

GIFGRF

**NEW APPROACHES IN
TURKEY-EUROPEAN UNION (EU)
RELATIONS IN LIGHT OF THE
EU'S RECENT AGREEMENTS ON
INVESTMENT, TRADE, AND THE
ECONOMY**

**GLOBAL RELATIONS FORUM (GRF)
WORKSHOP REPORT
FEBRUARY 2026**

New Approaches in Turkey-European Union (EU) Relations in Light of the EU's Recent Agreements on Investment, Trade, and the Economy

February 2026

The international system is undergoing a period of transformation marked by deepening great power competition, rising concerns over security and economic resilience, and the increasing instrumentalization of economic, investment, and trade policies within political and geopolitical frameworks. The Russia–Ukraine war, now entering its fifth year; the humanitarian tragedy in Gaza; rapid developments in Latin America, the Asia-Pacific, and more broadly the Middle East, the fluctuating policies of U.S. President Trump, including in the fields of international investment and trade; the policies of China, technological change and the weakening effectiveness of international organizations have collectively disrupted the global balance.

These developments have prompted the European Union (EU) to pursue new political, economic, and security-oriented approaches. Some of these new orientations may adversely affect Turkey's national interests in an environment where accession negotiations, political dialogue, and the modernization of the Customs Union have stalled. Within the EU, which has in some respects turned inward to reassess its position, direction, and policy approaches in light of new dynamics, identity-based conservative and protectionist tendencies appear to be on the rise, influenced in part by developments in the United States.

After many years, the EU's new-generation agreements such as Mercosur and the free trade agreement (FTA) with India have reignited debate in Turkey regarding the future of Turkey–EU relations. Although official rhetoric continues to emphasize open trade, the “Made in Europe” approach—designed to strengthen industrial policy and prioritize local production—has generated additional concern among Turkish business circles and economic actors. This approach warrants close monitoring and careful assessment within the framework of the legal partnership between Turkey and the EU.

Given its extensive economic integration with the EU, these developments pose structural risks for Turkey. Asymmetries stemming from the Customs Union, combined with EU policies increasingly resembling non-tariff barriers that prioritize local production, have the potential to significantly weaken Turkey's position in European manufacturing, supply, and value chains, as well as its *de facto* access to the EU market over the medium to long term. At the same time, visa-related difficulties faced by businesspeople and traders are constraining Turkey's foreign trade. Longstanding challenges in road transport—previously a central issue in the Turkey–EU investment and trade agenda—also persist.

For these reasons, decisions recently adopted or under consideration by the EU should be closely monitored to ensure their compatibility with Turkey’s acquired rights, the institutional framework and functioning of Turkey–EU relations, and the principle of *pacta sunt servanda*. Policy proposals safeguarding Turkey’s economic and security interests should be developed and effectively communicated to European counterparts.

The issue extends beyond the Customs Union modernization negotiations, which have not been launched for more than a decade, and **renders it necessary to reassess Turkey–EU relations in light of current conditions. The Global Relations Forum’s (GRF) Special Reports** of June 2021¹ and March 2025,² which offer policy recommendations aimed at advancing Turkey–EU relations, **remain relevant**. Nevertheless, recent developments require a clearer analysis of the potential costs that may arise for both parties.

Political Obstacles in Turkey-EU Relations

In recent years, Turkey–EU relations have been going through a period of structural stagnation. Accession negotiations have effectively come to a halt, the criteria required for visa liberalization have not been fully met, and high-level political dialogue mechanisms operate in a limited and irregular manner. Within this framework, the modernization of the Customs Union emerges as the most concrete and technically grounded area of engagement, with mutually beneficial implications.

However, the process of modernizing the Customs Union has gone beyond the scope of a purely technical trade reform and has become subject to **debates over political conditionality**. The suspension of the process in 2018 in connection with rule of law and fundamental rights assessments, the linkage in 2020 of modernization to developments in the Eastern Mediterranean and the 2021 emphasis that progress would depend on political guidance from the Council all demonstrate that the process has advanced not on a strictly legal basis but rather in line with shifting political considerations. This situation raises questions regarding predictability and mutual trust.

