Turkey since the failed July 2016 coup

SUMMARY
For the last two decades Turkey has faced a highly destabilised regional environment: to the north with recent conflicts around the Black Sea; to the east with the frozen southern Caucasus conflicts, and United States-led intervention followed by civil war in Iraq; and to the south with the civil war in Syria and the Arab-Israeli conflict. The civil war in Syria has prompted a huge influx of refugees into Turkey. With more than 2.7 million refugees, Turkey is the country with the biggest refugee population in the world. After a brilliant period of growth over the past 15 years, the externally dependent Turkish economy now has external and internal challenges to face, including the recent fall in foreign direct investment, difficulties with refugee integration and higher unemployment.

The leading Justice and Development Party (Adalet ve Kalkınma Partisi or AKP), in power since late 2002, faced its first difficulties in the June 2015 general election, in the wake of a struggle to impose control on a highly politicised civil service. After the failed military coup of July 2016, in which the opposition parties mobilised with the AKP to preserve democracy, the government launched a major purge on civil servants affiliated with the Gülen movement, which it blames for the coup. The failed coup has prompted a more rapid rapprochement with Russia and an apparent shift in Turkey’s foreign policy.

In recent years, and especially since July 2016, the relationship between Turkey, a candidate country, and the EU has been challenging, but remains crucial to both sides.
A complex regional environment

Turkey at the eye of the storm

A key member of NATO during the Cold War, Turkey has been at the centre of a very troubled wider region since the fall of the USSR. These troubles have included international / US operations in Iraq (1991, 2003) and in Afghanistan (since 2001), frozen conflicts in the southern Caucasus (Nagorno-Karabakh, South Ossetia and Abkhazia), the Arab-Israeli conflict and, more recently, civil war in Syria, the Russian annexation of Crimea and the war in eastern Ukraine. This has shed doubt on the ability of any democracy to survive in such an international environment and not be affected by it internally. The regional difficulties have also had a direct impact on Turkey owing to continuous migrations from Afghanistan, Iraq and Syria over the past decade. In the last three years, Turkey's official policy of 'zero problems with neighbours' seems to have turned into a situation of 'many neighbours with problems'.

At the forefront of the migration crisis

Map 1 – Turkey's geostrategic environment

The European Commission estimates that Turkey is now home to more than 3.1 million refugees, representing 3.8% of the population. By comparison, Germany welcomed 1.1 million people in 2015, accounting for 1.36% of the population. The refugees in Turkey have an unusual status: Turkey is party to the 1951 Refugee Convention but with a geographical restriction to assist only citizens of Council of Europe member states. Turkey offers only a temporary protection regime for refugees coming from other countries. It means that they cannot ask for permanent refugee status, but are theoretically permitted to work, and access education and the health system. Turkey has already spent €7 billion assisting refugees. Nevertheless, on the ground, 90% of displaced people live outside camps and have no other means of subsistence than their own. More than 54% of the refugees are children and 400,000 of them do not attend school. Conditions are reportedly poor for the majority of the refugees, with reports of attempts to ban registration and even of illegal deportations to Syria. In July 2016, the Turkish government unexpectedly proposed to grant the most qualified migrants Turkish citizenship. This proposal, still under consideration by the competent ministries, has been widely discussed in the society and among political parties. Polls indicate that 90% of Turks oppose the idea, but experts assume that 60-70% of migrants will stay in the country permanently. Nevertheless, the immediate problems are difficult to resolve, because of
a global economic slowdown over the last five years. On the security side, in parts of the south-eastern regions of Turkey bordering Syria, the situation is particularly tense, as the influx of refugees is combined with government anti-PKK (Partiya Karkerên Kurdistan, Party of Kurdish Workers) operations in the region. In 2015, the PKK attacks and anti-PKK operations put an end to the peace process with the Kurdish organisation and, since the July 2016 failed coup, there has been an increase in PKK terror attacks and anti-PKK police/military operations in Turkey and in Syria.

**Turkey in Syria**
The Kurdish issue is now both an internal and an international issue for Turkey. With violence between the PKK and Turkish security forces flaring up in the east of the country, the Turkish government has sought to undermine Kurdish rebels in Syria, such as the Democratic Union Party (PYD). At the Vienna talks on Syria, involving 20 participants and co-chaired by the US and Russia, Turkey ruled out any solution that included Bashar al-Assad. At the same time, it is opposed to any arrangement that would strengthen the hand of Kurdish militias. A top advisor to President Erdogan recently recognised, however, that Russian involvement made Assad’s dismissal more difficult and that US support for Kurdish troops in Syria was complicating anti-PKK operations.

