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Bringing the European Union Back on the Agenda of Turkish Foreign Policy

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ABSTRACT *The EU has been successfully exercising its conditionality as a key aspect of its enlargement strategy since the 1990s. However, with no accession prospect in sight and the perceived lack of credibility and consistency of the EU's conditionality, Turkey's already unequal partnership with Europe has been thrown further off balance. This article argues that this is not the case, as the EU retains its leverage over Turkey, even in the absence of factors that are known as central to the successful implementation of the EU's conditionality. This article suggests two main reasons. First, despite the rhetoric on the interdependence of Turkish and the EU economy, this interdependence is not on equal footing and the Turkish economy is heavily dependent on the EU. Second, there is rising concern in Turkey over free trade talks between the EU and the United States, with its potential impact on the Turkish economy.*

Introduction

At the time of Turkey's membership application to the European Community in 1987, Turkey's then prime minister (later president) Turgut Özal, said, "we are in a long and narrow path." No doubt, the late president's analogy proved correct, though the path seems to be getting longer and narrower, with no accession prospect in sight. In addition, the EU's fine-tuned strategy of conditionality, a key aspect of its enlargement policy, has lost its credibility and consistency in the eyes of both Turkish officials and public opinion. The absence of credible conditionality and the EU's 'gate-keeping' role may seem to have strengthened Turkey's hand vis-à-vis the EU. But this article argues that the EU retains its leverage over Turkey due to a heavy dependence of the Turkish economy on the EU combined with the concerns stemming from the free trade talks between the EU and the United States. This article suggests that both these factors taken together, in particular the recent revival of the free trade talks, are likely to bring the EU accession back on the agenda of Turkish foreign policy.

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Accession Process and the EU's Conditionality

Conditionality is the key mechanism used by the EU to influence the existing practices and structures in the candidate and accession countries. For the first time, in the 1990s, conditionality became the EU's accession strategy. It was initially applied to the central and eastern European countries and was rapidly considered an effective means of influence for the 2004 and 2007 enlargements.[1]

Conditionality as a policy may take different forms. The EU's conditionality is based on the strategy of 'reinforcement by reward.' Under this strategy, a social actor (in other words, the EU) tries to change or control the behavior of another social actor (in other words, candidate and/or accession countries) through granting or withholding rewards. The two main 'rewards' the EU employed in its conditionality to central and eastern European countries are assistance (financial and/or technical) and institutional ties.[2]

Conditionality became more tangible in Copenhagen European Council in 1993, where the EU leaders set out the conditions for EU membership. These conditions, which came to be known as the Copenhagen Criteria, require that a country has a stable, democratic political system, a functioning market economy, and the ability to apply the EU law as well as European norms and principles. The EU further clarified these conditions through a pre-accession strategy based on the Accession Partnerships that provided for a detailed list of tasks and measures to be undertaken by accession countries. Although conditionality may appear as something fixed, it is indeed a dynamic process.[3]

Conditionality, by nature, entails an unequal partnership. While conditionality can have uneven effects over each applicant country due to several reasons,[4] the EU nonetheless should have sufficient leverage over these countries to sustain this partnership in an effective and productive manner. This is particularly important considering the 'time inconsistency' between the expected reforms and the actual delivery of the benefits.[5] For this purpose, the EU's conditionality involves different processes and tools to influence the institutional structures and transformations of the applicant countries. Quite expectedly, the most powerful tool of EU conditionality and one that provides the EU its leverage, is the EU's gate-keeping role, in other words, the power to determine when to allow the applicant countries access to further stages in the accession. Other tools and measures of the EU's conditionality include, benchmarking and monitoring, aid and technical assistance, privileged trade access, provision of legislative and institutional templates, and technical advice.[6]

Although the EU's conditionality comes with a considerable amount and value of material and institutional incentives, these incentives alone are usually not enough to bring about change in the applicant country. A number of additional measures are also necessary for the EU's conditionality to succeed. There is widespread agreement in the literature that successful conditionality requires, more than any of the additional measures, *creditability* of the membership incentive.[7] If the membership prospect, being the main incentive (or 'reward') of the EU's conditionality is not explicit, becomes blurred or will not be provided within a reasonable period of time, it may adversely impact the transition process.

