (2005, p. 5).

## 4.2 The Institutions of the Regime

According to the Ankara Agreement, Turkey would not be part of the EEC decision-making mechanism until it becomes ready. Therefore, to regulate the relations between the sides, four special institutions were established (the Association Council, the Association Committee, the Turkey-EU Joint Parliamentary Commission, and the Customs Cooperation Committee (Dura, and Atik, 2007, p. 488; Karluk, 1996, pp. 481-495).

### The Association Council

The Council is the executive organ of the association between the EEC (now the EU) and Turkey. The main functions of the council are to ensure the implementation of the provisions of the Ankara Agreement by the sides in the customs union establishment process and to settle any disputes between the sides related to the process or the topics under the scope of the Ankara Agreement. The council is composed of the representatives from two sides; the representatives from the Turkish government, and the EU representatives from the European Council, the European Commission, and the member states.

The Council has a right to take decisions on the related issues. Besides, the Council meet at the ministerial level twice a year; in addition to this, a council meeting can also take place for special issues at the lower representation level. In this body, a consensus is needed to accept

---

<sup>21</sup> From: DTM, 1999, pp. 361-366, and the Decision No 95/1, (96/142/EC).

<sup>22</sup> This extraordinary event really bothers many Turkish intellectuals, and they criticize this situation as an unfair treatment against Turkey.

any decision, and the sides (Turkey and the EU) have one vote right in these processes (Dura and Atik, 2007, p. 488; Karluk, 1996, pp. 481-482).<sup>23</sup>

#### *The Association Committee*

Turkey-EU Association Committee has been established after the decision no 3/64 of Association Council as a supplementary body which helps the Association Council in technical matters. The committee is composed of technicians from both sides, and tries to regulate the technical problems arising from the partnership relations (Dura, and Atik, 2007, p. 488)<sup>24</sup>

#### *The Turkey-EU Joint Parliamentary Commission*

The Turkey-EU Joint Parliamentary Commission is the democratic control body of the association, and has an advisory function in general (Dura, and Atik, 2007, p. 488; Tecer, 2007, p. 177). “The commission is composed of equal number of members from Turkish Grand National Assembly and European Parliament”<sup>25</sup>

#### *The Customs Cooperation Committee*

“The Customs Cooperation Committee has been established in accordance with Article 6 of Ankara Agreement and under the Decision of Association Council no: 2/69 to ensure the implementation and development of the association common regime.”<sup>26</sup> The main functions of the committee are to enhance the cooperation between the parties in order to ensure the implementation of the related provisions of the Ankara Agreement in an efficient way and to help to solve technical problems. Additionally, it is composed of the customs experts from the parties (Dura and Atik, 2007, p. 488).

---

<sup>23</sup> Information is also derived from: <http://www.mfa.gov.tr/turkiye-ab-ortaklik-konseyi.tr.mfa>, accessed on 17.04.2010.

<sup>24</sup> Information is also derived from: <http://www.abgs.gov.tr/index.php?p=273&l=2>, accessed on 17.04.2010.

<sup>25</sup> From: <http://www.abgs.gov.tr/index.php?p=271&l=2>, accessed on 17.04.2010.

<sup>26</sup> From: <http://www.abgs.gov.tr/index.php?p=275&l=2>, accessed on 17.04.2010.

## 4.3 Towards a More Complex Regime: From the Customs Union to the Accession Negotiations

As underlined before, the customs union between the EU and Turkey was established after a long and rigorous process. However, from Turkey's point of view, the customs union is not a final end but just a corner stone which acts as a catalyst to deepen the relations on the road of the full membership (Narbone and Skuratowicz, 2008, p. 53; Öniş, 2000, pp. 468-469).

Contrary to this expectation, the conclusions of the Luxembourg Summit of the European Council in 1997 were a big disappointment for Turkey because “[t]he Luxembourg process excluded Turkey from the list of countries with whom the EU was prepared to initiate negotiations with a view to eventual full membership” (Öniş, 2000, p.463). According to the conclusions of the Summit, although the Council reaffirmed Turkey's eligibility for the membership, Turkey's adequacy was not enough to become an EU member; therefore, its application should be separated from other applications, and a pre-accession strategy should be designed to help Turkey to enhance its level of adequacy for the accession (Faucompret and Konings, 2008, p. 37). The reaction of the Turkish government to Turkey was really sharp to those decisions. An official notification was released by the government as a response to those conclusions, and interestingly, despite its blaming the EU leaders for being unfair and discriminatory towards Turkey, the notification repeated that Turkey was still pursuing its aim of joining in the EU (Dura and Atik, 2007, p. 503)<sup>27</sup>. However, the direction of the process has shifted towards a positive way after the Helsinki Summit in 1999, where the European leaders accepted Turkey's candidate country status, which has become another important turning point in addition to the customs union (Çalış, 2006, p. 367). Post-Helsinki period was an intensive reform era for Turkey to qualify for being a membership. The Accession Partnership Agreement with Turkey was signed in 2001 (and later revised in 2003, 2006 and 2008)<sup>28</sup>. As a response to the Accession Partnership, Turkey published a “National

---

<sup>27</sup> Turkey's reaction in the wake of the Luxembourg Summit was a good indicator which showed how Turkey behaved in a rational way rather than emotional to maintain its bid for the full membership despite the provocative events from its perspective.

<sup>28</sup> “The purpose of the Accession Partnership is to assist the Turkish authorities in their efforts to meet the accession criteria. The Partnership places particular emphasis on political criteria. It covers in detail the priorities for Turkey's accession preparations, with particular reference to implementation of the *acquis*, and

Programme for the Adoption of the Acquis”<sup>29</sup>, which listed the political, economic, social, and institutional reforms in accordance with the instructions in the “Accession Partnership Document” (Dartan and Hatipoğlu, 2006, p. 5), and submitted it to the Commission in the same year. Until 2004, Turkey implemented seven harmonisation packages, mostly related to political issues, for the adaptation of the Acquis. In terms of economic issues, Turkey has been annually preparing the Pre-Accession Economic Programme<sup>30</sup> since 2001 and has submitted it to the European Commission to respond to the request of the Economic and Financial Affairs Council (ECOFIN Council)<sup>31</sup>. Additionally, in the Copenhagen Summit in 2002, the European leaders decided to both extend and deepen the customs union between the EU and Turkey (Tecer, 2007, p. 201; Dura and Atik, 2007, p. 589). Therefore, these developments show that Turkey’s EU accession process deepened the previously established trade regime in a concrete way.

Eventually, the European Commission declared in its 2004 Progress Report that “Turkey fulfils the Copenhagen political criteria”, and the Report had also a positive attitudes towards Turkey’s dynamic economic performance.<sup>32</sup> Shortly after, in accordance with this report, the Brussels European Council (16-17 December 2004) decided to open the accession negotiations with Turkey on 3 October 2005 (Joseph, 2006, p. 5). As regards to this decision, a negotiation framework was designed to determine the principles governing the negotiations, substance of the negotiations, negotiation procedures, and preliminary indicative list of

---

provides a reference framework for directing pre-accession assistance.” From: [http://europa.eu/legislation\\_summaries/enlargement/ongoing\\_enlargement/e40111\\_en.htm](http://europa.eu/legislation_summaries/enlargement/ongoing_enlargement/e40111_en.htm), accessed on: 18.04.2010.

<sup>29</sup> It was published also in 2003 and 2008.

<sup>30</sup> “The aim of the PEP is to determine an appropriate economic policy and structural reforms as well as to develop institutional and analytical capacities for participating in the multilateral surveillance procedures of Economic and Monetary Union (EMU)”. Accessed from: <http://www.mfin.hr/en/pre-accession-economic-program>, accessed on: 18.04.2010.

<sup>31</sup> Republic of Turkey, the Pre-Accession Economic Programme, 2009. Accessed from: <http://www.dpt.gov.tr/PortalDesign/PortalControls/WebContentGosterim.aspx?Enc=51C9D1B02086EAFBE0D7FFB61AE8E042>, accessed on: 18.04.2010.

<sup>32</sup> The EC 2004 Regular Report on Turkey’s Progress Towards Accession, SEC(2004) 1201, Brussels, 6.10.2004.

chapter headings<sup>33</sup>. Especially, the principles governing the negotiation (see: Box 2) have become the core of the following accession negotiations. After the preparation period, the negotiations on the 35 chapters of the Acquis Communautaire (see: Appendix III) practically began in June 2006.<sup>34</sup>

## **Box 2: The Negotiation Framework<sup>35</sup>**

### **The Principles Governing the Negotiations**

- The negotiations will be based on Turkey's own merits and the pace will depend on Turkey's progress in meeting the requirements for membership.
- These negotiations are based on Article 49 of the Treaty on European Union:
  - *Article 6(1) of the TEU*: The Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law, principles which are common to the Member States.
  - *Article 49(1) of the TEU*: Any European State which respects the principles set out in Article 6(1) may apply to become a member of the Union. It shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European Parliament, which shall act by an absolute majority of its component members.
- The Copenhagen criteria:
  - stable institutions that guarantee democracy, the rule of law, human rights and respect for and protection of minorities;
  - a functioning market economy, as well as the ability to cope with the pressure of competition and the market forces at work inside the Union;
  - the ability to assume the obligations of membership, in particular adherence to the objectives of political, economic and monetary union.
- The fulfilment of Turkey's obligations under the Association Agreement

---

<sup>33</sup>The Negotiating Framework (For Turkey's Accession), Luxembourg, 3 October 2005. From: [http://www.ec.europa.eu/enlargement/pdf/st20002\\_05\\_tr\\_framedoc\\_en.pdf](http://www.ec.europa.eu/enlargement/pdf/st20002_05_tr_framedoc_en.pdf), accessed on: 19.04.2010.

<sup>34</sup><http://www.euractiv.com/en/enlargement/eu-turkey-relations/article-129678>, accessed on: 19.04.2010.

<sup>35</sup> Derived from: The Negotiating Framework (For Turkey's Accession), Luxembourg, 3 October 2005.

and its Additional Protocol extending the Association Agreement to all new EU Member States, in particular those pertaining to the EU-Turkey customs union, as well as the implementation of the Accession Partnership, as regularly revised.

As mentioned before, the customs union establishment process has become a catalyst to deepened Turkey's relations with the EU, and Müftüler-Baç goes one step further by arguing that if the Ankara agreement, which is the legal framework of the customs union, had not been signed, it would have been easier for the European Leaders to reject Turkey's eligibility for the accession and to offer a privileged partnership (2008, p. 119). However, the situation has changed after 2006 because of Turkey's failure to implement the obligations given in Box 4. In other words, Turkey resisted extending the Association Agreement and its Additional Protocol to Cyprus despite its being under the obligation to extend these agreements to all new EU member states. Particularly, although Turkey signed the Additional Protocol, which extended the Customs Union Agreement to new member states (including Cyprus) to fulfil one of the pre-conditions to start accession negotiations in 2005, it did not open its seaports and airports to Cyprus-registered ships and aircrafts, which was a challenge to the mentioned obligation (Faucompret and Konings, 2008, p.179).<sup>36</sup> As a reaction to Turkey's failure to fulfil the mentioned obligation, the European Council suspended eight chapters in Turkey's accession negotiation in the wake of the European Commission's suggestion in this way (Müftüler-Baç, 2008, p. 125). As a result, Turkey's fulfilment to extend the Ankara Agreement and the Additional Protocol has become a benchmark for the opening of negotiations on 8 chapters; chapter 1: Free Movement of Goods, chapter 11: Agriculture and Rural Development, chapter 3: Freedom to Provide Services, chapter 9: Financial Services, chapter 13: Fisheries, chapter 14: Transport, chapter 29: Customs Union, and chapter 30: External Relations (with regards to economic/trade) on the road of full

---

<sup>36</sup> From Turkey's perspective: "Turkey would open its ports to Cyprus only when the EU lifts the economic isolations imposed on North Cyprus as the European Council already decided to do so on April 26, 2004, following the referendum in North and South Cyprus where the Turkish Cypriots accepted the UN plan for the unification of the island and the Greek Cypriots rejected it". However, later on, the EU claimed that it made just only a political commitment but Turkey is under legal obligation to open its ports (Müftüler-Baç, 2008, p. 125).

membership. Additionally, this obligation has also become a benchmark of the provisional closure of all chapters.<sup>37</sup> Thus, the customs union has lost its catalyst nature in the process at the first time when the political issues (Cyprus problem) via the accession negotiations have mixed with the previously established and actually well functioning trade regime. On the other hand, this problem also shows how the trade regime between the EU and Turkey has increasingly become more complex and started to entail more topics in the accession negotiation period.