The Turkish government has been criticised for its failure to act against ISIL/Da’esh and prevent arms from being supplied to the group across its porous 950 km-long southern border. Nevertheless, in the past year and especially since the suicide bombings in Ankara in October 2015, the Turkish government has appeared to be increasingly concerned by the growing strength of ISIL/Da’esh in Syria and Iraq. In August 2015, the government approved the use of the Incirlik airbase by US aircraft in support of airstrikes against ISIL/Da’esh. Since then, Turkish-US cooperation has been stepped up, including in the field of intelligence, but remains difficult when it comes to the role of Kurdish PYD fighters, one of the main components of the anti-ISIL/Da’esh forces on the ground. Turkey started to conduct bombings against ISIL/Da’esh in July 2015 but has also done so against Kurdish forces, at the same time as providing material support, mainly weapons, to Islamist-leaning groups, particularly Ahrar al-Sham.

On 24 August 2016, Turkey started a military operation against ISIL/Da’esh and PYD in northern Syria, using air but also ground forces. The objectives are manifold: to weaken ISIL/Da’esh in the region, prevent PYD from strengthening along the Turkish border and heal Turkish army morale after the failed coup of July 2016 and subsequent purge. This intervention, impossible without Russian and US tacit consent, complicates the picture of the war on the ground still further.

**Turkey /NATO relations**
The close relationship between Turkey and the USA over past decades still remains central, but has been undermined by recent events. After the shooting down of a Russian jetfighter by Turkey in November 2015, tension rose steeply between Ankara and Moscow; Turkey was supported by NATO in this episode. On the other hand, the relationship with the USA is now strained by Turkish demands to extradite the cleric Fethullah Gülen after the failed military coup of July 2016 and US support for Kurdish fighters in Syria.

**Turkey and Russia**
After a period of tension in winter 2015, Moscow and Ankara began restoring their relationship in June 2016, after President Erdogan apologised for the downing of the Russian jetfighter. Turkey is facing mounting criticism from its allies on its increasingly
illiberal turn. A close relationship with Russia therefore appears to be one way to strike a new balance, even if the two countries have very different views on Syria’s future. This move is also supposed to heal a key economic relationship for Turkey in terms of food exports and tourism revenues.

A closer look at the Turkish economy

In this precarious international environment, economic factors are extremely important as Turkey strives to secure solid internal and externally driven growth to provide jobs for an increasing number of people on the job market.

An emergent economy

Turkey has been a member of the G20 since its foundation in 1999. Indeed, its fast-growing population and economy have made the country a key regional power. In the past 30 years, the Turkish economy has moved from an agriculture-based model to a diversified industrial and service-oriented economy. After a deep crisis in 2001 and following the advice of the International Monetary Fund (IMF), the government adopted a number of market-oriented reforms, including massive privatisations in the banking, transport and communication sectors. This 'Turkish miracle' was served by an exceptional growth rate (9.16% in 2010). In less than a decade, per capita income tripled to exceed US$10 000, and the competitiveness of the Turkish economy was boosted by market reforms (up 16 places to 43rd place in the 2014-2015 World Bank Competitiveness Index). This gave birth to a genuine Turkish middle class, which has doubled in less than 20 years, and has contributed significantly to reducing inequality.

In the past three years, however, weaker performance in the fields of GDP growth, unemployment and the current-account balance has prompted the AKP government to engage in further reforms and to influence the monetary policies of the Turkish Central Bank. The current-account balance situation improved in 2015, but remains negative and is expected to worsen. The growth rate is solid, twice as much as that expected in the EU, but needs to remain so to fight unemployment, which has risen over the past three years.

The large external imbalance remains a concern for analysts: the Turkish economy is mainly externally driven and vulnerable to reversals of capital flows in the medium term. Foreign direct investment (FDI) has remained stable at around US$12.5 billion a year for the past three years, but is still lagging behind the 2007 level (US$22 billion). Key reasons for FDI declining over the past five years, in addition to the global financial crisis, include the international situation and the fact that Turkey is exposed to civil wars in Iraq and Syria. The situation looks unlikely to change any time soon.

The need to create jobs

In 2013, the ongoing shift from other sectors, especially agriculture (19.7% of the workforce), to services (51.9%) remained a persistent feature and was sustained by strong assets: a stable banking sector, the low penetration of credit and credit cards, a well-trained population and a diversifying economy. The Turkish internal market will expand in the future as a result of continuing population growth. This trend might also be a challenge in the long term, however, because economic growth will need to enable the absorption of new skilled labour (young people and women) into the job market as well as people formerly employed in agriculture, and certainly a share of the Syrian refugees.