Conditionality is the key mechanism used by the EU to influence the existing practices and structures in the candidate and accession countries

Credibility of the conditionality goes hand in hand with *consistency*, meaning that if criteria other than those spelled in the Copenhagen European Council are enforced to an applicant country, it may hamper the credibility of the membership incentive. This is particularly true for those criteria that have highly symbolic value for the applicant country. In other words, if the credibility and consistency of the 'reward' are put into doubt, the applicant country may conclude that either way, it will never receive the reward and hence, will fail to comply with the conditions.[8]

Turkey and the EU's Conditionality

The positive mood that came with the official announcement of Turkey's candidacy to the EU in 1999 and later with the European Commission's Recommendation on Turkey's progress towards accession in 2004 promoted significant changes for improving the legal framework, accompanying the changes in social and political life in Turkey. However, the honeymoon was soon over and despite the few amendments and changes, the reform process in general has lost its pace in late 2006, after the final Harmonisation Package, and approximately one year after the opening of the accession negotiations.[9]

The EU's conditionality that had thus far functioned somehow smoothly in previous accessions and was believed to be *the* formula of the EU accession process was now "on the blinks," in the case of Turkey. Turkey's accession process difficulties have brought the EU's conditionality under scrutiny. For one thing, there is a huge question mark over the *credibility* and *consistency* of the EU's conditionality. The references to issues that are not directly related to the Copenhagen Criteria and that have high symbolic value for Turkish national identity, such as the peaceful settlement of disputes with Armenia and Cyprus, significantly contributed to tarnishing the initial positive mood towards the EU accession in Turkey.[10] In addition, the EU's absorption capacity was

President of the Turkish Republic, Recep Tayyip Erdogan (Prime Minister at the time) is welcomed by European Parliament President Martin Schulz prior to a meeting at the European Parliament headquarters in Brussels, Belgium, January 21, 2014.

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somehow the forgotten criterion of Copenhagen Criteria during the eastern enlargement. However, it was launched again with the European Commission's Enlargement Strategy in 2005, and came to be referred to quite frequently with respect to Turkey's accession. Likewise, the open-ended nature of accession negotiations has been emphasized much more during Turkey's accession process than it had had to central and eastern European countries. Finally, possible referendum for future enlargements (i.e. Turkey's accession) in France and Austria as well as the insinuation of a 'privileged partnership' debate by some EU member states, since 2005, introduced further uncertainty to the already slowly-progressing accession negotiations. These additional measures linked to the membership incentive severely compromised the credibility of the EU's conditionality in the eyes of both government officials and public opinion in Turkey.

What eroded the credibility and consistency of the EU's conditionality in Turkey the most is probably the progress of the accession negotiations. Since the start of the accession negotiations in October 2005, only 13 chapters[11] out of the 33 negotiable chapters have been opened to negotiations and one chapter (Science and Research) has been provisionally closed. The EU General Affairs Council, during its meeting on June 25, 2013, decided to open the negotiations on one more chapter (Regional Policy and Coordination of Structural Instruments), though actual negotiations on this chapter started on November 2013, after the European Commission presented its annual progress report.

One of the major issues that brought the accession negotiations to a *de facto* halt is the ongoing problems with Cyprus. On July 2005, in conjunction with the Additional Protocol extending the Ankara Agreement to those countries that acceded to the EU in 2004, Turkey made a declaration that the signing of the Additional Protocol does not mean the recognition of the 'Republic of Cyprus' by any means. In response, on December 2006, the EU Council decided not to open negotiations on eight chapters[12] and that no chapters can be provisionally closed until Turkey changes its position. Soon after in 2007, France blocked the opening of negotiations on five chapters on the grounds that they are directly related with membership.[13] Finally, on December 2009, Cyprus declared that it would block the opening of six further chapters.[14] As a result, not only the accession negotiations reached a stagnation point, but also, the EU's will in this process and accordingly the credibility of the membership reward began to be questioned by Turkish officials and by the public. This is reflected in the public support for Turkey's accession, in which Turkish people that consider EU membership as something good dropped from 62 percent in 2004 to 41 percent in 2011.[15]

Although the EU's conditionality comes with a considerable amount and value of material and institutional incentives, these incentives are not enough to bring about change in the applicant country

What Keeps the EU Leverage over Turkey?