## 4.4 The Principles behind the Regime

As clarified in the theory part, any international/regional regimes have a set of principles around which states come together, and Krasner defines these principles as “beliefs of fact, causation, and rectitude” (1983, p. 2). It can be perceived from this definition that principles of any regime can be defined by putting both rational and normative criteria into consideration. In parallel with this view, Keohane urges authors to consider normative grounds into their studies on the international cooperation and to conduct a synthesis between the rationalistic and reflective approaches because, according to him, rationalistic theories need to be historically contextualised. Additionally, this synthesis is also necessary for many hypotheses originating from rationalistic theories to be empirically tested. In brief, a synthesis between the rationalistic and reflective approaches helps to understand specific institutions/regimes in practice (1988, p. 393).

In this sense, first of all, the EU and Turkey share a common historical context (especially since 19<sup>th</sup> century)<sup>38</sup>. After 1890s, the Young Turks, a group of bureaucrats and officers who were affected from the modern Western system, had controlled the Ottoman Empire and tried to modernize the state and society according to the Western oriented positivists and nationalist ideas ( ZÜRCHER, 2004, p.3). In parallel with this era, the founding ideology of the Republic of Turkey also situated modernization and civilization as a “westernization process” (Walker, 2009, p.391). Thus, since the establishment of the modern Turkey, the aim of

---

<sup>37</sup> From: <http://www.mfa.gov.tr/eu-accession-negotiations.en.mfa>, accessed on: 20.04.2010.

<sup>38</sup> The Ottoman Empire, which can be seen predecessor of the modern Turkey, was a part of the European International system. For example, after the end of the Crimean War, the Ottoman Empire was admitted to the “Public Law of Europe” in 1856 (?).

“westernization<sup>39</sup>” has become the main motivation for Turkey to reform the former system and urged Turkey to be part of any international cooperation initiated by the Western world. As a result of this aim, Turkey tried to take part in almost all institutionalization project initiated by the European actors to be part of the European “we-ness”. For example, Turkey was one of the founder members of the OECD in 1948, and took part in the Council of Europe in 1949. Later on, it applied to the EEC for membership, and shortly after, joined NATO in 1952 (Müftüler-Baç and Stivachtis, 2008, p. 2).

On the other hand, when the European Economic Community was established in 1958, the main consideration of the Community was more political than economic for several reasons (Dinan, 2007, p.155; Laffan and Mazey, 2006, p. 37). Firstly, the main function of the Community was to solve warfare problem in the continent (German question). Secondly, there was a social unrest within the European societies after the catastrophic effect of the WWII. Additionally, the European continent was divided into two parts as free market oriented liberal democratic Western Europe and the socialist Eastern Europe under the domination of the USSR, and the Community should protect the Western Europe from the communist threat by creating an effective framework. At this point, the Rome Treaty was a kind of manifestation that declared the main principles of the Community in which the political and economic problems would be totally solved and so the United Europe would be achieved (the aim was given at the beginning of the Rome Treaty as: the foundation of an ever-closer union among the peoples of Europe).

In this historical context, it is clear that Turkey’s ambition to be part of Europe and the EEC’s ambition to unite Europe overlapped with each other, and the aim of “United Europe” emerged as a principle around which the EEC and Turkey came together. To illustrate, when Turkey applied for membership to the EEC in 1959, the EEC did not want to totally reject this application despite Turkey’s poor economic condition and formulated an association agreement which underlined the point that the accession of Turkey to the EEC was possible if Turkey achieved to fulfil the obligations originating from the Ankara Agreement. In

---

<sup>39</sup> When Turkish republic was established in the 1920s, the main national goal of the young Republic was determined as the attainment of the highest level of civilization, and at that time, according to the Leaders of Turkey; the highest level of civilization had been founded in the West. Therefore, “westernization” used as a synonym of civilization and has become the main foreign policy tool of the Republic of Turkey (Oğuzlu and Kibaroglu, 2009, p. 577; Bozdağlıoğlu, 2003, pp. 87-88).

parallel with this argument, if Article of 237 of the Rome Treaty and Article 28 of the Ankara Agreement are put together, the following sentence will emerge: “Any European State may apply to become a member of the Community” and “the Contracting Parties shall examine the possibility of the accession of Turkey to the Community [when it has enough ability to fulfil the obligations]”, and from this sentence; the principle of “United Europe” can be easily understood.

Later on, the Ankara Agreement, as the main legal basis, paved the way for deepening of the relationships between the EEC and Turkey, and it is clear that Turkey adopted all the principles, which are somehow “raison detre” of the Community and the main legitimacy tool for the Community, especially after the beginning of the accession negotiation process. Therefore, as given in Box 2, the principles defined in Article 6(1) of the TEU can be perceived as the principles behind the trade regime between the EU and Turkey, and according to this article: “The Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law, principles which are common to the Member States.”

## 4.5 The Economic Norms behind the Regime

According to Krasner, if states share same or similar norms, it will be easier for states to come together, and in this context, “norms are standards of behaviour defined in terms of rights and obligations” (1983, p.2). Additionally, Cambridge Advanced Learner's Dictionary also defines the word “norm” as “an accepted standard or a way of behaving or doing things that most people agree with”<sup>40</sup>. Therefore, behaviours of states are very important for any regime formation and it can be expected that states should behave in a commonly accepted way related to their rights and obligations in a regime. For example, it will be very hard for centrally planned and free market oriented countries to come together and establish a trade regime (Molle, 2003, p. 90).

In this sense, as mentioned above, in the second part of the 70s, the process to establish a customs union between the EEC and Turkey was mutually suspended, and according to Tecer, the main reason for this suspension was Turkey’s implementing the Import Substitution Industrialization policy (closed economy model) at that time; therefore,

---

<sup>40</sup> <http://dictionary.cambridge.org/dictionary/british/norm>, accessed on 22.04.2007.

cooperation was very hard between Turkey, which was behaving according to the closed economy understanding, and the EEC, which was totally based on open market understanding (Tecer, 2007, p. 172). However, the situation changed after Turkey's 24 January Decisions because, after that time, both sides would implement economic policies according to free market understanding, and the suspended relations were immediately recovered (e.g. Turkey's unexpected application for full membership in 1987). As a result, it is clear that "free market" understanding is the main norm behind the trade regime between Turkey and the EU, which shapes rights and obligations under the regime.

As Hasenclever, Mayer and Rittberger point out, individual or regional regimes are often nested within a more larger international regime's frameworks concerned with principles and norms (1997, p. 34). From this perspective, the regional trade regime between Turkey and the EU is also nested within the WTO international trade regime. When the Customs Union between the EU and Turkey came into existence with the Decision No 1/95, it was registered as a regional trade agreement in the WTO legal system in parallel with Article XXIV of GATT<sup>41</sup>, which permits member states to form regional free trade agreements. In other words, this article led the member states to join narrower trading systems but these trading systems can not be in violation of either institutional rules or norms (Barton et al., 2006, p. 52). In this sense, the norms of the trade regime between the EU and Turkey should be in accordance with the norms for trade determined in the WTO. At this point, the main function of the WTO is to decrease the number of trade barriers in the world and to do this, some principles that push the member states to behave according to "free trade" norm in all their trade activities have been developed within the WTO framework. These principles are non-discrimination, reciprocity, and transparency (Milner and Read, 2002, p. 3). Additionally, the WTO official web site briefly gives the main principles of the WTO, which have become the essential norms behind the member states' trade activity, as seen in Box 3.

### **Box 3: The Principles of the WTO for Trading Systems<sup>42</sup>**



---

<sup>41</sup> [http://www.wto.org/english/tratop\\_e/region\\_e/regatt\\_e.htm](http://www.wto.org/english/tratop_e/region_e/regatt_e.htm), accessed on 22.04.2010.

<sup>42</sup> [http://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/fact2\\_e.htm#seebox](http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm#seebox), accessed on 22.04.2010.

The trading system should be:

- Freer: gradually, through negotiation
  - Opening markets can be beneficial, but it also requires adjustment
- Without discrimination
  - Most-favoured-nation (MFN): Countries cannot normally discriminate between their trading partners
  - Treating foreigners and locals equally
- Predictable: through binding and transparency
  - Sometimes, promising not to raise a trade barrier can be as important as lowering one
- more competitive: discouraging “unfair” practices such as export subsidies and dumping products at lower cost to gain market share

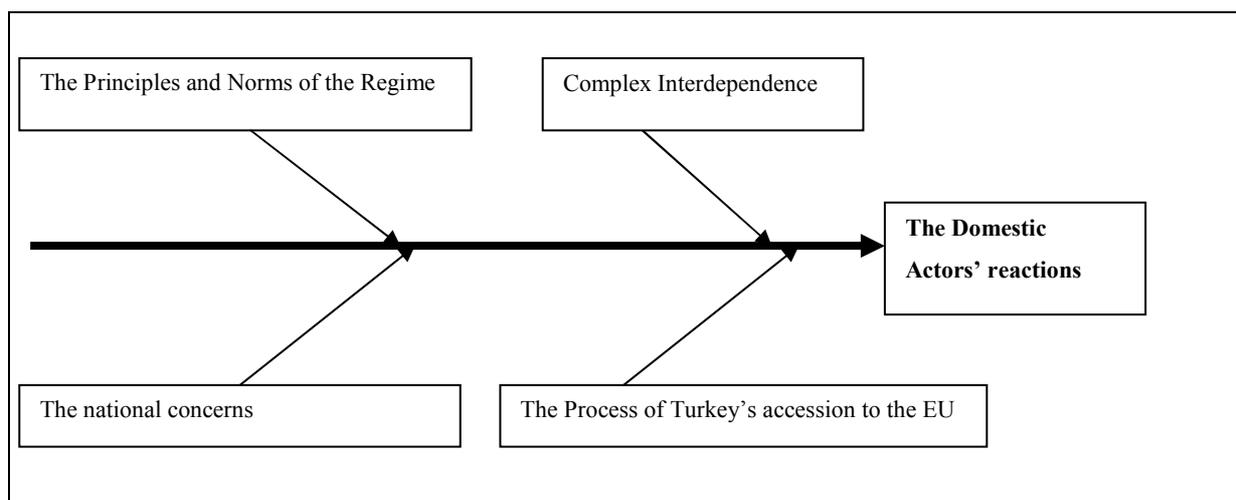
## 5 Analysis of Data

As Lancaster simply defines, “analysis is the process of turning data into information” (2005, p. 157). In parallel, applying an analytic strategy in data analysis process is very important to sustain reliability and validity of any scientific research. To do this, the data has been collected from various sources through different methods, and this makes it possible to conduct an analytical data analysis in this study. Moreover, since theoretical framework helps to develop an explanation technique via collected data, the data analysis process has been connected to the formulated theoretical framework. In other words, a data analysis strategy that relays on the theoretical proposition of the study has been conducted (Yin, 2003, p.111) because the analysis process actually more or less covers all steps of qualitative studies (Ruane, 2005, p. 169; Neuman, 2007, p. 329), and ideas (theoretical framework) and evidence (collected data) are mutually interdependent in qualitative data analysis (Neuman, 2007, p. 330). In this context, first of all, “data triangulation” (Yin, 2003, p. 98) has been used in the data analysis process. This means that the data collected from different sources have been simultaneously analysed, and in this way, they have automatically cross-checked each other. For example, according to a report released in 2008, TÜSİAD was worrying about the EU’s increasing bilateral free trade agreements; however, since two year passed from that time, its accuracy (whether TÜSİAD is still worrying or not?) should be checked. At this point, an interview has been recently done with an expert from TÜSİAD, and this interview confirms that there is no change in the worries. Additionally, to analyse the data in a more analytical and systemic framework, a “cause and effect diagram”<sup>43</sup> has been developed as seen in Box 4 (Lancaster, 2005, p.166).