Moreover, the negotiation roadmap agreed upon in 2015 is widely considered to have become significantly outdated over the past decade due to the structural transformation of global trade. Developments in digital trade, the green transition, supply chain resilience, and emerging regulations in strategic sectors require the existing framework to be updated. Under the Customs

¹ Global Relations Forum (GRF), Roadmap for Turkey – European Union Relations, GRF Special Report No:3, June 2021, https://www.gif.org.tr/files/TR-AB_YolHaritasi.pdf

² Global Relations Forum (GRF), Revitalising Turkey-European Union Relations On The 20th Anniversary Of Accession Negotiations: A New Roadmap, GRF Special Report, No:4, March 2025, <https://www.gif.org.tr/files/gif-ab-turkiye-ozel-raporu.pdf>

Union, Turkey is required to conclude trade agreements comparable to those signed by the EU with third countries. However, third countries generally refrain from doing so. Although overcoming the political impasse appears difficult in the short term, **maintaining an updated technical working framework for the Customs Union through institutional channels** could help ensure the availability of a negotiation-ready basis when a political decision is eventually taken.

In the context of negotiations with India, some assessments suggest that short-term market losses for Turkey would remain limited due to the EU's relatively low tariff levels.³ However, this approach does not sufficiently take into account the competitive pressures that may emerge over the medium to long term, the asymmetric effects involved, or the risk of trade diversion arising from the redirection of third-country-origin products to the Turkish market via the EU. At the same time, India—alongside other developing countries—is a direct competitor to Turkey in international markets, particularly in certain labor-intensive sectors and in manufacturing industries such as chemicals, pharmaceuticals, and plastics. As a result, labor-intensive sectors in particular could face significant losses in investment, production, and employment.

The most significant obstacle to the modernization of the Customs Union remains the Cyprus issue. In return for the commitments undertaken in 2004, Turkey is expected to extend the Customs Union to all EU Member States, including the Greek Cypriot Administration of Southern Cyprus (GCASC). Both GRF reports note that such implementation could take place without formal recognition of the GCASC.⁴ Turkey has also proposed various solutions toward this end in the past. Even if mutual agreement were to be reached, negotiations would likely be protracted. There is, however, **no political obstacle to a process** whereby the 2015 roadmap is updated, new sectors are assessed, and negotiations are subsequently launched.

During her visit to Ankara on 6 February, the European Commissioner for Enlargement Marta Kos once again referred to the EU's priorities, with public procurement in the forefront. Public procurement is already one of the areas envisaged for inclusion in the modernization of the Customs Union. Moreover, within the framework of accession negotiations, there had been no political obstacle to opening the public procurement chapter until 2016. **The EU's approach in this regard once again appears to be selective.**

³ Anadolu Agency, "Trade Minister Bolat: Claims that the Customs Union operates to the detriment of the Turkish economy are detached from reality," 31 January 2026, <https://www.aa.com.tr/tr/ekonomi/ticaret-bakani-bolat-gumruk-birliginin-turkiye-ekonomisinin-aleyhine-isledigi-gorusleri-gerceklerden-kopuk/3816258>

⁴ Global Relations Forum (GRF), 2021, p. 39; Global Relations Forum (GRF), 2025, p. 71

Ultimately, the EU statement issued following the Commissioner’s visit regarding the Customs Union remained notably weak: *“They expressed their willingness to work together in order to contribute to paving the way for the modernization of the Customs Union.”*⁵

The overall picture points to a deepening **deficit of trust** between the parties. While diplomatic contacts continue, concrete steps toward redefining the relationship on the basis of a strategic vision remain limited. Nevertheless, incorporating issues such as *SEPA*⁶ participation and *roaming*⁷ arrangements—whose effects can be directly experienced by citizens— into the “positive agenda” could serve as a functional tool for short-term confidence-building. Structural issues, however, remain unresolved. The lack of political dialogue between the EU and Turkey, combined with the tendency to address issues at a “technical” level and primarily with the European Commission, does not help steer relations toward a more positive trajectory. This situation, in turn, shapes public perceptions of the EU in Turkey in a significantly negative manner.