While this article acknowledges that conditionality is by nature an unequal partnership, it is also more than a simple equation of compliance and benefits. Indeed, conditionality requires credibility and consistency in the eyes of the applicant country. As such, the afore-discussed developments since the beginning of Turkey's accession negotiations establish that the credibility and consistency of the EU's conditionality in Turkey has clearly been shaken. This may suggest that the EU is faltering in this unequal partnership of conditionality in the Turkish case.

In addition, starting in late 2009, the failure of some EU member states—Greece, Ireland, Italy, Portugal, and Spain—to generate enough economic growth to be able to pay back the bondholders their guarantee has sparked the debt crisis that swept across Europe. The debt crisis was a huge blow to the once called 'economic giant' and had a profound impact on the structure and management of the European economies. Turkey followed the Eurozone debt crisis with deep concern not only for economic reasons and for its economic outcomes, but also for its potential impact over its own relations with the EU. When Turkey suffered relatively less damage from the global financial crisis, triggered by the U.S. subprime crisis, it turnout out that being out of Eurozone somewhat insulated Turkey from the repercussions of the crisis. Moreover, it led Turkish officials (along with a good part of the public opinion) to feel that Turkey may now have an upper hand in its relations with the EU.

What eroded the credibility and consistency of the EU's conditionality in Turkey the most is probably the progress of the accession negotiations

However, this article argues that the EU retains a considerable amount of leverage over Turkey despite the troubles its conditionality strategy has been facing during the accession process, and should the EU use this leverage constructively, the accession process may once again prevail on the agenda of Turkish foreign policymakers. This article suggests two reasons for this continuing leverage. First, the economic and trade relations between the EU and Turkey reveal how heavily the Turkish economy relies upon the EU. The second reason concerns the recent proposals for a free trade agreement between the EU and the United States. Such a transatlantic agreement, if and when it is finalizes, has the potential to form a giant economic bloc between two of Turkey's major trading partners. Even more importantly, one that Turkey cannot risk being left out of. This section looks into these reasons in more detail.

Economic and Trade Relations

With the completion of the transitional stage as set out in the Ankara Association Agreement of 1963, the Customs Union between Turkey and the EU entered into force on January 1, 1996. By all means, the Customs Union constitutes an important stage for Turkey's integration with the EU. However, unlike what many believe, strong economic ties between Turkey and the EU did not start until as late as the second half of 1990s, after the entry of the Customs Union between the two parties. Indeed, Turkish goods had an 'entry permit' to the then-EC market long before the Customs Unions was concluded. Following the Additional Protocol in 1970, as envisaged by the Ankara Association Agreement, the EU opened the doors for Turkey, gradually reducing industrial tariffs throughout the 1970s and 1980s. By the time Turkey and the EU were negotiating a Customs Union in early 1990s, there were only limited tariff barriers left on few sensitive products. Indeed, ever since the European Economic Community came into being in late 1950s, it has been one of Turkey's key trading partners.[16]

This is not to suggest that the Customs Union was an uncalled-for effort with no particular impact. On the contrary, the Customs Union helped deepen the volume of bilateral trade between Turkey and the EU over the past two decades. It is worth mentioning that the Custom Union is not necessarily and always perceived positively by Turkish public opinion. Indeed, ever since its inception, Turkish public opinion has been suspicious of the Customs Union and its contribution to the Turkish economy and thus, the Customs Union served as a rallying point bringing together the anti-EU groups. The aim of this article is not to engage in the debate on whether or not the Customs Union has benefited the Turkish economy or was it a price Turkey had to pay in order to establish closer political ties with the EU. However, this article accepts the opinion that the Customs Union has resulted in 'trade creation,' meaning that the elimination of tariffs among the EU and Turkey has led to additional trade and has become welfare enhancing, as it replaced high cost domestic products with low-cost imports. However, it is also true that Turkey has suffered from the so called 'trade diversion,' in which case Turkey could not take advantage of replacing the lower-cost imports from the rest of world with additional trade with the EU, as the tariff barriers with the rest of the world remained high.[17] Nevertheless, what is important for the purposes of this article is that the Customs Union further enhanced both the economic ties between Turkey and the EU and also Turkey's reliance on the EU as a trading partner.