---

<sup>43</sup> ”A Cause-and-Effect Diagram [...] graphically illustrates the relationship between a given outcome and all the factors that influence the outcome.” From: [www.balancedscorecard.org/Portals/0/PDF/c-ediag.pdf](http://www.balancedscorecard.org/Portals/0/PDF/c-ediag.pdf), accessed on 05.05.2010.

#### Box 4: The Cause and Effect Diagram



### 5.1 Why is the EU's Increasing FTAs Perceived as a Problem in the EU-Turkey Regime Context by Turkish Actors?

According to Article 16 of the Decision No 1/95 of the EC-Turkey Association Council, which established the Customs Union between the EU and Turkey: “[...]Turkey shall align itself progressively with the preferential customs regime of the Community [...]This alignment will concern both the autonomous regimes and preferential agreements with third countries within five years [...]”<sup>44</sup> In line with this article, the obligations stemming from the Customs Union also cover the EU's FTA agreements, and thus, in order to prevent any possible trade deflection, Turkey should establish FTAs with third countries simultaneously together with the EU. Therefore, Turkey has conducted 23 FTAs (10 of which have become null and void after the relating parties' joining the EU) until now (DTM, 2010(?), p. 1). However, especially after the recent policy shift, the EU has accelerated its bilateral trade relations with the rest of the World, and the EU as a trade giant started to emerge in every corner of the world through establishing free trade agreements. As mentioned in the introduction section, the EU has started to use free trade agreements (which depend on mutual concessions) as an efficient tool to follow its trade aims at the international level in the wake of the stalled multilateral trade talks under the auspices of the WTO. For

---

<sup>44</sup> See Appendix IV for further information about the countries included in the autonomous regimes and preferential agreements.

instance, the EU tries to conduct a sort of free trade agreements even with the ACP countries via "Economic Partnership Agreements" (rather than previously given unilateral privileges under the GSP system as seen in Appendix IV)<sup>45</sup>.

In this context, as Damlacı<sup>46</sup> highlights, Turkey either cannot establish FTAs with the countries with which the EU has already signed agreements or is too late for signing free trade agreements according to the EU. According to Damlacı, first of all, although the EU includes Andorra and San Marino which also have customs union with the EU in its free trade agreements, Turkey is excluded from these agreements. At this point, Damlacı expects that the EU should implement the same procedure for Turkey as well; however, the EU doesn't do this by claiming that Turkey is a big country compared to Andorra and San Marino, and Damlacı thinks that the main reason behind this excuse is that the EU worries about the possibility that Turkey's inclusion in the FTA negotiations may prevent the EU from obtaining enough concessions from third parties at the negotiation tables. Nonetheless, Turkey is under the same obligation originating from the FTAs together with the EU to the third parties in spite of Turkey's exclusion from these FTAs according the mentioned rules of the Customs Union between the EU and Turkey. This means that Turkey cannot benefit from the EU's FTAs even though it has to fulfil the obligations originating from these FTAs. Moreover, when Turkey tries to establish FTAs with the countries with which the EU has conducted or about to conduct FTAs to get rid of its disadvantaged position, third countries are unwilling to have these agreements with Turkey mainly for two reasons. Firstly, as mentioned above, the third countries with which the EU established FTAs can access Turkish domestic market by using ATR<sup>47</sup> certificates; therefore, they initially try to use this method rather than giving mutual concessions through establishing a free trade agreement with Turkey. In this sense, a senior official at the Republic of Turkey Undersecretariat of Customs underlined the fact that it is very hard and costly for Turkey to take a measure against these attempts although Turkey has a right to take measures to prevent any trade diversion

---

<sup>45</sup> <http://www.bilaterals.org/spip.php?rubrique17&lang=en>, accessed on: 01.05.2010.

<sup>46</sup> Cemalettin Damlacı was the head of General Directorate for the EU at the Undersecretariat of The Prime Ministry for Foreign Trade (DTM), which is legally responsible for development of foreign trade policies of the Republic of Turkey.

<sup>47</sup> The purpose of ATR (Admission Temporaire Roulette) certificates is to declare that the exported goods are manufactured in or have free circulation status within the EU (and in Turkey due to the Customs Union with the EU). From: <http://www.tbcci.org/ATRCertificates.php>, accessed on: 02.05.2010.

possibility according to the Decision No 1/95 of The EC-Turkey Association Council<sup>48</sup>. Secondly, the target countries for Turkey like Mexico, the ASEAN Countries or South Korea give priority to their region or the biggest trade blocs in terms of free trade agreements, and this means that Turkey has to wait in the queue to establish free trade agreements with these countries or regional trade blocs. Damlacı also highlights that the EU has recently put a “Turkey Clause” article in their free trade agreements thanks to Turkish government’s pressure but this article is just a suggestion to third parties for starting a FTA negotiation talk with Turkey, and in practice, it does not work (in: TÜSİAD Report, 2008, pp. 22-32). To illustrate, according to a DTM report, published on 12 April 2010, Turkey does not have free trade agreements with several countries with which the EU already signed FTAs, like Algeria, Mexico, South African Customs Union, Lebanon, Faroe Islands, and the ACP countries, and the report underlines that unwillingness of these countries are the main reason why Turkey cannot establish FTAs with these countries. In addition to this former senior official, an expert from DTM<sup>49</sup> formulated the problem in the same way. According to him, exclusion of Turkey from the EU’s FTAs with third countries as a part causes mainly two problems (particularly for Turkish private sector). Firstly, Turkish exporters may lose their advantage gained from the Customs Union in the EU market because when the EU gives concessions to other countries via the FTAs, their products can easily access the EU market without trade barriers and challenge the Turkish products there, and this may result in shrinking of Turkish exports in the EU market. Secondly, as mentioned before, the products from third countries with which the EU has established FTAs can access Turkish domestic market due to Turkey’s obligation originating from the Customs Union through which Turkey shall align itself progressively with EU’s preferential agreements with third countries. Last but not least, he also underlined that the Customs Union with EU has increased competitiveness of Turkish exporters, and this is also another reason for why third countries with which the EU established or about to establish FTAs are not willing to establish a FTA with Turkey as well.

Other actors who have an impact on the decision-making process in terms of foreign trade also share the mentioned worries about how the EU’s increasing bilateral agreements causes problems for Turkey via the Customs Union between the EU and Turkey. At this point, as

---

<sup>48</sup> The Semi-structured interview was conducted in 22.03.2010.

<sup>49</sup> The Semi-structured interview took place on 16.04.2010 in DTM.

Prof. Dr. Eralp<sup>50</sup> points out, the main dynamic factor behind Turkey's persistent ambition for integration with the EU is Turkish private sector; therefore, their views on the mentioned problem are also very important to see the whole picture. For example, TÜSİAD, the top business association in Turkey, released a fact sheet on 7 March 2008 about the problem. According to the fact sheet, especially the EU's increased focus on the countries which have huge trade capacity started to erode the gains of Turkey from the Customs Union because although Turkey is neither a member of the EU nor included in the EU's decision making bodies related to external trade policies, Turkey has to fulfil the obligations related to the EU's preferential trade regimes due to the Customs Union. Additionally, according to the fact sheet, the mentioned "Turkey Clause" formula doesn't prompt the third countries to simultaneously conduct another FTA with Turkey in addition to the FTA with the EU. Especially, the EU's attempts to establish FTAs with South Korea (the FTA between the EU and South Korea has already been put into existence), the ASEAN countries, Ukraine and India make TÜSİAD more anxious about the issue. Initially, according to the report, when the EU starts to negotiate any FTA with these countries, it is unlikely that the EU will consider Turkey's priorities/worries in the negotiation processes. Moreover, if Turkey cannot simultaneously establish the FTAs with these countries, the FTAs between the EU and these countries will damage textile, transportation vehicles, and electronic equipment sectors, which are very important for economic growth and employment in Turkey. In addition to this fact sheet, a telephone interview<sup>51</sup> was also done with an expert from TÜSİAD to take TÜSİAD's current official views on the issue since the sheet was released in 2008, and the interview confirms that there is no change about TÜSİAD's approach towards the issue or its worries about the issue defined in the fact sheet. In addition to TÜSİAD, a written interview<sup>52</sup> was also done with an expert from TİM (Turkey Exporters Assembly) , which represents 59 Exporters' Association, 23 sectors related to export, and 13 General-Secretaries providing service for exporters and importers, at the national and international level. In the beginning, it can be easily derived from the interview that TİM shares the same worries with TÜSİAD about the issue. In the interview, the experts repeats the previously formulated problem (Turkey is not included as a part in the EU's FTAs but it is under the obligations stemming

---

<sup>50</sup> The Semi-structured interview with Prof. Dr. Atila Eralp took place on 25.03.2010 at the Middle East Technical University.

<sup>51</sup> The telephone interview took place on 23.03.2010.

<sup>52</sup> The written interview took place on 23.03.2010.

from these FTAs (many costs but no benefit for Turkey) + Turkey cannot sign FTAs with third parties or these agreements cannot be simultaneous with the EU's FTAs = Turkey is a loser of the EU's increasing FTAs! + the current "Turkey Clause" measure doesn't work). Furthermore, the expert pointed out that the EU has been recently focusing on the countries like India, Ukraine, South Korea or the ASEAN countries, which use same sectors with Turkey as a means for their export oriented development policies; thus, when they get concessions from the EU via the FTAs, they will reduce the potential competition power of Turkish exporters in both domestic and the EU markets. To understand this argument in a concrete manner, a brief statistical analysis can be meaningful. The European Commission official website informs that "Textiles and transport equipment dominate EU imports from Turkey"<sup>53</sup>. Despite this fact, if we look at Table I and Appendix V, it is clear that there are also competitions between Turkey and South Korea in transport equipment sector and between Turkey and India in textile sector in the EU market. In this context, Turkey's main advantage is the Customs Union with the EU, which gives Turkey a privileged position in the EU market compared to India and South Korea. Therefore, as the expert from TİM underlined in the interview, the EU's FTA with Korea and a prospective FTA with India will erode the privileged position of Turkey since these FTAs will also give these countries privileges in the EU market. In parallel with the expert from TİM, Mehmet Büyükeksi, the president of TİM, also defines the problem originating from the EU's increasing free trade agreements with third countries in the same way and strongly emphasizes the importance of solution to this problem for the future of the EU-Turkey relations.<sup>54</sup>

**Table I: The Main EU27 Trading Partners (Import)<sup>55</sup>**

---

<sup>53</sup> <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/turkey/>, accessed on 03.05.2010.

<sup>54</sup> [http://www.tim.org.tr/index.php?option=com\\_content&view=article&id=848:guemruek-birliiden-sta-sorunu&catid=47:timden-haberler&Itemid=106](http://www.tim.org.tr/index.php?option=com_content&view=article&id=848:guemruek-birliiden-sta-sorunu&catid=47:timden-haberler&Itemid=106), accessed on 03.05.2010.

<sup>55</sup> Source: Eurostat Statistical Books, (2009). External and Intra-European Union trade Monthly statistics. Issue number 10/2009, p. 46.