At a time when the concept of “digital and financial sovereignty” is gaining prominence globally, and when areas such as artificial intelligence hubs, semiconductor manufacturing, and the space economy are acquiring strategic importance beyond traditional trade domains, cooperation in these fields could contribute to bringing Turkey and the EU closer together.

The Issue Extends Beyond the Customs Union

Reducing Turkey–EU relations solely to the Customs Union would not only erode their existing institutional and legal foundations, but would also constrain cooperation in structural areas such as security, foreign policy, technology, connectivity, societal engagement, manufacturing, and integration into supply chains within the current global environment.

Although the current situation may appear manageable in the short term, the sustainability of this stagnation in a rapidly evolving global system will ultimately drive the parties further apart. In this context, Turkey–EU relations need to be addressed not only from a commercial perspective, but also through the lenses of industrial integration, economic security, and strategic positioning. Mutual trust must be rebuilt.

Under the current circumstances outlined above, overcoming the political impasse in the short term appears difficult in **the absence of political will**. Thus, it may be considered to relaunch,

⁵ *“They shared a willingness to work for paving the way for the modernization of the Customs Union...”* Daily Sabah, “Türkiye, EU Stress Will to Work toward Customs Union Update,” 6 Şubat 2026, <https://www.dailysabah.com/business/economy/turkiye-eu-stress-will-to-work-toward-customs-union-update>

⁶ Single Euro Payments Area

⁷ Roaming is a service that allows mobile users to connect to a foreign network when outside their home operator’s coverage area.

at a minimum, technical-level preparatory work for the modernization of the Customs Union. Updating the framework agreed upon in 2015 and undertaking technical work on new areas such as services, digital trade, the green transition, and supply chain resilience could help establish a negotiation-ready basis once a political decision is taken. **Pursuing this approach within existing institutional structures⁸** could help insulate the process from political fluctuations.

Within the framework of the GCASC issue, which constitutes the principal political obstacle to the modernization of the Customs Union, **the reopening of ports—as previously implemented—could be reconsidered in a manner that would not entail formal recognition.**

Addressing issues such as participation in SEPA, roaming arrangements, progress in the visa process, and Customs Union modernization within a “package approach” could serve as a tool to ease the political climate of relations. Advancing tangible benefits that citizens can directly experience in parallel with technical progress may prove important in generating public support. Nevertheless, Turkey’s rights and interests deriving from the Ankara Agreement should neither be overlooked nor set aside.

The EU’s priority areas are not limited to trade alone. Defense cooperation, supply chain security, digital sovereignty, artificial intelligence, semiconductors, and connectivity projects form the core of the Union’s new strategic agenda. It is important for Turkey to clearly define the contribution it can make to European value chains in these areas. Turkey’s geopolitical position provides the shortest, safest, and most reliable route in East–West trade. Infrastructure investments implemented in recent years, as well as corridor initiatives that the United States is seeking to advance in the South Caucasus, further underscore Turkey’s role from a connectivity perspective.

In the context of the EU’s growing interest in the South Caucasus and Central Asia, Turkey stands out as a key strategic partner. While the European Union emphasizes **the importance of working with like-minded partners that share its foreign and security policy objectives**,⁹ Turkey can also contribute in this regard. Within this framework, in ongoing debates on the security architecture— which the EU itself is reassessing in light of developments related to Russia and U.S. policies—it is necessary for the Union to **adopt an approach toward Turkey that is free from bias.**

⁸ The Association Council and the Association Committees have not been convened for years.

⁹ Council of the European Union, European Council Conclusions on European Defence and Security, 26 June 2025, Press Release 536/25, 26 June 2025, <https://www.consilium.europa.eu/en/press/press-releases/2025/06/26/european-council-conclusions-on-european-defence-and-security/pdf/>

GIFGRF

The current global conjuncture holds the potential to bring the EU and Turkey closer than ever before. The mutual need of the EU and Turkey for one another in this international environment is clear and evident. Ultimately, the sustainability of economic integration **depends not only on external negotiation dynamics but also on Turkey's domestic reform agenda.** Developments concerning the predictability of the investment climate and the rule of law directly affect both economic relations and security cooperation. Steps taken in these areas will strengthen Turkey's negotiating capacity.