Table 1: Turkey's Trade with Its Main Partners (2012)

	Major Import Partners			Major Export Partners			Major Trade Partners		
	Partners	Mil. €	%	Partners	Mil. €	%	Partners	Mil. €	%
1	**EU 27**	**68,055**	**33.7**	**EU 27**	**46,038**	**29.3**	**EU 27**	**114,093**	**31.7**
2	Russia	20,739	10.3	Iraq	8,426	5.4	Russia	25,942	7.2
3	China	16,580	8.2	Iran	7,798	5.0	China	18,786	5.2
4	U. S.	11,001	5.4	U. A. E.	6,404	4.1	Iran	17,089	4.8
5	Iran	9,290	4.6	Russia	5,202	3.3	U.S.	15,387	4.3

Source: Commission of the European Communities[18]

At the current state of economic relations between the two partners, Turkey is heavily dependent on the EU. The figures are illustrative in this respect. As Table 1 shows, the EU is by far the largest trading partner of Turkey, accounting for 31.7 percent of Turkey's trade alone, followed by Russia that accounts for less than a quarter of its trade with the EU. Indeed, trade for Turkey with the EU is more than the sum of trade with the following four trading partners – Russia, China, Iran, and the United States. Along similar lines, the EU is also Turkey's biggest import and export partner. The figures are especially striking with respect to export. The EU amounts to 29.3 percent of Turkey's total exports, which is approximately 5.4 times more than the exports to Turkey's second major export partner, Iraq.

On the other hand, Turkey is one of the major trading partners of the EU, but not on the same plane as the EU is for Turkey. Turkey is the EU's fifth largest export partner, but only 4.5 percent of the total EU exports go to Turkey. Turkey is at an even lower ranking with respect to the EU's imports, in which case, as the seventh major partner, Turkey accounts for only 2.7 percent of the EU's total imports. All in all, Turkey is the EU's sixth major trading partner, holding up a share of only 3.5 percent (see Table 2).

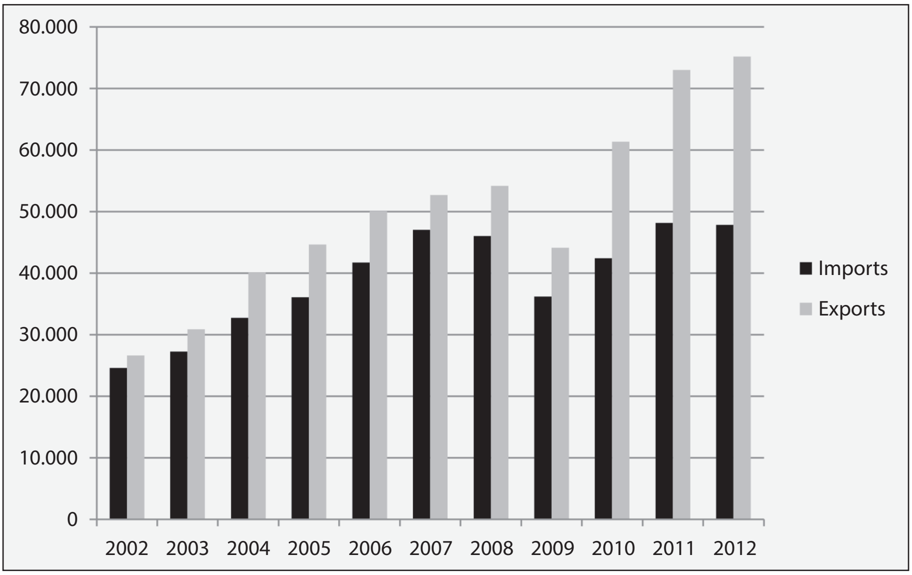
Table 2: The EU's Trade with Its Main Partners (2012)

	Major Import Partners			Major Export Partners			Major Trade Partners		
	Partners	Mil. €	%	Partners	Mil. €	%	Partners	Mil. €	%
1	China	289,915	16.2	U. S.	291,880	17.3	U. S.	497,658	14.3
2	Russia	213,212	11.9	China	143,874	8.5	China	433,789	12.5
3	U. S.	205,778	11.5	Switzerland	133,341	7.9	Russia	336,474	9.7
4	Switzerland	104,544	5.8	Russia	123,262	7.3	Switzerland	237,885	6.8
5	Norway	100,437	5.6	**Turkey**	**75,172**	**4.5**	Norway	150,258	4.3
6	Japan	63,813	3.6	Japan	55,490	3.3	**Turkey**	**122,961**	**3.3**
7	**Turkey**	**47,739**	**2.7**	Norway	49,821	3.0	Japan	119,303	3.4