The ruling AKP is committed to providing more jobs in the future. The 'Turkish miracle' was based partly on a strong construction sector. The number of jobs in the sector more than doubled within 10 years, to 2 million in 2014. The biggest national companies are
therefore reliant on the AKP for permits and authorisations to sustain the construction boom. This relationship has been at the centre of several corruption scandals in recent years and explains why, in the face of a global economic slowdown, the government has been announcing megaprojects (Canal Istanbul, motorways, a third bridge on the Bosphorus, giant dams, and nuclear power plants) worth US$100 billion.

**Outlook since the failed coup**
The fall in international energy prices and increased demand from the EU have compensated for the external imbalance and cut the Turkish import bill, but the recent military coup and the government’s sharp response is likely to reduce the trust of foreign investors in the stability and security of the Turkish market. The loosening of monetary policy since the beginning of 2016 may foster inflation, exchange rate instability, and vulnerable external accounts. In addition, the growing number of terrorist attacks and the failed military coup will also further impact on an already struggling tourism sector, which is predicted to shrink by at least 40% this year compared with 2015.

The government was swift to handle turbulence on the capital markets in the aftermath of the coup. Nevertheless the challenges are now even greater: the lira is facing uncertainties and inflation is likely to accelerate, in a context in which economic stakeholders’ support is vital for President Erdogan’s political projects.

**Politics since July 2016: on the road to illiberal democracy?**
The precarious regional situation and economic challenges facing the government help to explain some of the recent political developments. The failed coup was a massive shock to Turkish society, thousands of people took to the streets to defend democracy, and 265 died.

**The politicisation of the state**
Since 1950, the political scene has been largely dominated by the conservatives; in the past 15 years in particular by the AKP, founded in 2001. In its early years, the AKP advocated a right wing, pro-market, pro-American, pro-European line, whilst remaining a conservative Islam-inspired party in its values. The AKP has increased its power at each election, winning roughly two thirds of seats in three parliamentary elections since 2002, the presidency since 2007 (indirect election of Abdullah Gül in 2007 and direct election of Recep Tayyip Erdoğan in 2014) and the majority of city councils in 2009 and 2014. In the June 2015 parliamentary elections, the AKP failed to secure the majority of seats for the first time since 2002, creating a period of uncertainty. The lack of agreement over a possible coalition triggered a second election in November 2015, with the AKP winning the majority of seats but not the 66% necessary to enact their plan to shift to a presidential constitution.

Since the AKP began dominating the Turkish political scene, it has been trying to secure the loyalty of the civil service and the army. A nationalist, Kemalist and secularist network in Turkey’s administration, known as the ‘deep state’ has traditionally been susceptible to political influences and networks. Over the years, the ‘deep state’ has been accused of murders of communist, and more recently, Kurdish figures, as well as the disappearance of 1 500 people between 1989 and 2008. After the first electoral success of the AKP, it opposed the new leading party from the inside.

One challenge for the AKP leadership has been to weaken this ‘deep state’ in order to apply its own programme and ensure, in line with international standards, the control of civilian authorities over the army. The excessive politicisation of the civil service is a long-
standing feature in Turkey, and the AKP has tried to shape a new administration with the help of purges in the army by means of the 'Ergenekon' and 'Sledgehammer' trials and with support from the Gülen movement, an Islamic brotherhood involved in education, and led from the USA by Fethullah Gülen.

Both the influence of the army and the 'deep state' on the one side, before 2009, and the later AKP attempts to politicise the state apparatus hinder the genuine rule of law. In 2013, the alliance between the Gülen movement and the AKP began to deteriorate, as Fethullah Gülen competed with Recep Tayyip Erdoğan for control of the state, and his movement was accused of being at the origin of corruption trials against close allies of the AKP leader. Since the election of Recep Tayyip Erdoğan as president in 2014, his opposition to the Gülen movement has been more radical and the actions taken against it harsher.

**The failed coup of July 2016 and the purge**

On 16 July 2016, a group of military officers failed to seize civilian power in Istanbul and Ankara, as thousands took to the streets to oppose them. President Erdogan immediately accused Fetullah Gülen of staging the coup. Gülen denied it but recently acknowledged that some people connected with his movement may have taken part. The Turkish authorities have announced that they are seeking Gülen's extradition from the USA.

