

Turkey and the Mediterranean: What Has Changed?

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Traditionally, Turkey has not had a policy towards the Mediterranean per se. The Eastern Mediterranean has, of course, been of immediate concern for a long time, primarily because of the Cyprus problem. Otherwise, the rest of the Eastern Mediterranean has been construed as part of the Middle East. Furthermore, Turkey has traditionally shied from being labelled as a Mediterranean country and resisted being called such by the EU, fearing that it could undermine its membership prospects. This was, for example, one of the main reasons for Turkey's energetic opposition to Nicolas Sarkozy's initial idea of a "Mediterranean Union" in May 2007.¹ The rest of the Mediterranean or the Maghreb traditionally has been beyond Turkey's foreign policy horizon. However, all this is changing. In the last few years, Turkey's relations with the countries along the southern shore of the Mediterranean have been significantly transformed. Political relations with the Arab world in general have been improving, while relations with Israel have taken a serious downturn. Nevertheless, what remains common to Turkey's relations with these Mediterranean countries, including Israel, is that trade and the movement of people are playing a growing role. This is driven by the transformation of Turkey's foreign policy into that of a "trading state." When this is accompanied by current Minister of Foreign Affairs Ahmet Davutoğlu's "zero problems

policy," Turkey may finally become an agent of regional integration, even if certain challenges remain.

The Rise of the Trading State

Turkey is becoming a "trading state," and this is having an increasingly large impact on both its domestic politics and its foreign policy.² In 1975, foreign trade accounted for 16% of Turkish GDP. In 2008, this figure had increased to 52%.³ In real terms, Turkish foreign trade increased from around \$11 billion in 1980 to \$333 billion in 2008, in spite of the world recession. Furthermore, the value of Turkish exports and their diversity have also increased. While the export of manufactured goods accounted for only 27% of merchandise exports in 1980, by 2008 this figure had risen to 79%.⁴ Lastly, the relative significance of the EU in Turkey's foreign trade, though still very high, has fallen from a peak of around 49% of overall trade in 1995 to around 41% in 2008 (Table 9). Neighbouring countries have taken on growing importance as their share has grown from 14% to 25%. In particular, trade and the movement of people from ex-Soviet-bloc neighbours have increased (Tables 9 and 10). However, in recent years Turkey has been trying to aggressively liberalise its visa policy and expand its trade with the Middle East. The growth in trade with the Middle East has not yet matched the growth with other regions. While trade with the ex-Soviet-bloc neighbours increased by more than 940% between 1995 and 2008, the rate of increase with the Arab Mediterranean countries

¹ EMERSON, Michael. "Making sense of Sarkozy's Union for the Mediterranean." *CEPS Policy Briefs*, No. 155, March 2008, p. 1.

² For a discussion of the concept of "trading state" with respect to Turkey see: KIRIŞCI, Kemal. "The Transformation of Turkish Foreign Policy: The Rise of the Trading State." *New Perspectives on Turkey*, vol. 40, 2009, p. 29-57.

³ Based on the World Bank's World Development Indicators (WDI) database, available at <http://data.worldbank.org/indicator>.

⁴ Undersecretariat of the Prime Ministry for Foreign Trade (DTM), "Dış Ticaretin Görünümü: 2008," p. 26. The figure for the percentage of manufactures exports as a percentage of merchandise exports in 1980 is taken from the World Development Indicators (WDI) database.

TABLE 9 Turkey's Foreign Trade with the Mediterranean and Other Regions between 1995 and 2008 (in million dollars)