Partners	Value (Bn euro)					%					% Cumulated 2008	Rank 2008
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008		
<b>Extra EU27</b>	1,028.2	1,179.6	1,351.7	1,433.5	1,558.4	100.0	100.0	100.0	100.0	100.0		
China	128.6	160.3	194.8	232.5	247.7	12.5	13.6	14.4	16.2	15.9	15.9	1
United States	158.5	163.5	175.2	181.5	186.6	15.4	13.9	13.0	12.6	12.0	27.9	2
Russia	74.4	112.6	140.9	144.5	174.9	7.2	9.5	10.4	10.1	11.2	39.1	3
Norway	49.4	67.2	79.2	76.6	95.6	4.8	5.7	5.8	5.3	6.1	45.2	4
Switzerland	61.9	66.6	71.6	76.9	80.1	6.0	5.6	5.3	5.4	5.1	50.3	5
Japan	74.6	74.1	77.3	78.3	75.2	7.2	6.3	5.7	5.5	4.8	55.2	6
Turkey	32.7	36.1	41.7	47.0	45.9	3.2	3.0	3.1	3.3	2.9	58.1	7
South Korea	30.7	34.5	40.8	41.3	39.4	3.0	2.9	3.0	2.9	2.5	60.6	8
Brazil	21.7	24.1	27.2	32.8	35.8	2.1	2.0	2.0	2.3	2.3	62.9	9
Libya	13.6	19.8	26.1	27.4	34.2	1.3	1.7	1.9	1.9	2.2	65.1	10
India	16.4	19.1	22.6	26.6	29.4	1.6	1.6	1.7	1.8	1.9	67.0	11
Algeria	11.9	20.9	24.2	20.6	28.4	1.2	1.8	1.8	1.4	1.8	68.8	12
Taiwan	23.9	24.1	26.7	26.0	24.0	2.3	2.0	2.0	1.8	1.5	70.3	13
Canada	16.3	17.4	19.7	23.3	23.8	1.6	1.5	1.5	1.6	1.5	71.8	14
South Africa	15.6	16.8	18.5	20.9	22.4	1.5	1.4	1.4	1.4	1.4	73.3	15
Saudi Arabia	16.3	22.6	23.4	18.5	21.1	1.6	1.9	1.7	1.3	1.4	74.6	16
Malaysia	15.7	16.1	17.9	18.2	17.5	1.5	1.4	1.3	1.3	1.1	75.8	17
Thailand	13.0	13.1	14.7	16.6	17.4	1.3	1.1	1.1	1.2	1.1	78.0	18
Kazakhstan	6.9	10.3	14.0	13.4	17.4	0.7	0.9	1.0	0.9	1.1	76.9	19
Singapore	16.9	18.4	19.3	18.4	16.1	1.6	1.6	1.4	1.3	1.0	79.0	20
Nigeria	5.2	8.4	10.8	10.2	15.4	0.5	0.7	0.8	0.7	1.0	80.0	21
Ukraine	8.3	8.7	9.8	12.4	14.4	0.8	0.7	0.7	0.9	0.9	80.9	22

In addition to the bureaucrats and the private sectors, most of the interviewees from academia, NGOs/Think Tanks, and politics also define the problem resulting from the EU's increasing free trade agreements in a similar way. As a result, there is a consensus among actors on the point that the EU's increasing FTAs with third countries in the current context erode the gains of Turkey coming from the EU-Turkey trade regime.

## 5.2 The Principles and Economic Norms

One of the most important outcomes of the interviews is that 17 of 20 interviewees strongly believe that Turkey's full membership to the EU is the main solution for the problem. Two of the interviewees are sceptical about the full membership as a final solution, and only one interviewee directly expressed that he doesn't believe that the full membership will solve the mentioned problem. According to him, contrary to full membership, Turkey should go one step back in terms of economic integration and the Customs Union with the EU must be changed with a free trade area to eliminate negative effects of the EU's increasing free trade agreements. In the interviews, when the question (what do you think about the EU's increasing bilateral trade agreements in terms of Turkey's interests?) was asked, most of the interviewees' second reaction was to underline the importance of the EU membership for economic development of Turkey after expressing their anxiety about how the EU's

increasing bilateral agreements can damage Turkey's interests in the current EU-Turkey trade regime context. In other words, most of the interviewees see deepening the regime (via full membership) rather than going back in terms of economic integration with the EU as a solution for the mentioned problem originating from the current status of the regime. In addition to these interviews, the main focus of TÜSİAD's report is that Turkey should accelerate the EU accession process, which has recently been slowed. Therefore, there is no doubt that the main incentive of Turkish actors to demand the trade regime still exists; however, the "westernization" principle, which is used in the meaning of development, has evolved to "full-fledged EU membership" in time. In parallel with this argument, for example, 9 May as Europe Day was also effusively celebrated in Ankara, and it was observed that billboards in Ankara were filled with posters with a slogan that "more democratic, prestigious, modern, and powerful Turkey on the road of the EU"<sup>56</sup>; thus, it is clear that Turkish government still connects modernity with EU membership, and tried to give this message to mass public via billboards.

The economic norms behind the regime (mainly free market economy) were also never criticized by interviewees or the reports which I achieved to access; therefore, it can be argued that the target group still supports the economic norms of the EU-Turkey trade regime. At this point, from theoretical framework of the study, it is clear that most of Turkish actors, who have an effect on the foreign trade policy in Turkey, don't have any negative reaction against the principles and economic norms of the EU-Turkey trade regime. For example, as clarified before, the most independent actors of target group are the politicians who have been intently chosen from the opposition groups, and even they seem to support these principles and norms of the regime or at least they are not against them. Additionally, as underlined in the section 4, if the current problem is compared with the problem that took place in 70s, it is clear that the previous one caused a sharp reaction from Turkey and a big trouble in the regime because there was not a clear consensus on the economic norms of the regime at that time.

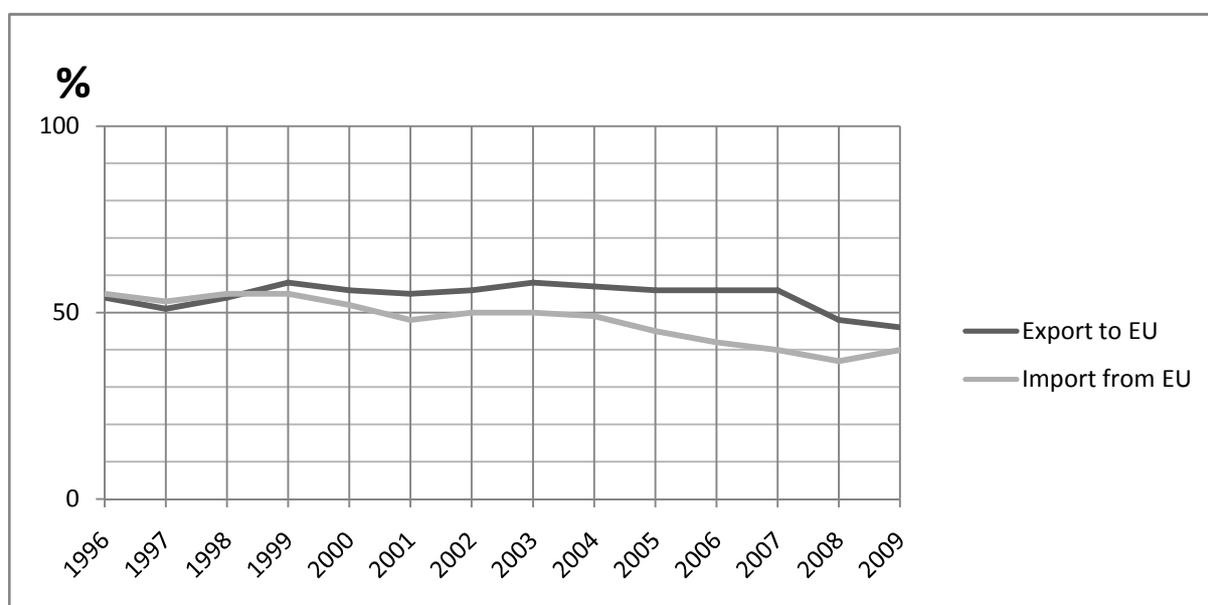
---

<sup>56</sup> Also see: <http://www.euractiv.com.tr/ab-ve-turkiye/article/9-mayis-ab-gunu-icin-erdoganli-poster-009941>, accessed on 10.05.2010.

### 5.3 The Interdependence in the Regime

As highlighted in the previous sections, in a globalized world system, “interdependence” is one of the predominant phenomena that push actors to come together about several issues. In this context, international trade is one of the issues that are highly affected from globalization. Interdependence also plays a major role in the EU-Turkey trade regime. As seen in Table I, Turkey is the seventh biggest country in the EU market. Moreover, as given in Table II by using the data in Appendix VII, there is no doubt that Turkey has continuously carried out half of its foreign trade (Export-Import) with the EU, and this rate is the most important indicator which shows high level of interdependence between the EU and Turkey.

**Table II: The EU(%) in Turkey’s Foreign Trade**



Interviewees, as rational actors, are clearly aware of this reality while expressing their ideas about the topic. For example, Prof. Dr. Pazarcı emphasized the importance of interdependence between the EU and Turkey in terms of trade by arguing that the trade between the EU and Turkey would have developed even if the EU and Turkey had not established the Customs Union in 1995<sup>57</sup>. Therefore, while explaining their ideas about the problem, most of the interviewees underlined that the complex interdependence between the EU and Turkey should also be taken into account before demanding any change related to the

<sup>57</sup> The semi-structured interview with Prof. Dr. Hüseyin Pazarcı was conducted on 01.04.2010 in Turkish Grand National Assembly.

EU-Turkey trade regime. In other words, some of them directly and the rest of them indirectly mentioned that Turkey cannot radically change its policies concerning the regime due to complex interdependence, and otherwise it is clear that Turkey faces a big loss. Therefore, it can be argued that the complex interdependence between the EU and Turkey has a constraint effect on the actors. Besides, it was observed during the interview periods that actors put the complex interdependence into consideration before reacting to the EU's increasing free trade agreements, and this fact softened their jargons although they highly criticized the EU due to the abovementioned problems. This observation is especially valid for politicians in the target group. To illustrate, although Prof. Dr. Melen, a member of Turkish Grand National Assembly, criticized the EU related to the mentioned problem, he pointed out that to criticize the EU doesn't mean to be against it in terms of economic integration, and he also directly underlined economic interdependence between the EU and Turkey<sup>58</sup>. As a result of this analysis, in general, it can be argued that the current complex interdependence between the EU and Turkey plays a kind of catalyst role in appeasing the reaction of the actors because these rational actors clearly see that in a complex interdependence, it is more rational to react in a well calculated way (cost-benefit calculation) rather than emotional reaction against the problem although they strongly believe that Turkey is in an unfair position in the EU-Turkey trade regime because of the recent developments.

This analysis also can be read in a general way as complex interdependence prevents Turkish actors from extreme reactions (e.g. suspension of relations like what happened in the 70s) against the EU's increasing free trade agreements in the regime context. However, in a particular manner, complex interdependence triggers the actors (especially from the private sectors and the bureaucrats/technocrats) to do something within the regime to eliminate disadvantaged position of Turkey. As given in the statistical data, interdependence between the EU and Turkey has an asymmetric nature at the expense of Turkey from two ways. Firstly, in terms of intra-relations in the regime, the EU has an economic giant and holds half of Turkish foreign trade in its hand, and this makes Turkey more fragile in the regime. Secondly, because of the current status of the regime, as mentioned before, Turkey is not in the decision making mechanism although it has to implement any decision taken by this mechanism concerning to trade with the third countries with which the EU signed free trade

---

<sup>58</sup> The semi-structured interview with Prof. Dr. Mithat Melen was conducted on 13.04.2010 in Turkish Grand National Assembly.

agreements. At this point, it is clear that when the Customs Union was established in 1995 as a final phase of the economic integration process between the EU and Turkey, the WTO also officially commenced at the same year; therefore, multilateralism was quite popular as a tool to make freer international trade. As seen in Table III, the EU is the main leading exporter and this means that “it is a major beneficiary of the liberalisation of world trade” (Cunningham et al., 2000, p. 9). Therefore, the EU also tried to use multilateral system until the stalled negotiations in Doha Round. In this sense, as an expert from USAK points out, because of the EU’s focusing on multilateral trade agreements, the mentioned problem didn’t emerge until the collapse of multilateral trade talks, and in fact Turkish actors ignored the possibility of the discussed problem stemming from the EU’s bilateral trade policy in the late 90s when the multilateralism was so popular. However, with Keohane’s and Nye’s terms, being the leading exporter also made the EU more sensitive dependent on the WTO regime, and when the multilateral talks stalled (the framework of global trade regime has changed), the EU highly affected from this position and as soon as possible it achieved to adapt itself to the new situation via its bilateral free trade agreements. As a result, the EU is now implementing this strategy as a “best-second strategy” to liberalize world trade in line with its interests.