**Potential consequences for Turkish democracy**

Since the failed coup, all the main political parties have announced their support for the government and taken part in joint rallies, a new development in a traditionally divided political landscape. The recent ISIL/Da'esh terror attack at a Kurdish wedding also pushed the president to defend the idea of a united Turkey, including Turkish Kurds.

The long-term consequences of the coup remain unclear: the fight against the Gülen movement may push the AKP to seek cooperation with the opposition parties and Kemalists. Nevertheless, the purge might confirm an illiberal turn in Turkish politics, because against a backdrop of global crisis, both external and internal, any critical stand against the government can be considered unpatriotic and used against political opponents. The post-coup situation may
also provide President Erdogan with an opportunity to change the constitution in favour of the executive presidency he has been calling for over the last year. Nevertheless, it seems that the military operations in Syria and post-coup purges remain in line with NATO membership and the EU accession objective. Statements about a possible return to the death penalty, unacceptable to the EU, have since been softened by Turkish officials in discussions on accession.

The state of EU/Turkey relations

The accession process

Since its first association agreement in 1963, Turkey has always made EU accession one of its top diplomatic priorities. EU-Turkey negotiations began in 2005; one chapter has been provisionally closed to date and 15 more are under negotiation. Progress has been slow since 2005, mainly on account of the Cyprus question.

In its 2015 progress report, the European Commission praised the very high turnout (84%) in the Turkish general election in 2015 as a sign of a thriving democracy. It also welcomed the considerable improvement in the constitutional provisions on human rights, although there was still room for progress on upholding and implementing the provisions of the European Convention on Human Rights. The campaign against the 'parallel state' (or 'deep state') was singled out by the Commission as encroaching upon the independence of the judiciary, something that became even clearer after the massive purge of summer 2016. Among the difficulties, the Commission also notes an inadequate record in the fight against corruption, and non-effective protection of the rights of sexual minorities and the Roma. In addition, freedom of assembly and freedom of speech have been more strongly controlled under the 2015 legislation on internal security. Regarding economic criteria and the ability to take on the obligations of membership, the Commission estimated that Turkey had a very advanced market economy and that it had improved its record on aligning with the EU's acquis, though at a slower rate than previously.

The refugee crisis

Turkey is the number one destination for refugees in the world, with more than 3 million arriving from the Syrian civil war alone. In order to stem the flow of refugees across the Aegean Sea, the EU and Turkey have negotiated a series of agreements since autumn 2015. In November 2015, a joint action plan included a €3 billion Facility for Refugees in Turkey and accelerated negotiations over a visa free regime in exchange for better access for migrants to the Turkish labour market, and enhanced border security and information-sharing. In March 2016, in a series of negotiations, Turkey agreed to take back all migrants that have entered the EU illegally through Turkey if they are not in need of international protection. It also concluded an agreement on a one-to-one scheme in which for each illegal migrant taken back by Turkey, the EU would welcome a refugee in need of international protection. In order to help Turkey cope with the crisis, the EU would mobilise an additional €3 billion by the end of 2018. In August 2016, the lack of progress on the liberalisation of visas for Turkish citizens prompted the Turkish Minister for Foreign Affairs to declare that this part of the negotiation package was vital of Turkey. The Commission responded that it was up to Turkey to meet the benchmarks agreed through the high political dialogue that would allow the European Parliament and the Member States to lift the visa obligation.
The European Parliament and Turkey

In January 2015, the European Parliament expressed concern at the large number of journalists awaiting trial in Turkey and at the pressure being exerted on the media on account of the country's Anti-Terrorism Act (TMK) and penal code articles related to 'terrorist organisations'. In April 2016, the European Parliament resolution on the 2015 Turkey report acknowledged that the security situation was deteriorating rapidly in the country, both internally and externally, and praised the admirable hospitality of the Turkish population towards the large number of refugees. The EP was deeply concerned, in the light of the backsliding on respect for democracy and the rule of law in Turkey, that the overall pace of reform in Turkey had slowed down considerably in recent years, and that in certain key areas, such as the independence of the judiciary, freedom of assembly, freedom of expression, and respect for human rights and the rule of law, there had been a regression, moving increasingly further from meeting the Copenhagen criteria to which candidate countries must adhere. During his visit to Turkey in September 2016, EP President Martin Schulz condemned the coup once again, praised the Turkish people's resilience and called for further cooperation. He recalled that 'the attempt against democracy was paramount and required exceptional measures to safeguard the democratic institutions. Yet the exceptional nature of the measures and of the state of emergency should not fail the test of proportionality and of the rule of law'.

Main references

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