TURKEY	1995				2002				2008				% Change 1995-2008
	Import	Export	Total	% of G.Total	Import	Export	Total	% of G.Total	Import	Export	Total	% of G.Total	
Syria	258	272	530	0.92%	506	267	773	0.88%	639	1,115	1,754	0.53%	231%
Lebanon	20	159	179	0.31%	42	187	229	0.26%	179	665	844	0.25%	372%
Jordan	21	170	191	0.33%	18	117	135	0.15%	25	461	486	0.15%	154%
Egypt	211	246	457	0.80%	118	326	444	0.51%	943	1,426	2,369	0.71%	418%
Libya	385	238	623	1.09%	252	165	417	0.48%	336	1,074	1,410	0.42%	126%
Tunisia	46	79	125	0.22%	72	121	193	0.22%	365	778	1,143	0.34%	814%
Algeria	448	269	717	1.25%	1,126	514	1,640	1.87%	3,262	1,614	4,876	1.46%	580%
Morocco	52	67	119	0.21%	68	138	206	0.24%	361	958	1,319	0.39%	1,008%
Arab Mediterranean TOTAL	1,441	1,500	2,941	5.13%	2,202	1,835	4,037	4.61%	6,110	8,091	14,201	4.25%	383%
Israel	167	240	407	0.71%	544	861	1,405	1.60%	1,448	1,935	3,383	1.01%	731%
Mediterranean TOTAL	1,608	1,740	3,348	5.84%	2,746	2,696	5,442	6.21%	7,558	10,026	17,584	5.26%	425%
Iraq	-	124	124	0.22%	-	-	0	0.00%	1,321	3,917	5,238	1.57%	4,124%
Iran	689	268	957	1.67%	921	334	1,255	1.43%	8,200	2,030	10,230	3.06%	969%
Former Soviet Bloc Neighbours*	3,813	2,161	5,974	10.42%	6,281	2,827	9,108	10.40%	44,502	17,819	62,321	18.66%	943%
EU**	16,861	11,078	27,939	48.75%	23,321	18,459	41,780	47.69%	74,802	63,390	138,192	41.38%	395%
Others	12,738	6,236	18,974	33.10%	18,285	11,743	30,028	34.27%	65,581	34,845	100,426	30.07%	429%
TOTAL	35,709	21,607	57,316	100%	51,554	36,059	87,613	100%	201,964	132,027	333,991	100%	483%

Source: TÜİK (Turkish Statistical Institute).

* Bulgaria, Romania, Russia, Belarus, Moldova, Ukraine, Azerbaijan and Georgia. Trade data with Armenia are not available.

** EU-15 in 1995 and 2002; EU-27 in 2008.

was much less than half that (Table 9). However, over the course of 2009 and 2010, the government has sought to expand Turkey's trade relations with the Arab Middle East. The lifting of visas for the nationals of a string of Arab countries, as will be discussed below, is primarily driven by economic considerations. In terms of the broader Middle East, so far it is actually trade with Israel, Iraq and Iran that has grown significantly. The increase with Iraq, especially with the Kurdish region, has been particularly dramatic. Trade with Iran has been dominated by natural gas and petroleum imports, while Turkey's exports have been limited. Iran is the only major economy in the region that still remains relatively closed to Turkish exports and businesses. This, in turn, very much explains the Turkish government's efforts to maintain good relations with Iran with a clear expectation of gaining better access to the Iranian market. The situation with Israel is very different. The economies of both countries are much more compatible, and trade and business relations have been expanding ever since the free trade agreement was put into place in 1996. Recent deterioration in bilateral relations does not appear to have significantly undermined this trend.

Turkish relations with Israel have been problematic since Erdogan's brush-up with Peres in January 2009 at the Davos World Economic Forum. Relations took a turn for the worst with the *Mavi Marmara* incident in May 2010. Despite Erdogan's anti-Israeli rhetoric and his government's threat to break diplomatic relations with Israel unless Israel apologises for the killing of nine Turkish nationals on board the *Mavi Marmara*, not one word has been uttered about abrogating the free trade agreement with Israel. This is particularly significant considering that Necmetting Erbakan, the leader of the Refah party, from which the AKP emerged, had virulently objected to this agreement. Similarly, even if there has been a considerable fall in the numbers of Israelis coming to Turkey, the government has not attempted to introduce visas for Israeli nationals travelling to Turkey. The decline in foreign trade between Israel and Turkey from \$3.4 billion in 2008 to \$2.6 billion in 2009 was more a product of the global financial crisis than of the crisis in Israeli-Turkish relations. In percentage terms, the fall is less than that which occurred in overall terms or in trade with the EU. Between these two years, Turkey's overall trade and trade with the EU declined by 27% and