**Table III: The WTO Statistics (2009)**

Leading exporters and importers in world trade in commercial services (excluding intra-EU (27) trade), 2008									
(Billion dollars and percentage)									
Rank	Exporters	Value	Share	Annual percentage change	Rank	Importers	Value	Share	Annual percentage change
1	Extra-EU (27) exports	743.2	26.9	11	1	Extra-EU (27) imports	620.7	23.9	13
2	United States	521.4	18.8	10	2	United States	367.9	14.2	8
3	China	146.4	5.3	20	3	Japan	167.4	6.4	13
4	Japan	146.4	5.3	15	4	China	158.0	6.1	22
5	India	102.6	3.7	17	5	Korea, Republic of	91.8	3.5	12

However, Turkey was a less sensitive dependent in the world system compared to the EU; therefore, awareness of the changing framework was slower in Turkey than in the EU, and this awareness is still slowly growing among the actors who are not directly interested in the issue. For example, in the interview period, the appointments were requested from more than 30 MPs (as main policy makers in Turkey) to do interviews related to this issue but most of

them replied that they don't know much about the issue. In terms of regional level, the mentioned policy shift in the EU as a response to the global change highly affected Turkey in the regime context because Turkey is highly sensitive to any change in the EU-Turkey regime as much as the EU's sensitivity in the global trade regime since the high level of complex interdependence between the EU and Turkey (e.g. half of Turkey's foreign trade is with the EU). Nonetheless, unlike the EU, Turkey does not have the ability to change any policy within the regional trade regime to decrease costs of the new framework changed by the EU because, as mentioned above, Turkey is not in the decision making process and cannot directly intervene in the changed EU policy despite its sharing obligations originating from this change (with Keohane and Nye's term: Turkey suffers from a vulnerability dependence in the regime). For example, to get rid of this bottleneck, TÜSİAD tries to use its special connection with EUROBUSINESS for lobbying to intervene in the EU's decision making processes that also affect Turkey via the trade regime. As a result, Turkey faces a vulnerable dependence in the regime due to its exclusion from decision making process, and naturally, this fact disturbs the actors in Turkey and triggers them to change this asymmetric structure within the regime.

## 5.4 The National Concerns of the Actors

As underlined in the theory part, nation-state is still important in the world system despite increasing cooperation attempts. In parallel with this fact, during the data collection period, it was clearly observed that national considerations have also an impact on the actors who have impact on the decision making process concerning to the foreign trade policy in Turkey. In parallel with the arguments in theory part, the interviewees have strongly put emphasize on importance of "reciprocity" principle for agreements at international level. Especially, exclusion of Turkey from the decision making process related to the EU's free trade agreements, which imposes also same obligations on Turkey due to the trade regime, is perceived by the actors as infringement of "reciprocity" principle. At this point, even bureaucrats, who try to express the formal view of their offices in a technical way without their personal comment, changed their voice tone when the national issues came to the table. For example, one of the senior diplomats from Foreign Ministry underlined that Turkey has

implemented its all obligations in the accession process to the EU and now Turkey is waiting for the EU to do same thing about the formulated problem<sup>59</sup>.

In parallel with Keohane's arguments, there is no doubt that the trade regime between the EU and Turkey depends on mutual demands of the parties; and in this context, elimination of information imperfection is one of the main incentives to establish and to maintain the regime. In this sense, Turkey's exclusion from the negotiation processes between the EU and third countries also increases the national concerns of the actors because this exclusion means that the Turkish actors don't know what the EU grants in the negotiations as a concession. In other words, Turkish actors see that Turkey's exclusion from the EU's free trade negotiations with third countries results in a kind of information imperfection for Turkey due to mentioned exclusion; therefore, their national concerns automatically increased within the regime and this pushes them to take immediate measures to solve this problem. For instance, the interviewee from TİM pointed out that the EU should initially inform Turkey about its negotiations with third countries and request Turkey's opinion on the related topics, as an initial step towards the solution of the formulated problem. In addition to the experts from TİM, in general, it was observed that (via interviews and informal conversation) bureaucrats also negatively reacted to this information imperfection problem, and they said that they frequently bring this problem to the discussion tables in the institutions of the regime.

## 5.5 The process of Turkey's Accession to the EU

As mentioned before, "full-fledged EU membership" is a modern format of Turkey's historical "westernization" aim; therefore, Turkish actors, who affect the decision making process in Turkey related to foreign trade policy, are also highly sensitive about the process of Turkey's accession to the EU. Because of this sensitivity, if the process is in a positive direction, this may encourage Turkey to make more reforms in parallel with the EU, and Turkish actors become more tolerant of the side effects of the integration process with EU for the sake of the full membership, and vice versa. For example, the Independent Commission on Turkey<sup>60</sup> shows this relationship in their second report: "*Turkey in Europe: Breaking the*

---

<sup>59</sup> The semi-structure interview was conducted with a senior diplomat in Republic of Turkey Ministry of Foreign Affairs on 24.03.2010.

<sup>60</sup> The Independent Commission on Turkey was formed by important experts such as; Martti Ahtisaari (Former President of Finland, Nobel Peace Prize Laureate 2008), Anthony Giddens, and Michel Rocard (Former Prime Minister of France), who have important influence on European policy-making process.

*Vicious Circle*”, published in September 2009. According to the report, a “vicious circle” emerged in the negotiation process because of the negative developments originating from both sides. On the one hand, there are increasing negative attitudes and comments against Turkey among the European Political Leaders, and on the other hand, Turkey reacts to these negative attitudes by slowing its reforms. This connection (the less support for Turkey’s accession, the less toleration for the side effects) is also observed during the data collection period. At this point, especially unpredictable future of Turkey’s accession process to the EU also makes Turkish actors less tolerant of the side-effects of the integration process. For example, Prof. Dr. Melen<sup>61</sup> likened the EU-Turkey relation to a very long engagement, and according to him, this is a boring situation; therefore, they should either get married (Turkey’s full membership) or divorced. In addition to him, Prof. Dr. Eralp<sup>62</sup> underlined the issue that if the integration between the EU and Turkey cannot be deepened, it is likely that the discussions on the regime will increase. As a result, when the current problematic status of Turkey’s accession process came to the table, the interviewees underlined the point that if Turkey cannot get a time-table for full membership from the EU, Turkey should not tolerate the negative effects stemming from the EU’s free trade agreements with third countries.

---

<sup>61</sup> The semi-structured interview with Prof. Dr. Mithat Melen was conducted on 13.04.2010 in Turkish Grand National Assembly.

<sup>62</sup> The semi-structured interview with Prof. Dr. Atila Eralp took place on 25.03.2010 in the Middle East Technical University.

# 6 Conclusion

## 6.1 Summary of the Findings

In parallel with the definition of “international regime” given in the introductory chapter, Krasner categorizes three types of regime change. According to him, if a change occurs in rules and decision-making procedures of a regime, this means that a change occurs within the regime. On the other hand, if a change occurs in principles and norms of a regime, this pushes actors to change the regime. Additionally, if there is an inconsistency among principles, norms, rules, and decision-making procedures of a regime, or “if actual practice is increasingly inconsistent with principles, norms, rules, and procedures, then a regime has weakened” (Krasner, 1983, pp. 3-5). Therefore, if the findings are analysed according to this theoretical perspective, it is clear that Turkish actors are not happy with the current situation of the regime with the EU. In other words, with the term of Krasner, the current policy of the EU side (the free trade agreements by excluding Turkey from this process) are perceived by Turkish actors as inconsistent with the regime. However, it has been found that they still support the principles and economic norms of the regime despite their discontent with the regime. Additionally, in parallel with the neo-liberal institutionalist approach, it has been observed that the actors who have an effect on the trade policies in Turkey are rational egoists who behave according to cost-benefit calculation; therefore, they put the complex interdependence between the EU and Turkey that pushes Turkey towards the EU into consideration, and this decreases their reaction against the formulated problem. However, their national concerns trigger their reactions and the slowed Turkey’s accession process to the EU makes Turkish actors less tolerant towards the exclusion of Turkey from the EU’s increasing free trade agreements as a side-effect of the EU-Turkey trade regime. In conclusion, combination of all these findings with the theoretical lens of the study clearly shows that the current actors in Turkey demand to make a change within the regime rather than to change the regime/to establish another alternative regime. In parallel with this argument, the most tangible progress has recently taken place: Egemen Bağış, the Minister

for EU Affairs and Chief Negotiator, declared that Turkish government has decided to start preliminary preparations to renegotiate the Customs Union with the EU.<sup>63</sup>

## 6.2 Quality of Research

Reliability and validity are two main criteria for quality for a social research (Bryman, 2008, p. 31; Neuman, 2007, p.115); therefore, these criteria have been carefully taken into account during the research period. In parallel with Neuman's perspective, reliability of a study can be guaranteed by consistency (2007, p.119). Thus, to maintain the consistency of the study, the data have been collected from several sources by using several methods. Moreover, as Hancke points out (2009, p. 104), the interviews have been corroborated with other sources: several reports, official documents, agreements, and newspapers by using "data triangulation" in the data analysis process. At this point, the main advantage of this triangulation is that the reliability of the study has been achieved without forcing the data collected from interviews (Bryman and Burgess, 1994, p. 127). As for validity, two important forms of validity (internal and external validity) have been considered in the research process (Neuman, 2007, p. 121). To satisfy internal validity criterion, the research project was carefully designed before the study, and possible errors have been determined and eliminated as much as possible during the study. In addition to this, according to Neuman; "[external validity] is the ability to generalize findings from a specific setting and small group to a broad range of settings and people" (ibid.). Therefore, to maintain external validity of the study, the interviewees have been selected from almost all related segments of the society in Turkey. However, it is clear that generalization of qualitative social studies is limited compared to quantitative studies (more universal) because qualitative studies depend on their context (Neuman, 2007, p. 308). In this sense, this study also has a limitation stemming from its context-dependency as a qualitative case study in terms of generalization.

The aim of the study related to literature is to enrich the literature on the EU-Turkey relations by adding a new perspective. The study analyses the EU-Turkey economic relations especially by putting human being (the actors) at the centre of it instead of numbers but it

---

<sup>63</sup> See: <http://www.euractiv.com.tr/ab-ve-turkiye/article/bagis-gumruk-birligi-gozen-gecirilecek-009013>, accessed on: 22.02.2010, and <http://www.milliyet.com.tr/bagis-gumruk-birligi-ni-tekrar-muzakere-edecegiz/ekonomi/haberdetay/20.02.2010/1201504/default.htm>, accessed on 20.02.2010.

also benefits from “numbers”. At this point, it is a kind of “interdisciplinary” study which covers considerations from both politics and economics, and it is clear that these types of interdisciplinary studies are needed to clearly understand the globalized world; therefore, it is hoped that the study can be a model for further studies. However, as mentioned above, the study as a qualitative case study is less generalizable than a quantitative study. Thus, further studies can implement a methodological triangulation that entails both qualitative and quantitative methods to get rid of this limitation.<sup>64</sup>

---

<sup>64</sup> This triangulation (both qualitative and quantitative methods) could not be implemented in this study because of the limited time.

## 7 Executive Summary

In the era of globalization, international relations have become much more complex, and the level of interdependence among nation-states has highly increased. As a result, nation-states' external sovereignty, domestic monopoly and ability to govern have been eroded by this trend; thus, the border between domestic and external issues has become thinner in this new era. At this point, the international trade is one of the most intensively globalized and institutionalized fields, and it is no longer under the control of nation-states; therefore, any issue related to the international trade has a potential contagion effect on the world market.

In this atmosphere, bilateral free trade agreements emerged as the “best-second strategy” among the actors of the international trade in the wake of the stalled multilateral trade negotiations in the Doha Round. Because of its strong contagion effect, new strategy has been adopted by almost all the actors in the world. However, although this strategy has become another formula for liberalization of the global market, it has caused a “spaghetti bowl” situation in which these bilateral agreements have resulted in complex subsystems within the multilateral trade system. This means that the regulation of the international system is not easy even for the biggest actors in the system.