Source: Commission of the European Communities[19]

The figures become more meaningful in comparison to one another. While the EU is Turkey's number one import and export partner, Turkey ranks only as seventh in the EU's top import and fifth in export markets. On the other hand, the EU's share in Turkey's total trade is approximately nine times more than Turkey's share in the EU's total trade. Furthermore, Turkey's trade with the EU has steadily grown, with the exception of a short period between 2008 and 2009, possibly due to the early stages of the Eurozone debt crisis (see Figure 1).

Figure 1: The EU's Trade with Turkey



Source: Commission of the European Communities, 2013

Not only is the EU Turkey's largest trading bloc, but the individual EU member states are also among Turkey's top trading partners. Accordingly, five of the top ten countries in Turkey's export market are EU member states: Germany, the United Kingdom, Italy, France, and Spain (in ranking order). Of these countries, Germany has enjoyed the highest share in Turkey's export market over the last decade. In addition, Germany is ranked as the second in the list of Turkey's major import partners, following Russia. Furthermore, Germany, Italy, France, and Spain are also among the top ten countries in Turkey's import market.[20]

Foreign direct investment inflow to Turkey is another key indicator showing the EU's share and input into the Turkish economy. The geographical breakdown in Table 3 indicates that the EU makes up most of the foreign direct investment inflow to Turkey in comparison to other regions and continents in the world. In 2012, more than 70 percent of the foreign direct investment in Turkey came from the EU. It is true there has been a relative decrease in this exceedingly high share in comparison to the previous years—which had reached as high as 78 percent in 2009. However, this decrease partly stems from the Eurozone financial crisis. The figures both as value and as percentage may well increase once the EU recovers from the crisis.

Apart from the United States, the countries from which most of the foreign direct investment inflows to Turkey originate are EU member states. These countries include, but are not limited to Austria, Germany, France, Italy, the Netherlands, and the United Kingdom.[21]

Table 3: Geographical Breakdown of Foreign Direct Investment Inflow to Turkey (2008–2012)

(Million $)

Countries	January-October	
	2012	**2013**
EU countries	**6,283**	**4,481**
Germany	389	1,713
Austria	1,423	654
France	71	201
Netherlands	952	849
United Kingdom	1,966	121
Italy	132	114
Other EU Countries	1,350	829
Other European Countries (Non-EU)	**464**	**391**
African countries	**0**	**0**
U.S.A.	**331**	**303**
Canada	**24**	**14**
Central-South America and Carribeans	**17**	**1**
Asia	**1,666**	**2,216**
Near and Middle East countries	1,175	1,615
Gulf countries	542	1,026
Other Near & Middle East countries	633	589
Other Asian countries	491	601
Other countries	**6**	**3**
Total	**8,791**	**7,409**

Source: Republic of Turkey Ministry of Economy[22]

It is also striking to see that the EU countries hold the largest share in the number of foreign owned enterprises (see Table 4). It is true that the EU countries held a higher share (around 50 percent) in the number of foreign owned enterprises only five to six years ago and that the EU's share gradually declined due to both the EU financial crisis and Turkey's efforts to open to new markets. Nevertheless, more than 36 percent of foreign owned companies are still owned by EU countries—a share difficult to overlook.

All these figures illustrate not only how integrated the Turkish and the EU economies are, but also, and more importantly for the purposes of this article, that Turkey is comparatively much more dependent on the EU for its trade and economy. The EU is by far the largest economic partner, impacting Turkey's economy – one that Turkey cannot afford to lose in any foreseeable future.