25% respectively, compared to a 23% decline in trade with Israel. Meanwhile, over the course of 2010, business and trade with Israel picked up again.⁵ In the first six months of 2010, trade with Israel was up 43% compared to 2009. The increase in trade with the EU during the same period was only 25%.⁶

Movement of People under Turkey's Middle East Policy

A more liberal visa policy has been an especially striking characteristic of Turkey's neighbourhood policy. However, this policy has been extended to parts of the Arab Mediterranean only recently. The number of entries of nationals of Arab Mediterranean countries increased from about 270,000 to just over 780,000 in 2008 (Table 10). This constitutes less than 3% of overall entries into Turkey in 2008, compared to entries from the EU and the former Soviet-bloc countries, which respectively constituted 56% and almost 26% of all entries. The number of Iranians that entered Turkey in 2008 was actually much higher than those from the entire Arab Mediterranean world. Similarly, more than half a million Israeli nationals entered Turkey in 2008. The difference is primarily a function of the fact that former Soviet-bloc country nationals, Europeans, Iranians and Israelis enter Turkey visa free or with sticker visas easily obtained at entry points.

This situation is changing fast. In a major and dramatic break from past practice, the current government began to liberalise visa requirements for most Arab countries. Visas for Moroccan and Tunisian nationals were lifted in 2007, and visas for Jordanian, Lebanese and Syrian nationals in late 2009. It is still difficult to substantiate the net impact of visa liberalisation. The increase from 2007 to 2009 for Morocco and Tunisia was 74% and 35% respectively.⁷ Most of these entries were

composed of suitcase traders engaging in economic activity in a similar way to what happened in the early 1990s, when Turkey opened its borders to nationals of the ex-Soviet world. In the case of the former Soviet space, following an initial period of suitcase trade, both the numbers of entries from and trade with the ex-Soviet world exploded. The increase in the number of people entering Turkey from the ex-Soviet-bloc neighbours between 1995 and 2008 was about 360%, while trade for the same period increased by more than 900% (Table 10).⁸ Just as a more liberal visa policy played a central role in the expansion of trade with Turkey's northern neighbourhood, it would be reasonable to expect a similar expansion in trade with Arab Mediterranean countries following the liberalisation of visas.

Such an expectation may materialise sooner rather than later because of the energetic way in which Turkey has been pushing economic integration, especially with Lebanon, Jordan and Syria. In July 2010, Turkey led the effort for the establishment of a "Close Neighbours Economic and Trade Association Council" with these three countries. The Council aims to establish a free trade area within five years based on the recognition that "free trade agreements contribute to the expansion of world trade, to greater international stability, and, in particular, to the development of closer relations among our peoples."⁹ Actually, such an objective is not that far from the stated objectives of the European Mediterranean Partnership (EMP) and the European Neighbourhood Policy (ENP). Whether the Council will achieve its objectives only time will tell. However, Turkey already has free trade agreements with Jordan and Syria, and the one with Lebanon is nearing ratification. These steps are clearly in line with Davutoglu's ambitious vision of an integration project leading to free movement of goods and people from the city of Kars to the Atlantic, and from Sinop to the Gulf of Aden.¹⁰

⁵ KRAFT, Dina. "Despite Raid, Mostly Business as Usual for Israel and Turkey." *New York Times*, 2 July 2010.

⁶ Calculated from data on www.tuik.gov.tr.

⁷ All figures were obtained from www.tuik.gov.tr.

⁸ These figures are calculated from the above tables for the former Soviet republics neighbouring Turkey, as well as Bulgaria and Romania. However, Georgia was not included in the calculation of the average for entries from the ex-Soviet world because of the over 50,000% increase in entries from Georgia to Turkey between 1995 and 2008, which would have skewed the average significantly.

⁹ Joint Declaration on Establishing a "Close Neighbors Economic and Trade Association Council" for a Free Trade Area between Jordan, Lebanon, Syria and Turkey, 31 July 2010.