The EU also adapted this new strategy in 2006 and started to sign many FTAs with many countries or regional blocs from several parts of the world. However, in the abovementioned complexity, even the EU as an economic giant in the world market could not simultaneously maintain harmonization among its trade regimes because some of the partners from the previous regimes are not happy with the EU's new free trade agreements. In this sense, especially, the current actors from several segments of the Turkish society are worrying that the EU's increasing bilateral free trade agreements may damage Turkey's gains in the existing trade regime with the EU. Therefore, the study has focused on two questions that are interlinked with each other in a cause-effect relationship, namely; *How have the current actors in Turkey, who have an influence on the decision making process related to the foreign trade policy, reacted to the EU's increasing bilateral free trade agreements in the EU-Turkey trade regime context, and how has the trade regime affected these reactions?*

First of all, an efficient theoretical framework has been established because a theory provides a framework in which the research question can be clearly understood and research findings can be interpreted (Bryman, 2008, p.6). Therefore, regime theory has been used in the study as the main theoretical lens to understand the phenomenon in question. Particularly, there are three main approaches focusing on international regimes; namely, interest-based, power-based, and knowledge-based approaches. In this case, the regime between the EU and Turkey is in a regional trade format, and the interest based approach puts economy at the centre of its explanations; therefore, the theoretical framework of the study has been developed according to the interest-based approach, which depends on neo-liberal school of thought. According to neo-liberal institutionalism, international regimes are established thanks to demands of the parties rather than a hegemonic power, and there are several reasons for these demands. Firstly, in the world system, actors are rational egoists who behave according to their costs and benefits; therefore, they can easily realize efficiency of cooperation with other countries. Secondly, transaction costs and information imperfection problems in the international system prompt rational actors to established regimes. Thirdly, increasing complex interdependence among nation-states is another reason for demand for international regimes. Additionally, this approach underlines that national concerns are also still important in the international regimes despite decreasing power of national-states in the globalized world.

In parallel with this theoretical framework, a tentative hypothesis has been developed as follows: *The current actors in Turkey, who have an influence on the decision making process related to the foreign trade policy, will demand “a change within the existing trade regime between the EU and Turkey” rather than demanding “a new kind of trade regime” as a response to the EU’s increasing free trade agreements with third parties.* Then, a qualitative case study has been designed as the methodological framework of the research to test this tentative hypothesis. To do this, several data collection methods have been implemented; namely, semi-structured interviews as the main data collection method, and non-participant observation and discourse analysis as supplementary data collection methods. In addition to them, the several documents (e.g. the related reports or the agreements) were also used as secondary data sources in the study.

Before the analysis of the collected data via mentioned methods, the regime between the EU and Turkey has been deeply investigated in a historical context. On the other hand, it would be very hard to understand the reaction of the current actors in Turkey to the EU’s increasing

free trade agreements without the historical background of the EU-Turkey trade regime. From historical investigation of the regime, it has been found that despite fluctuations (ups and downs) in the integration process, Turkey adapted itself to the EU system in general terms. Moreover, this historical investigation has confirmed that it is the best way to define the EU-Turkey relations by using a “regional trade regime” term rather than using a “customs union” for several reasons. Firstly, the regime has its own institutions like the Association Council. Secondly, there are the principles around which the EU and Turkey come together. At this point, Turkey’s “westernization” principle and the EU’s “united Europe” principle overlap each other. Moreover, the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law are the principles on which the Union was founded and these principles were also adopted by Turkey in the wake of its application for full membership. As for economic norms, “free market” is the main economic norm around which the parties’ interests converge. Additionally, Turkey’s accession process to the EU has also deepened the regime.

In the data analysis process, to make the study more analytical, a “cause and effect diagram” has been developed. According to this diagram, the reactions of the current actors in Turkey to the EU’s increasing free trade agreements have been chosen as the dependent variable for the study. In addition to this dependent variable, four independent variables that affect these reactions have been also determined as follows: the principles and economic norms of the regime, the interdependence among the sides, the national concerns of the Turkish actors, and the process of Turkey’s accession to the EU. Moreover, “data triangulation”, which means that the collected data from different sources, has been used as another method to increase the analytical structure of the dissertation.

According to the result of the analysis, there is a consensus among the current Turkish actors who have an impact on the foreign trade policy in Turkey on the point that exclusion of Turkey from the EU’s increasing free trade agreements with third parties erodes the gains of Turkey coming from the existing regime for several reasons. Firstly, even though Turkey shares the obligations stemming from these FTAs, it cannot benefit from them. In more detail, Turkey has to grant the third countries the same concession together with the EU but the third parties do not have to do this because Turkey is not a member of the EU. As a result of this fact, the actors are worrying about a possible problem originating from this disadvantaged position of Turkey that Turkish exporters can lose both the EU and domestic

markets in favour of these third countries. Secondly, to balance this disadvantaged position, Turkey should sign special FTAs with these third parties but they don't want to do this and in this sense, the EU does not help Turkey in an efficient way. Thirdly, the actors criticize Turkey's exclusion from the EU's decision making and negotiation processes because Turkey has to also obey final decisions originating from these processes in the regime context. As a result, the current actors in Turkey negatively react to the EU's increasing free trade agreements. According to them, something should be changed in the current system in which Turkey is at a disadvantaged position. At this point, it has been found that the actors still support the principles and economic norms of the regime, which means that the actors do not want to alter the existing regime. In addition to this, the existing complex interdependence originating from the EU-Turkey trade regime also prevents the actors from demanding any radical changes. However, the national concerns of the actors trigger them to do something to eliminate Turkey's disadvantaged position in the trade regime with the EU, and the slowed accession process to the EU also decreases Turkish actors' toleration for the side-effects of the regime.

As a result of these findings, it is clear that the analysis confirms the hypothesis: The current actors in Turkey, who have an influence on the decision making process related to the foreign trade policy, demand "a change within the existing trade regime between the EU and Turkey" rather than demanding "a new kind of trade regime" to get rid of Turkey's emerging disadvantaged position in the regime after the EU's increasing free trade agreements with third parties.

## 8 Reference List

- Aggarwal V. K. and Fogarty E. A. (2004). Between Regionalism and Globalism: European Union Interregional Trade Strategies. In: Aggarwal V. K. and Fogarty E. A. (eds.). (2004). EU Trade Strategies: Between Regionalism and Globalism. New York: Palgrave Macmillan, pp. 1-40.
- Axelrod, R., (1984). The Evolution of Cooperation. The USA: Basic Books.
- Axelrod, R. & Keohane, R. O., (1985). Achieving Cooperation under Anarchy: Strategies and Institutions. *World Politics*, vol. 38, no.1, pp. 226-254.
- Ay, A. (2007). Türkiye’de Dış Ticaret ve Kur Politikaları Uygulamaları. Konya: Çizgi Kitabevi.
- Baldwin, D. A., (1980). Interdependence and Power: A Conceptual Analysis. *International Organization*, vol. 34, no. 4, pp. 471-506.
- Barton, J. H., Goldstein, J. L., Josling, T. E. & Steinberg, R. H., (2006). The Evolution of the Trade Regime: Politics, Law, and Economics of the GATT and the WTO. Princeton: Princeton University Press.
- Berg, B. L., (2007). Qualitative Research Methods for the Social Sciences. 6<sup>th</sup> ed. New York: Pearson Education, Inc.
- Bhagwati, J., (1995). US Trade Policy: The Infatuation with FTAs. Discussion Paper Series No. 726. From: [http://www.app.cul.columbia.edu:8080/ac/bitstream/10022/AC.../econ\\_9495\\_726.pdf](http://www.app.cul.columbia.edu:8080/ac/bitstream/10022/AC.../econ_9495_726.pdf), accessed on: 25.04.2010.
- Bozdağlıoğlu, Y., (2003). Turkish Foreign Policy and Turkish Identity: A Constructivist Approach. New York: Routledge.
- Bryman, A., 2008. Social Research Methods. 3<sup>rd</sup> ed. Oxford: Oxford University Press.
- Bryman, A., (2004). Social Research Methods. 2<sup>nd</sup> ed. Oxford; Oxford University Press.
- Bryman, A. & Burgess R. G. (eds), (1994). Analyzing Qualitative Data. London: Routledge.
- Crano, W. & Brewer, M. B., (2002). Principles and Methods of Social Research. 2<sup>nd</sup> ed. New Jersey: Lawrence Erlbaum Associates.
- Crawford, R. M. A., (1996). Regime Theory in the Post-Cold War World: Rethinking Neoliberal Approaches to International Relations. England: Dartmouth Publishing Company Limited.
- Creswell, J. W., (1998). Qualitative Inquiry and Research Design: Choosing Among Five Traditions. London: Sage Publications.
- Creswell’ J. W., (2003). Research Design: Qualitative, Quantitative, and Mixed Methods Approaches. 2<sup>nd</sup> ed. London: Sage Publications.
- Cooper, R. N., (1972). Economic Interdependence and Foreign Policy in the Seventies. *World Politics*, vol. 24, no. 2, pp. 159-181.
- Cunningham, D., Lichtenbaum, P. & Wolf, J. (2000). The EU and World Trade. Accessed from: [www.cer.org.uk/pdf/p181\\_world\\_trade.pdf](http://www.cer.org.uk/pdf/p181_world_trade.pdf), on 11.05.2010.
- Çalış, Ş., (2006). Türkiye-Avrupa Birliği ilişkileri: Kimlik Arayışı, Politik Aktörler ve Değişim. Ankara: Nobel Yayın Dağıtım.
- Dartan, M. & Hatipoğlu, E., (2006). The Future of Turkey- EU Relations: Post-December 2004. In: Neuwahl, N. & Kabaalioğlu, H., (eds). European Union and Turkey: Reflections on the Prospects for Membership. Ankara : TOBB ; İstanbul : TUNAECS ; Marmara University, pp. 1-70.

- Dinan, D., (2007). The European Integration Process. In: Hay, C. & Menon, A., (eds). European Politics. New York: Oxford University Press, pp. 151-165.
- DTM, (2010). Report: Türkiye-AB Gümrük Birliği Çerçevesinde Serbest Ticaret Anlaşmaları'nın Etkileri. DTM: 12 April 2010.
- DTM, (2010?). Report on Turkey: Joint Study Report on Economic Impact Assessment for a Prospective Free Trade Agreement between Turkey and Korea.
- DTM, (1999). Avrupa Birliği ve Türkiye. 4<sup>th</sup> ed. Ankara: DTM.
- Dura, C. & Atik, H. (2007). Avrupa Birliği, Gümrük Birliği ve Türkiye. 3<sup>rd</sup> ed. Ankara: Nobel Yayınları.
- El-Agraa, A. M., (1997). Economic Integration Worldwide. New York : St. Martin's Press.
- Eckstein, H., (2000). Case Study and Theory in Political Science. In: Gomm, R., Hammersley, M. & Foster, P., (eds.). Case Study Method. London: Sage Publications, pp. 119-164.
- Erdemli, Ö., (2005). Chronology: Turkey's Relations with the EU. In: Çarkoğlu, A. & Rubin, L., (eds.). Turkey and the European Union: Domestic Politics, Economic Integration and International Dynamics. The Taylor & Francis; e-Library, pp. 4-8.
- Flick, U., (2006). An Introduction to Qualitative Research. 3<sup>rd</sup> ed. London: Sage Publications.
- George, A. L. & Bennet, A., (2005). Case Studies and Theory Development in Social Sciences. Cambridge : The MIT Press.
- Gillham, B. (2005). Research Interviewing: The Range of Techniques. England: Open University Press.
- Grieco, J. M., (1988). Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism. *International Organization*, vol. 42, no. 3, pp. 485-507.
- Gopinath, C. (2008). Globalization: A Multidimensional System. Thousand Oaks, California: SAGE Publication.
- Hancke, R., (2009). Intelligent Research Design: A Guide for Beginning Researchers in the Social Sciences. New York: Oxford University Press.
- Hancock, D. R. & Algozzine, B., (2006). Doing Case Study Research: A Practical Guide for Beginning Researchers. New York: Teachers College Press.
- Hasenclever, A., Mayer, P. & Rittberger, V., (1997). Theories of International Regimes. New York: Cambridge University Press.
- Held, D. & McGrew, A., (2007). Globalization/Anti-Globalization: Beyond the Great Divide. 2<sup>nd</sup> ed. Cambridge, the UK: Polity Press.
- Hoa, V. T., (2008). The WTO, Regional Trade Agreements and an Enlarged ASEAN. In: Hoa, T. V. & Harvie, C., (eds.). Regional Trade Agreements in Asia. The UK: Edward Elgar Publishing Limited, pp. 9-15.
- Horn, M. J., (1995). The Political Economy of Public Administration: Institutional Choice in the Public Sector. New York: Cambridge University Press.
- Joseph, J., S., (2006). Introduction: Turkey at the Threshold of the European Union. In: Joseph, J., S., (ed). Turkey and the European Union: Internal Dynamics and External Challenges. New York: Palgrave Macmillan, pp. 1-15.
- Jovanovic, M. N., (2006). The Economics of International Integration. Cheltenham, UK.
- Karluk, R., (1999). Avrupa Birliği ve Türkiye. 4<sup>th</sup> ed. İstanbul:?.
- Keohane, R. O., (1982). The Demand for International Regimes. In: Krasner, S. D. (ed.), (1983). *International Regimes*. Ithaca, New York: Cornell University Press, pp. 141-172.
- Keohane, R. O., (1984). After Hegemony: Cooperation and Discord in the World Political Economy. New Jersey: Princeton University Press.
- Keohane, R. O., (1988). International Institutions: Two Approaches. *International Studies Quarterly*, Vol. 32, No. 4, pp. 379-396.