Table 4: Geographical Breakdown of the Number of Foreign Owned Enterprises

(Number of Companies)

Countries	January-October		1954-2013/October
	2012	**2013**	**Total**
EU countries	**1,270**	**856**	**17,757**
Germany	393	266	5,568
Netherlands	145	101	2,255
United Kingdom	148	105	2,601
Italy	91	57	1,082
Other EU countries	493	327	6,251
Other European countries (non-EU)	**370**	**228**	**3,949**
African countries	**123**	**114**	**870**
North America	**129**	**74**	**1,647**
U.S.A.	98	54	1,379
Canada	31	20	268
Central and South America, Caribbeans	**18**	**19**	**197**
Near and Middle East countries	**1,424**	**826**	**8,719**
Other Asian countries	**260**	**199**	**2,619**
People's Rep. of Chine	46	44	539
South Korea	27	22	234
Other	187	133	1,846
Other countries	**33**	**19**	**387**
Total	**3,627**	**2,335**	**36,145**

Source: Republic of Turkey Ministry of Economy[23]

Towards a Free Trade Agreement between the EU and the United States

The idea of transatlantic trade partnership is nothing new. As early as 1995, the former EU Trade Commissioner, Leon Brittan called for a free trade agreement between the EU and the U.S. However, a more conclusive step to that end came almost two decades after. Following nearly two years of preparation, the United States and the EU started talks in July 2013 with the goal of achieving a broad and comprehensive free trade agreement.[24]

Reasons behind the recently reinvigorated freed trade talks are diverse. Leaders on both sides of the Atlantic, strongly emphasize the economic growth expected to result from this agreement that would bind up the wounds of the global financial crisis and the Eurozone debt crisis. In his single sentence endorsement of the free trade agreement during his State of the Union address on February 12th, 2013, President Barack Obama defended the launching of the "talks on a comprehensive Transatlantic Trade and Investment Partnership with the

European Union – because trade that is free and fair across the Atlantic supports millions of good-paying American jobs."[25] On the other side of the Atlantic, José Manuel Barroso, the President of the European Commission, also expressed clear support to a trade agreement by claiming that "trade is the most economic way of promoting growth," which both the United States and the EU need. The heads of leading EU member states, such as British Prime Minister David Cameron and German Chancellor Angela Merkel, equally, endorsed a transatlantic trade deal to stimulate the struggling European economies.[26]

Emerging economies in Latin America and Asia, in particular the rising economic power of China, foster greater incentive pushing the United States and the EU towards a trade agreement, as these "new comers on the block" threaten the economic supremacy of the United States and the EU. In the words of the EU's trade commissioner Karel De Gucht, these talks are "about our place — and by our place I mean the United States and Europe — within a decade on the world economic scene." And hence, such a broad agreement could help ensure that it is the Transatlantic partnership, and not China, that sets the standards on various issues from product safety to intellectual property.[27]

The United States and the EU are major trading partners of one another's and trade among both partners already accounts for almost half the world's global economic output. If the proposed Transatlantic Trade and Investment Partnership comes into being, it is expected to cover about 30 percent of global trade and 20 percent of global foreign direct investment, which could boost U.S. and EU economic growth by more than $100 billion annually and add some two million new jobs.[28] Although some find these figures exaggerated, they emphasize that the expected additional economic output will come in the short-term, therefore suggesting that "this trade agreement is not about promoting prosperity for all… [but about] providing powerful industry lobbies with an opportunity to circumvent the normal political process."[29]

Following the negotiations launched in Washington in July 2013, a second negotiation round took place in November, and a third one in December 2013. Both sides have expressed their desire not to spend a lot of time negotiating and hope to reach a finalized agreement by the end of 2014. Although the similarities between American and European culture and legal systems make harmonization of regulations possible, this deadline may be unrealistic. This is mainly because of the sensitive issues on both sides like the "Buy American" initiative, the EU's aversion to genetically modified crops as well as EU privacy and data protection rules that put U.S. technology companies at a disadvantage.[30]

Tariffs on goods traveling across the Atlantic are already low, in average about 3 percent, which is because both sides impose different forms of non-tariff barriers (NTBs). Therefore, the negotiations are likely to go beyond tariffs and try and resolve these NTBs. While there is not yet any talk of establishing a joint regulatory agency, the negotiations may also focus on reducing and/or preventing regulatory barriers to trade in different areas.[31]