¹⁰ 'Yeni Bir Ortadogu Doguyor', *Milliyet*, 10 June 2010. (Available at: www.milliyet.com.tr/yeni-bir-ortadogu-doguyor-ekonomi/sondaki-ka/10.06.2010/1249276/default.htm.)

TABLE 10 Movement of People into Turkey from the Middle East and Other Regions between 1995 and 2008

TURKEY	1995		2002		2008		% Change 1995-2008
	Total	% of Total	Total	% of Total	Total	% of Total	
Syria	111,613	1.65%	126,428	0.95%	406,935	1.55%	265%
Lebanon	26,831	0.40%	31,298	0.24%	53,948	0.20%	101%
Jordan	25,770	0.38%	33,127	0.25%	74,340	0.28%	188%
Egypt	18,237	0.27%	21,583	0.16%	57,994	0.22%	218%
Libya	7,070	0.10%	29,938	0.23%	43,779	0.17%	519%
Tunisia	26,341	0.39%	51,244	0.39%	42,840	0.16%	63%
Algeria	45,251	0.67%	41,476	0.31%	63,904	0.24%	41%
Morocco	11,252	0.17%	12,638	0.10%	44,023	0.17%	291%
Arab Mediterranean TOTAL	272,365	4.03%	347,732	2.62%	787,763	2.99%	189%
Israel	261,012	3.86%	270,262	2.04%	558,183	2.12%	114%
Mediterranean TOTAL	533,377	7.89%	617,994	4.66%	1,345,946	5.11%	152%
Iraq	15,363	0.23%	15,758	0.12%	250,130	0.95%	1,528%
Iran	349,655	5.17%	432,281	3.26%	1,134,965	4.31%	225%
Former Soviet Bloc Neighbours*	1,487,162	21.99%	2,542,160	19.19%	6,807,875	25.85%	358%
EU**	3,182,641	47.06%	7,708,214	58.18%	14,871,907	56.47%	367%
Others	1,194,758	17.67%	1,931,769	14.58%	1,925,854	7.31%	61%
TOTAL	6,762,956	100%	13,248,176	100%	26,336,677	100%	289%

Source: T.C. Emniyet Genel Müdürlüğü.

* Bulgaria, Romania, Russia, Moldova, Ukraine, Azerbaijan, Armenia and Georgia.

** EU-15 in 1995 and 2002; EU-27 in 2008. Data are not available for Malta and Cyprus.

Turkey's "Zero Problems Policy," the Trading State and Challenges Ahead

Turkish relations with the Mediterranean have entered a new era. This article has argued that the expansion of these relations is driven by Turkey's "trading state" interests. It is highly likely that there is going to be greater economic integration accompanied by greater movement of people between Turkey and the Mediterranean in the near future. The "zero problems policy" closely associated with Davutoglu aspires to arrive at a stable and prosperous neighbourhood for Turkey.¹¹ Such a neighbourhood inevitably would fall in line with Turkey's "trading interests." However, Turkey's "zero problems policy" is not without its problems. This policy has engendered considerable Turkish involvement in regional issues, ranging from efforts to mediate between Arabs/Palestinians and Israelis, between Sunnis and Shi'a in Iraq, between Afghanistan and Pakistan, between Bosnia and Serbia, and between Iran and the West to resolving bilateral conflicts such as Cyprus and

relations with Armenia. The government has run up against the harsh realities of international politics, especially in respect to the Arab-Israeli conflict and the controversy over the Iranian nuclear programme, not to mention the complexities facing the improvement of Turkey's relations with Armenia and Cyprus. "Getting to zero" problems have required more than just good intentions.¹² Furthermore, conspicuous closer relations with Hamas and the broader Muslim world, the rhetoric employed by the Turkish Prime Minister and his befriending of such leaders as Mahmoud Ahmadinejad and Omar al-Bashir accompanied by Turkey's improved relations with Iran and Syria have ruffled feathers in the West, provoking a whole literature on whether Turkey is turning its back on the West. This situation has been further exacerbated by Turkey's deteriorating relations with Israel. Indeed some of the rhetoric employed and certain aspects of the current Turkish foreign policy do seem to run against the interests of a "trading state." They risk undermining Turkey's credibility and run counter to Turkey's efforts to seek a stable and peaceful

¹¹ DAVUTOGLU, Ahmet. "Turkey's Zero-Problems Foreign Policy." *Foreign Policy*, 20 May 2010.