- Keohane, R. O. & Axelrod, R., (1985). Achieving Cooperation under Anarchy: Strategies and Institutions. *World Politics*, vol. 38, no. 1, pp. 226-254.
- Keohane, R. O. & Ostrom, E. (eds.), (1995). Local Commons and Global Interdependence. Heterogeneity and Cooperation in Two Domains. London: Sage Publications.
- Keohane, R. O. & Nye, J. S., (1989). Power and Interdependence. 2<sup>nd</sup> ed. The USA: Harper Collins Publishers.
- Knorr, K., (1979). National Power in an Economically Interdependent World. In: Goldmann, K., & Sjöstedt, G., (eds.), (1979). Power, Capabilities, Interdependence: Problems in the Study of International Influence. London: SAGE Publications, pp. 167-191.
- Krasner, S. D. (ed.), (1983). International Regimes. Ithaca, New York: Cornell University Press, pp. 115-140.
- Kroll, J. A., (1993). The Complexity of Interdependence. *International Studies Quarterly*, vol. 37, no. 3, pp. 321-347.
- Laffan, B. & Mazey, S., (2006). The European Integration: Reaching an equilibrium? In: Richardson, J. (ed). European Union: Power and Policy-making. 3<sup>rd</sup> ed. New York: Routledge, pp. 32-52.
- Lancaster, G., (2005). Research Methods in Management: A Concise Introduction to Research in Management and Business Consultancy. MA: Elsevier Butterworth-Heinemann.
- Little, R. (2001). International Regimes. In: Baylis, J. and Smith, S. (eds). The Globalization of World Politics: An Introduction to International Relations. 2<sup>nd</sup> ed. New York: Oxford University Press, pp. 299- 316.
- May, T., (1997). Social Research: Issues, Methods, and Process. 2<sup>nd</sup> ed. Buckingham: Open University Press.
- Mikic, M. (1998). International Trade. New York : St. Martin's Press.
- Milner, H. V., (2009). Power, Interdependence, and Nonstate Actors in World Politics: Research Frontiers. In: Milner, H. V. & Moravcsik, A., (eds.). Power, Interdependence, and Nonstate Actors in World Politics. The USA: Princeton University Press, pp. 1-30.
- Milner, C. & Read, R., (2002). Introduction: the GATT Uruguay Round, Trade Liberalization and the WTO. In: Milner, C. & Read, R., (eds.). Trade Liberalization, Competition and the WTO. The UK: MPG Books, pp. 1-23.
- Molle, W., (2003). Global Economic Institutions. New York: Routledge
- Moravcsik, A., (1993). Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach. *Journal of Common Market Studies*, 31 (4), pp.474-524.
- Neuman, W. L., (2007). Basics of Social Research: Qualitative and Quantitative Approaches. 2<sup>nd</sup> ed. MA: Pearson Education.
- Neuman, W. L., (2000). Social Research Methods: Qualitative and Quantitative Approaches. 4<sup>th</sup> ed. USA: A Person Education company.
- Potter, J., 1996. Representing Reality: Discourse, Rhetoric and Social Construction. London: Sage Publications.
- Powell, R., (1991). Absolute and Relative Gains in International Relations Theory. *The American Political Science Review*, vol. 85, No. 4, pp. 1303-1320.
- Richardson, H. W., Bourne, L. S., Gordon, P., Henrie, C. J., Plane, D., Simmons, J. & Lee, B., (2006). North America: A Region of Core Peripheral Extremes. In: Geyer, H. S., (ed.). Global Regionalization: Core Peripheral Trends. The UK: Edward Elgar Publishing Limited, pp. 41-84.
- Ritchie, J. & Lewis, J., (2003). Qualitative Research: A Guide for Social Science Students and Researchers. London: SAGE Publications.

- Rogerson, K. S., (2000). Information Interdependence: Keohane and Nye's Complex Interdependence in the Information Age. *Information, Communication and Society*, vol.3, no. 3, pp. 415-436.
- Rosecrance, R., Alexandroff, A., Koehler, W., Kroll, J., Laquer, S., and Stocker, J. (1977). Whither interdependence? *International Organization*, vol. 31, no. 3, pp. 425–71.
- Ruane, J. M., (2005). *Essentials of Research Methods: A Guide to Social Science Research*. The USA: Blackwell Publishing.
- Oğuzoğlu, T. & Kibaroglu, M., (2009). Is the Westernization Process Losing Pace in Turkey: Who's to Blame? *Turkish Studies*, vol. 10, no. 4, pp. 577–593.
- Osterhammel, J. & Petersson, N. P., (translated by Dona Geyer in 2005). *Globalization: A Short History*. New Jersey: Princeton University Press.
- Öniş, Z. (2000). Luxembourg, Helsinki and Beyond: Towards an Interpretation of Recent Turkey–EU Relations. *Government and Opposition*, vol. 35, no. 4, pp. 463-483.
- Özen, Ç., (2002). *Türkiye-Avrupa Topluluğu Gümrük Birliği ve Tam Üyelik Süreci Üzerine Etkileri*. İzmir: Hasan Ceylan Kitabevi.
- Scholte, J. A., (2005). *Globalization: A Critical Introduction*. New York: Palgrave Macmillan.
- Simons, H., (2009). *Case Study Research in Practice*. London: Sage Publications.
- Snidal, D., (2005). Rational Choice and International Relations. In: Carlsnaes, W., Risse, T. & Simmons, B. A., (2005). *Handbook of International Relations*. London: SAGE Publications, pp. 73- 94.
- Spector, B. I. & Zartman, I. W. (eds.), (2003). *Getting It Done: Postagreement Negotiation and International Regimes*. Washington, D.C: United States Institute of Peace Press.
- Stake, R. E., (2005). Qualitative Case Studies. In: Denzin, N. K. & Lincoln, Y. S. (eds.). *The Sage Handbook of Qualitative Research*. 3<sup>rd</sup> ed. The UK: Sage Publications, pp. 443-466.
- Stark, S. & Torrance, H., (2005). Case Study. In: Somekh, B. & Lewin, K., (eds.) *Thousand Oaks*: Sage Publications, pp. 33-40.
- Stein, A., A., (1983). Coordination and Collaboration: Regimes in an Anarchic World". In: Krasner, S. D. (ed.), (1983). *International Regimes*. Ithaca, New York: Cornell University Press, pp. 115-140.
- Sterling-Folker, J., (2002). *Theories of International Cooperation and the Primacy of Anarchy: Explaining U.S. International Policy-Making After Bretton Woods*. New York: State University of New York Press.
- Tecer, M., (2007). *Avrupa Birliği ve Türkiye: Sorular ve Yanıtlar*. Ankara: TODAİE.
- Trochim W. & Donnelly J. P. (2006). *The Research Methods Knowledge Base*. 3<sup>rd</sup> edition. The USA: Atomic Dog Publishing.
- TÜSİAD, (2008). Report: Gümrük Birliği Çerçevesinde AB'nin Üçüncü Ülkelerle Yaptığı Serbest Ticaret Anlaşmalarının Avrupa Ve Türk İş Dünyasına Etkileri. Publication No: TÜSİAD-T/2008-06-467.
- Waltz, K. N., (1979). *Theory of International Politics*. Reading, Massachusetts: Addison Wesley Publishing.
- Waltz, K., (1970). The Myth of Interdependence. In: Kindleberger, C., (eds.). *The International Cooperation*. Cambridge: Harvard University Press, pp. 205-223.
- Walker, J. W., (2009). Turkey's Imperial Legacy: Understanding Contemporary Turkey through Its Ottoman Past. In: Harris, J., (ed.). *The Nation in the Global Era: Conflict and Transformation*. Leiden, Boston: Brill, pp. 384-398.
- Woolcock, S. (2007). *European Union policy towards Free Trade Agreements*. ECIPE Working Paper- no:03/2007.

- Yilmaz, H., (2009). Europeanisation and Its Discontents: Turkey, 1959–2007. In: Arvanitopoulos, C. (ed.). Turkey's Accession to the European Union: An Unusual Candidacy. Athens: Springer-Verlag Berlin Heidelberg, pp. 53-64.
- Yin, K. R., (2003). Case Study Research: Design and Methods. 3<sup>rd</sup> ed. Thousand Oaks: Sage Publications.
- Yin, K. R., (1994). Case Study Research: Design and Methods. 2<sup>nd</sup> ed. Thousand Oaks: Sage Publications.
- Zürcher, E. J., (2004). Turkey: A Modern History. London : I.B. Tauris.

# 9 Appendices

## Appendix I<sup>65</sup>: Prisoner's Dilemma

		Actor B	
		C	D
Actor A	C	3,3	1,4
	D	4,1	2,2

The two-person Prisoner's Dilemma (PD) (figure 1) is a symmetrical game, where each player prefers mutual cooperation (CC) to mutual defection (DD), yet is even better off when she can benefit from the unrequited cooperation of her partner (DC). On the other hand, ending up as the one who behaves cooperatively without a response in kind (CD) is the outcome which is least desirable from either player's point of view. (Thus the preference ordering of both players from their respective points of view is: DC>CC>DD>CD.)<sup>66</sup> In an isolated PD, cooperation is very unlikely, because each player will find it rational not to cooperate: whatever the other does, she will achieve a higher pay-off by defecting. As a result, however, both will do worse than they could have done had they not chosen this seemingly rational course of action. Thus, in single-play PD the two players have a common interest in achieving the CC outcome which, at the same time, they are unlikely to realize.

This is the basic structure of the situation in which the two prisoners, from whose dilemma the name of the game has been derived, are trapped: Two criminals are held in custody charged with two offences they are suspected of having committed together, one of them less serious (say, a case of shoplifting), the other more so (say, a case of armed robbery).

---

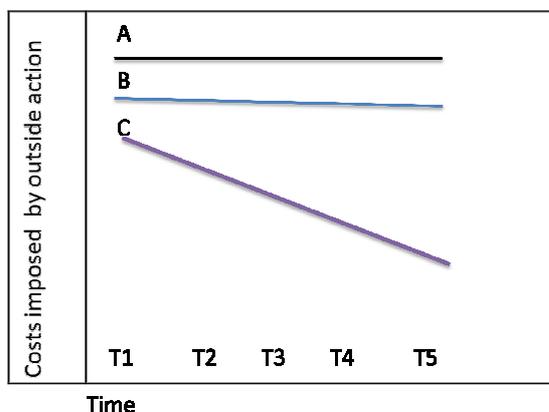
<sup>65</sup> Directly cited from: Hasenclever, A., Mayer, P. & Rittberger, V., (1997). *Theories of International Regimes*. New York: Cambridge University Press, p. 31.