In Turkey, over the past several months, some have raised concerns about a future Transatlantic free trade agreement. Turkey's concerns are not without foundation. Turkey is in a unique position, as being a member of the EU's Customs Union without being a full member of the EU. Consequently, the goods of third parties that sign free trade agreements with the EU are able to enter the Turkish market through the EU without paying any duties. Yet, Turkey does not automatically enjoy those privileges granted to the EU as part of the free trade deal. Should the proposed Transatlantic Trade and Investment Partnership come to fruition, this would create an imbalanced situation for Turkey. This is because Turkey will be subject to one of the largest free trade deals, without being part of the negotiations. Moreover, Turkey would be subjected to unfair competition in the trade and industry sectors. Earlier in May 2013, U.S. Vice President Joe Biden said that "We will not only keep Turkey informed of every step of the negotiation with the EU, but we believe that if in fact, we can get by some of the divisions and the differences we have with regard to free trade agreements, that if we can get there before the time we settle the EU new trade agreement, that it will be a great opportunity for Turkey."[32] However, such rhetoric will neither alleviate the concerns of Turkish officials, businessmen and industrialists nor it will not bring an easy solution to this complicated problem.

Turkish economy's dependence over the EU is much greater than the EU's dependence on the Turkish market

Conclusion

Just as any other practice of conditionality, the EU's enlargement strategy since the 1990s is also one of an unequal partnership between the EU and the applicant country. In this partnership, the EU has successfully exercising its leverage over the applicant countries by virtue of its "gate keeping" role. This equation proved successful during the eastern enlargement of the EU. Then-applicant (later accession) countries, eager to access to further stages in the accession process, had bowed to the demands of the EU, without putting up much of a fight. Other tools and measures of the EU conditionality, including aid and technical assistance, privileged trade access, provision of legislative and institutional templates, and technical advice helped the EU to strengthen its hand during this process.

Despite appearances, the EU's conditionality is more than a simple carrot and stick approach. Earlier theoretical and empirical studies have emphasized the need for additional measures for the EU's conditionality to succeed. Domestic factors, including the domestic costs of the requested reforms, receptiveness of conditions, and preferences of the "veto players" at home, are important for the successful implementation of conditionality. However, it is the *credibility* and *consistency* of the conditionality – or lack of it – that has been determinative in Turkey's accession process to the EU and has thrown the EU's conditionality off balance.

The credibility and consistency of the EU's conditionality vis-à-vis Turkey has increasingly been questioned during Turkey's prolonged candidacy. The slowly-progressing accession negotiations along with the eastern enlargement's forgotten criteria of the EU's absorption capacity as well as debates on privileged partnership led both the officials and the public to lose faith in the attainability of the membership reward. This article argues that the EU retains its leverage over Turkey, despite the loss of credibility and consistency of the EU's conditionality as well as the current stagnation of Turkey accession process. However, this leverage may in turn be instrumental in reviving the accession process and reincorporating it into the agenda of Turkish foreign policy makers. This article suggests two main reasons for the EU's continuing leverage. First, despite the rhetoric on the interdependence of Turkish and the EU economy, this interdependence is not on equal footing. The figures clearly demonstrate that the Turkish economy's dependence over the EU is much greater than the EU's dependence on the Turkish market. While it is true that Turkey is an important trade partner for the EU, it is an indispensable part of Turkish economy, giving it a preponderant and even a dominant negotiation position. Such uneven economic interdependence strengthens the EU's hands vis-à-vis Turkey.

The growing resentment against the credibility of the EU's conditionality along with the current stagnation of the accession process have created the illusion that the EU's leverage over Turkey has diminished

Second, the EU and the United States have launched the talks for what may become the largest free trade deal in history. Any third country with strong trade ties and geographical proximity may want to be included in this deal. However, Turkey's ongoing customs union with the EU would already make Turkey a part of the final deal, while Turkey may not be part of the negotiations. This is because the Customs Union between Turkey and the EU allows the goods of the third parties that have a free trade agreement with the EU to be able to enter the Turkish market through the EU without paying any duties, while not automatically entitling the same right to Turkey. As the achievements of this deal-to-be would have direct impact upon Turkey's trade and hence, economy Turkey has been looking to both the EU and the United States to alleviate its concerns.

The growing resentment against the credibility of the EU's conditionality along with the current stagnation of the accession process have created the illusion that the EU's leverage over Turkey has diminished. This article argued and discussed that this is not the case. While the EU may not be resorting to its leverage in appearance, it would hardly go unnoticed in the halls of Turkish bureaucracy. If used effectively, this leverage may be the right instrument to help Turkey proceed along the "long and narrow path."

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