¹² On the notion of "getting to zero," see: EVIN, Ahmet et al. *Getting to Zero: Turkey, Its Neighborhood and the West*. Washington DC: Transatlantic Academy, 2010.

neighbourhood. However, it is precisely this latter objective of Turkish foreign policy that should be recognised as an objective in parallel with that of the EU and the broader West. Just as the “zero problems policy” needs some nuance and fine-tuning to strengthen Turkey’s credibility and serve Turkey’s “trading state” interests, the EU needs to adjust its policies to a “new” more democratic and economically robust Turkey. *The Economist* is right in answering the question “is Turkey turning its back on the West?” with a resounding “no.”¹³ However, it is also right in noting that a risk does exist of Turkey “turning its back” if the US and the EU fail to come to terms with a changed Turkey. In turn, the AKP government and its foreign policy decision-makers need to make allowances for the fact that “getting to zero” is not as straightforward as one might wish and that the complexities of international as well as domestic politics need to be woven into Turkish foreign policy. Criticising Israel may sell well domestically, but it is doubtful whether it serves Turkey’s broader interests in the Middle East, especially its interest in a stable and peaceful Middle East.

Furthermore, as a number of public opinion surveys and statements by leaders of Turkey’s neighbourhood have underlined, Turkey’s added value to the region’s stability and economic and political development is intimately tied to the health of Turkey’s EU relations. Maintaining or nurturing stronger relations with the EU is also important, especially in terms of Davutoglu’s vision for Turkey’s neighbourhood. Davutoglu and other ministers in the AKP cabinet have pointed out on numerous occasions that they do not see a conflict between Turkey’s EU membership aspirations and its desire to expand relations with its

neighbourhood and beyond.¹⁴ They have also argued that Turkey is in a way trying to do what the European integration project has achieved in Europe by encouraging greater economic integration and interdependence in Turkey’s neighbourhood.¹⁵

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However, Davutoglu’s ideas are likely to carry much more credibility if Turkey is able and willing to develop stronger relations with the EU. The fact that 64% of the Arab public surveyed supported the view that it is Turkey’s EU membership prospects that make Turkey an attractive partner for the Arab world speaks for itself.¹⁶ The centrality of the EU to Turkey’s relations with the Middle East is also corroborated by how “Middle Eastern elites worry about any sign of Ankara turning its back on its EU accession process.”¹⁷ In turn, the EU ought to give Turkey the benefit of the doubt and recognise Turkey’s interest in addressing regional problems by emulating EU experience in integrating the region. If Turkey’s increased trade and movement of people does indeed contribute to greater integration and, hence, greater stability and peace in the Middle East, Turkey would have to be seen as an asset for the EU, at least, and especially, in terms of the EMP and ENP.

¹³ “Is Turkey turning its back on the west?” *The Economist*, 21 October 2010. www.economist.com/node/17309065?story_id=17309065

¹⁴ ANADOLU AJANSI, “10 ülke tercihli ticareti onayladı.” (Available at: www.aa.com.tr/tr/10-ulke-tercihli-ticareti-onayladi.html.)

¹⁵ The desire to emulate the experience of the EU in regional integration has been noted by Ibrahim Kalin, the chief advisor of the prime minister, as well as by some EU officials. See: INTERNATIONAL CRISIS GROUP. “Turkey and the Middle East: Ambitions and Constraints,” *Europe Report*, No. 203, 7 April 2010, p. 11.

¹⁶ AKGÜN, Mensur et al. *Orta Doğu’da Türkiye Algısı*. Istanbul: TESEV Yayınları, 2009.

¹⁷ INTERNATIONAL CRISIS GROUP, “Turkey and the Middle East: Ambitions and Constraints,” *Europe Report*, No. 203, 7 April 2010, p. ii.