Outlook for 2008-09

Political outlook

Domestic politics
The Justice and Development Party (AKP) led by the prime minister, Recep Tayyip Erdogan, was the outright winner of the July 2007 general election. It increased its share of the national vote to 46.6%, from 34% in the 2002 election, and obtained an absolute majority in parliament of 340 seats out of a total of 550, although this was 23 fewer seats than in 2002. The party's position is further strengthened by the election by parliament of Abdullah Gul, the then deputy leader of the AKP, to the presidency in August 2007. Like the military, Mr Gul's predecessor, Ahmet Necdet Sezer, was deeply suspicious of the AKP, perceiving Mr Erdogan and his party to be a threat to the secularist nature of the state. The AKP has Islamist roots, but has broadened its support base to include a wider spectrum of Turkish society, including Alevi, Kurds, Armenians and even moderate secularists. The Economist Intelligence Unit expects the AKP to remain in government for all or most of the four-year parliamentary term. This should ensure the continuation of most of the policies undertaken by the first Erdogan government, particularly Turkey's EU membership bid and economic reform. However, progress on both is likely to be slow. The extent of the AKP's election victory and the poor performance of the Republican People's Party (CHP), the main opposition party, have strengthened Mr Erdogan's hand against Turkey's hardline secularist elite. Nevertheless, tensions will persist. Hardline secularists fear that Mr Gul's election as president will facilitate what they perceive to be the AKP's pro-Islamist agenda, despite the strengthening of the liberal wing of the AKP and the new president's reputation as a moderate, his firm support for Turkey's bid to join the EU and his assurances that he will defend the secularist principles of the state. The main areas of confrontation will be the AKP's move to ease the ban on women wearing Islamic-style headscarves in universities and its plan to overhaul the 1982 military-inspired constitution.

International relations
With the AKP set to remain in power, we do not expect Turkey's foreign policy to alter drastically during the forecast period. The government's main objectives are to advance Turkey's EU membership bid and to maintain positive relations with the US. Both are likely to be challenging. At the same time Turkey is seeking to promote co-operation with Russia as well as with its neighbours in the Middle East, notably Iran and Syria, even if in doing so it runs the risk of criticism from the US, which views Iran and Syria with grave suspicion.

The US's policy on Iraq and the broader Middle East has been a major source of tension between Turkey and the US in recent years. The main stumbling block has been the attacks being carried out in south-eastern Turkey by the militants of the Kurdistan Workers' Party (PKK) from bases in northern Iraq. In response to the rising number of casualties, in October 2007 the Turkish parliament authorised the deployment abroad of Turkish forces for a period of up to one year. Since December Turkish armed forces have carried out selective
strikes, mainly from the air, but the offensive begun on February 21st also involved a large ground force and has lasted longer than any of the previous operations. For the present, however, it is concentrated in remote border regions, avoiding the risk of a conflict with Iraqi Kurdish forces. Since October the Turkish government and armed forces have been in close contact with US authorities regarding military operations. The US has supplied “actionable” intelligence, which has helped the Turkish armed forces to target PKK camps and hideouts. Given the size and duration of the latest military operation, a major incursion deeper into northern Iraq involving Turkish ground forces remains a possibility in the coming months, especially if the PKK’s campaign continues. Nevertheless, we continue to view it as unlikely because of the risk of a head-on collision with Iraqi Kurdish and US forces and the potentially damaging political fallout. Turkey would risk losing much of the international goodwill that it has won through the government’s patient diplomatic efforts with the US and Iraqi governments, despite their lack of action in the face of a steady escalation of the PKK’s campaign of violence since 2004. Such an operation could further destabilise Iraq, which would hurt Turkey’s relations with the US, EU and many of its Middle Eastern neighbours and disrupt improved economic ties between Turkey and Iraqi Kurdistan. In addition, it might boost support for the PKK in Turkey and reverse the AKP’s electoral gains in the south-east.

In focus

Turkey and the EU: difficult times ahead

Following the victory of the Justice and Development Party (AKP) in the July 2007 general election, Recep Tayyip Erdogan appointed a broadly pro-EU cabinet, supporting expectations that his government would revive Turkey’s flagging EU membership negotiations. However, since then the reforms required by the EU, especially those affecting freedom of expression, have continued to make painfully slow progress, causing some uncertainty about the government’s ability to move the process forward and the future pace of negotiations. The Economist Intelligence Unit believes that the government is still committed to the goal of eventual membership, so some progress is expected in 2008-09. However, the obstacles are considerable and there is still a risk that the negotiations might drift further or even be suspended in the next two years. In addition to the question of freedom of expression, the Cyprus issue remains a major obstacle. Turkey is continuing to resist the EU’s demand that Turkish airports and harbours are opened to Greek Cypriot aircraft and shipping until the EU makes good its long-standing promise to end the ban on direct trade between the EU and the self-proclaimed Turkish Republic of Northern Cyprus (TRNC). This resulted in the EU freezing eight of the 35 negotiating chapters covering the EU’s acquis (the EU’s body of laws) in December 2006. Further action may be taken against Turkey when the EU reviews this issue in late 2009. The international community has been gearing up for another serious attempt to find a settlement to end the division of Cyprus after the Greek Cypriot presidential elections on February 17th and 24th. The election of Demetris Christofias, who is more conciliatory on the Cyprus issue than his hardline predecessor Tassos Papadopoulos, has improved the prospects for a solution, but they are not as good as they might have been. Although Mr Christofias will have a great deal of personal power with respect to the Cyprus problem, his