<sup>66</sup> Also see: Grieco, J. M., (1988). Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism. *International Organization*, Vol. 42, No. 3, pp. 485-507.

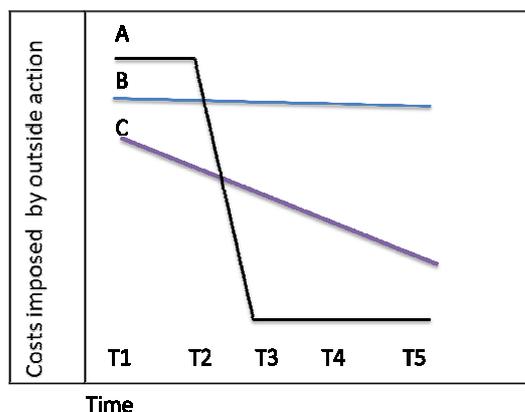
Unfortunately, the prosecutor has trouble providing conclusive evidence of their guilt in the latter case. So she decides to offer each of the suspects a deal: if he confesses the joint robbery, he will go free, whereas his accomplice, if he continues to deny his participation in the crime, will have to go to jail for both offences; in the case that both decide to confess, however, only the punishment for the theft will be remitted to them. The dilemma results from the fact that either prisoner has strong incentives to accept the prosecution's offer, since this is his best choice regardless of the decision of his former partner, while, at the same time, their mutual confession leads to a sentence which is stricter (being the penalty for robbery) than the one the prosecution would have been able to achieve (the penalty for shoplifting) had both of them refused to confess.

## Appendix II<sup>67</sup>: Complex Interdependence

**Figure 1:** Sensitivity of three countries (assume policies unchanged)



**Figure 2:** Vulnerability of three countries (assume policy changed)



In Figure 1, Keohane and Nye illustrate a situation in which three oil-consuming countries face rising oil prices. According to Figure 1, the level of sensitivity of countries to the increasing oil prices gradually increases from C to A. In time, we observe that C's sensitivity level decreases although there doesn't occur any policy change. According to Keohane and Nye, this decreasing level can be explained, for example, by reducing oil consumption which means less oil import (for the country C).

In Figure 2, Keohane and Nye assume that now each country tries to change its policies to reduce the costs imposed by outside action. In this case, country A reacts more than other countries, and A has changed a policy in T2 which allow it to reduce the costs in time. This means that A achieved to implemented an effective policy to diminish its vulnerability; for example, it might have new sources of energy. However, B and C are less able to alter their position by changing their policies; therefore, their vulnerability to costs imposed by outside events remains exist.

Despite its being simplified, the example is very fruitful in illustrating the main difference between sensitivity and vulnerability dependence. For instance, A is less vulnerable than B despite its being more sensitive. Moreover, Keohane and Nye also argue that the example is not enough to indicate long-term explanations.

<sup>67</sup> From: Keohane and Nye, 1989, pp. 13-15

## Appendix III: Status of Negotiations with Turkey<sup>68</sup>

TURKEY		
state of play: 21 December 2009	negotiations opened	negotiations closed
1 – free movement of goods		
2 – freedom of movement of workers		
3 – right of est. & freedom to provide services		
4 – free movement of capital	19 December 2008	
5 – public procurement		
6 – company law	17 June 2008	
7 – intellectual property rights	17 June 2008	
8 – competition policy		
9 – financial services		
10 – information society and media	19 December 2008	
11 – agriculture and rural development		
12 – food safety, vet. & phytosanitary policy		
13 – fisheries		
14 – transport policy		
15 – energy		
16 – taxation	30 June 2009	
17 – economic and monetary policy		
18 – statistics	26 June 2007	
19 – social policy and employment		
20 – enterprise and industrial policy	29 March 2007	
21 – Trans-European networks	19 Dec 2007	
22 – regional pol. & coord. of structural instr.		
23 – judiciary and fundamental rights		
24 – justice, freedom and security		
25 – science and research	12 June 2006	12 June 2006
26 – education and culture		
27 – environment	21 December 2009	
28 – consumer and health protection	19 Dec 2007	
29 – customs union		
30 – external relations		
31 – foreign, security and defence policy		
32 – financial control	26 June 2007	
33 – financial and budgetary provisions		
34 – institutions		
35 – other issues		

<sup>68</sup> From: [http://ec.europa.eu/enlargement/how-does-it-work/negotiations/index\\_en.htm](http://ec.europa.eu/enlargement/how-does-it-work/negotiations/index_en.htm), accessed on 19.04.2010.

**Appendix IV: The Annex 10 of Decision No 1/95 of The EC-Turkey Association Council Of 22 December 1995 on implementing the final phase of the Customs Union (96/142/EC) on the autonomous regimes and preferential agreements referred to in Article 16 :**

1. The autonomous regimes referred to in Article 16 are:

- the Generalized System of Preferences,
- the regime for goods originating in the Occupied Territories,
- the regime for goods originating in Ceuta or Melilla,
- the regime for goods originating in the Republics of Bosnia-Herzegovina, Croatia And Slovenia (after its integration to the EU, the economic relations are carried out through the CU between the EU and Turkey) and the territory of the former Yugoslav Republic of Macedonia.

2. The preferential agreements referred to in Article 16 are:

- the Europe Agreements with Bulgaria, Hungary, Poland, Romania, Slovakia and the Czech Republic (after their integration to the EU, the economic relations are carried out through the CU between the EU and Turkey),
- the Free Trade Agreement with the Faroe Islands,
- the Association Agreements with Cyprus and Malta (After their integration to the EU, the economic relations are carried out through the CU between the EU and Turkey),
- the Free Trade Agreements with Estonia, Latvia and Lithuania,
- the Agreement with Israel,
- the Agreements with Algeria, Morocco and Tunisia,
- the Agreements with Egypt, Jordan, Lebanon and Syria,
- the Convention with the ACP States,
- the Free Trade Agreement with Switzerland and Liechtenstein,
- the Agreement on the European Economic Area.

**Appendix V: The Competition of Turkey, South Korea, India, and Ukraine in the EU market according to some product categories which were designed in parallel with Standard International Trade Classification (SITC)<sup>69</sup>**

Value (Mio euro), share and variations (%)

Period	TRANSPORT EQUIPMENT											
	Road vehicles - SITC 78											
	Extra EU27	Japan	Turkey	United States	South Korea	China	India	Taiwan	Mexico	Thailand	Brazil	Total for all 10
<b>Jan-Jun 2009</b>												
Value	19,884	5,917	3,318	2,190	1,705	1,560	903	820	790	421	404	18,027
Annual variation	-37.3	-40.1	-41.9	-52.0	-42.4	-12.9	58.6	-4.4	-43.0	-40.5	-32.6	-37.9
<b>2008</b>												
Value	57,005	16,972	9,756	8,676	5,005	3,500	1,176	1,643	2,560	1,245	1,378	51,911
% share	100.0	29.8	17.1	15.2	8.8	6.1	2.1	2.9	4.5	2.2	2.4	91.1

Period	Textile yarn, fabrics and related products - SITC 65											
	Extra EU27	China	Turkey	India	Pakistan	United States	Switzerland	South Korea	Japan	Egypt	Taiwan	Total for all 10
	<b>Jan-Jun 2009</b>											
Value	8,036	2,568	1,351	858	651	357	352	231	187	135	131	6,822
Annual variation	-18.2	-11.1	-22.6	-20.4	-9.9	-20.8	-25.8	-22.1	-20.6	-15.0	-21.2	-17.0
<b>2008</b>												
Value	19,028	5,679	3,334	2,136	1,464	873	874	562	464	290	314	15,990
% share	100.0	29.8	17.5	11.2	7.7	4.6	4.6	3.0	2.4	1.5	1.6	84.0

<sup>69</sup> Source: Eurostat Statistical Books, (2009). External and Intra-European Union trade Monthly statistics. Issue number 10/2009, pp.87-93.

**Iron and steel - SITC 67**

	Extra EU27	Russia	China	Ukraine	Turkey	South Korea	India	United States	South Africa	Switzerland	Norway	Total for all 10
<b>Jan-Jun 2009</b>												
Value	9,239	1,378	1,233	822	637	581	514	464	394	368	351	6,741
Annual variation	-55.0	-57.6	-55.5	-61.1	-53.2	-30.1	-50.8	-41.2	-63.1	-50.5	-59.7	-54.6
<b>2008</b>												
Value	43,155	6,534	7,644	4,209	2,601	1,794	2,336	1,568	2,310	1,385	1,654	32,037
% share	100.0	15.1	17.7	9.8	6.0	4.2	5.4	3.6	5.4	3.2	3.8	74.2

## Appendix VI: List of the Interviewees

	Date	Interviewee
1	22.03.2010	An expert from Republic of Turkey Undersecretariat of Customs
2	22.03.2010	An expert from TİM (e-mail interview)
3	23.03.2010	An expert from İKV (telephone interview)
4	23.03.2010	An expert from TOBB
5	23.03.2010	An expert (and academician) from ESAM
6	24.03.2010	A diplomat from Republic of Turkey Ministry of Foreign Affairs
7	25.03.2010	Prof. Dr. Atila Eralp from METU
8	26.03. 2010	An expert (and academician) from TEPAV
9	29.03.2010	An expert from TÜSİAD (telephone interview)
10	30.03.2010	An Expert from USAK
11	30.03.2010	An expert (and academician) from 21. Yüzyıl Enstitüsü
12	31.03.2010	Prof. Dr. Fikret Şenses from METU
13	01.04.2010	Prof. Dr. Hüseyin Pazarıcı (a member of Turkish Grand National Assembly)
14	01.04.2010	Assist. Prof. Dr. Galip Yalman from METU
15	02.04.2010	An expert from ABGS
16	07.04.2010	Prof. Dr. Sübidey Togan from Bilkent University
17	13.04.2010	Prof. Dr. Mithat Melen (a member of Turkish Grand National Assembly)
18	16.04.2010	An expert from DTM
19	21.04.2010	Onur Öymen ( a former diplomat and now a member of Turkish Grand National Assembly)
20	22.04.2010	Prof. Dr. Aylin Ege from METU

## Appendix VII: The EU in Turkey's Total Export and Import<sup>70</sup>

### A. The EU in Turkey's Total Export

Year	Total Export (Value 000 \$)	EU (Value 000 \$)	% (EU)	Average of 13 Years (%)
2009	102 128 759	46 984 604	46	54,35714
2008	132 027 196	63 390 419	48	
2007	107 271 750	60 398 502	56	
2006	85 534 676	47 934 746	56	
2005	73 476 408	41 364 962	56	
2004	63 167 153	36 580 859	57	
2003	47 252 836	27 393 762	58	
2002	36 059 089	20 415 034	56	
2001	31 334 216	17 545 567	55	
2000	27 774 906	15 664 421	56	
1999	26 587 225	15 424 238	58	
1998	26 973 952	14 809 293	54	
1997	26 261 072	13 434 739	51	
1996	23 224 465	12 563 345	54	

### B. The EU in Turkey's Total Import

Year	Total Import (Value 000 \$)	EU (Value 000 \$)	% (EU)	Average of 13 Years
2009	140 926 023	56 594 499	40	47.9
2008	201 963 574	74 802 380	37	
2007	170 062 715	68 611 562	40	
2006	139 576 174	59 400 922	42	
2005	116 774 151	52 695 793	45	
2004	97 539 766	48 102 744	49	
2003	69 339 692	35 140 139	50	
2002	51 553 797	25 688 833	50	
2001	41 399 083	19 823 457	48	
2000	54 502 821	28 526 902	52	
1999	40 671 272	22 529 938	55	
1998	45 921 392	25 282 204	55	
1997	48 558 721	26 118 947	53	
1996	43 626 642	24 320 639	55	

<sup>70</sup> The data is derived from Turkish Statistical Institute. From:

[http://www.tuik.gov.tr/VeriBilgi.do?tb\\_id=12&ust\\_id=4](http://www.tuik.gov.tr/VeriBilgi.do?tb_id=12&ust_id=4), accessed on 11.05.2010.