Eurasian Economies in Transition

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Edited by

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To further enjoying life together with my husband, Alp …
—Ayşen

For my lovely parents …
—İlyas

For my wife, Naciye …
—Selahattin

The knowledge of anything, since all things have causes, is not acquired or complete unless it is known by its causes.
—Avicenna

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PREFACE

We are delighted to announce that, so far, seven conferences of the International Conference on Eurasian Economies (http://www.avekon.org), organised by the Eurasian Economists Association, have been held in various Eurasian countries:

- November 4–5, 2010: Istanbul, Turkey, in association with TC Beykent University
- October 12–14, 2011: Bishkek, Kyrgyzstan, in association with Kyrgyzstan-Turkey Manas University
- October 11–13, 2012: Almaty, Kazakhstan, in association with Turan University
- September 17–18, 2013: St. Petersburg, Russia
- July 1–3, 2014: Skopje, Macedonia, in association with Ss. Cyril and Methodius University
- September 9–11, 2015: Kazan, Russia, in association with the Kazan Federal University
- August 29–31, 2016: Kaposvar, Hungary, in association with Kaposvar University

We are proud to have published our first book with Cambridge Scholars Publishing, *Central Asian Economies in Transition*, edited by E. Ayşen Hiç Gencer and Cevat Gerni, in 2012. The book consisted of selected papers from the first two conferences that specifically addressed six Central Asian countries (Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan, Tajikistan, and Azerbaijan) and their economic ties with Turkey. In addition, we featured specially invited articles by prominent academics working on Central Asian economies. All these articles were blended to form a complete and coherent description of Central Asian economies, their challenges, and their integration into the world economy.

For this second book in your hands, we broadened the region to encompass all transition economies of Eurasia and selected relevant papers from the 2012, 2013, 2014, and 2015 conferences. We intend to publish further books with Cambridge Scholars Publishing based on the best papers from our future conferences.

This book consists of five parts: the first discusses the effects of globalisation on the Eurasian countries, including the prospect of a Eurasian Union, as well as specific issues of regional economies. The second part investigates growth- and development-related aspects of the Eurasian transition economies, including women's inclusion in the workforce. The third part looks at the international finance situation of several Eurasian economies, which typically suffer from foreign exchange shortages as well as difficulties in establishing capital markets. The fourth part focuses on issues related to economic integration, transition, and privatisation. Finally, the fifth part details the energy and natural resources sectors and their impact on economic and political systems.

As a new tradition since the 2015 conference, the keynote speaker of the first conference and the author of the introduction chapter of the first book, Prof. Mükerrem Hiç, is remembered by doctoral studies awards given by his wife, Prof. Süreyya Hiç. Each year, the scientific committee chooses the best paper submitted to the conference by a PhD candidate in the fields of macroeconomics, growth and development, monetary theory, finance, globalisation, or international trade.

We would hereby like to convey our sincere gratitude to all contributors who have submitted their valuable work for inclusion in this book. In addition, we would like to express our genuine thanks to the co-organisers of the International Conference on Eurasian Economies, namely Turan University in Almaty, Ss. Cyril and Methodius University in Skopje, and Kazan Fedaral University in Kazan, as well as the organising committee members. Last but not least, we would love to gratefully mention our indebtedness to Alp H. Gencer for realising this project in the technical sphere.

Assoc. Prof. E. Ayşen Hiç Gencer
Assoc. Prof. İlyas Sözen
Prof. Selahattin Sarı
Istanbul, July 22, 2016

FOREWORD

EURASIAN CUSTOMS UNION AND TURKEY'S MEMBERSHIP

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(ANADOLU UNIVERSITY, TURKEY)

Introduction

How Turkey will benefit from both the global and regional opportunities as well as what kinds of strategies it will determine in the coming years is quite significant. While searching for answers to these questions, the current and prospective comprehensive and narrow-scoped economic integration movements should be meticulously monitored. Determining the place of Turkey in the globalising world healthfully and performing short- and long-term situation assessments are of vital importance to becoming a modern country in the twenty-first century. Turkey is one of the developing countries to have liberalised their economies and made efforts to integrate with the world. The main difference of Turkey from the countries outside the European continent is its being a member close to almost all of the political and economic organisations of Europe.

Turkey has been continuing its cooperation efforts within the framework of the Black Sea Economic Cooperation, the Economic Cooperation Organization, and the Organization of Islamic Cooperation. Turkey needs medium- and long-term strategies in order to adapt to the changing world and integrate with the world economy. The Eurasian Economic Union (Customs Union), the Shanghai Cooperation Organization, or the Altaic Union, as defined by some academics, are not included in these strategies. These alternatives will be evaluated in our paper, and the reason why Turkey will not become a member of the Eurasian Economic Union will be explained.

Customs Union within the Context of International Economic Integration

Economic integration can be assessed in three major ways: national, international, and world integration. Based on collaboration, every economic integration stipulates the free movement of production factors and goods at its advanced level, and entering these into a non-privileged implementation according to the source and the region to which they are oriented. A general definition of economic integration is creating a common market by eliminating the restrictions that hinder free trade to provide freedom for goods and services in the economies going into a union. Thus, it would be possible to produce for a wider market and take advantage of the opportunities provided by production on a large scale (Karluk 2013).

International economic integration is accepted as a general term covering various types of integration in the literature (Balassa 1961). Although the word "integration," derived from the Latin word *integration*, means "combination," this expression is preferred in our paper since it is broadly used to mean "merger" in the Turkish literature. The term first appeared in a statement presented by Paul G. Hoffman at OEEC Council on October 31, 1949 (Machlup 1977).

Some rudimentary conditions are essential in order for international economic integrations to be successful. These can be listed as: being situated in the same geographical area due to transport expenses; having similar economic and political systems; being included in the same military alliances; proximity between members in terms of economic development levels; and sharing the same values with respect to historical, social, and cultural issues. These factors are of great importance for economic integrations to succeed (Tinbergen 1965).

In practice, there are five main economic integration models (Frankel 1997). Preferential trading regulations allow the creation of a free-trade zone (region) between the parties by removing tariff and non-tariff barriers in some selected products that affect the trade amongst two or more countries. In 2015, 27 regulations were made within the framework of the World Trade Organization. While some contracting parties receive a discount on some selected tariff products, they continue to apply high tariffs to other products. Obviously, the countries involved in the trade bloc apply tariff discounts to some products to some countries, though do not remove the tariffs totally.

A Free Trade Zone is a type of economic integration in which tariffs and quotas hindering or restricting the trade among the countries in the

region are removed, and the member countries are not under any obligation to apply a common tariff to those falling outside the union. Compared with a free trade zone, a Customs Union is a comprehensive integration model. In addition to the provisions of the free trade zone, seeing that the monitoring opportunities of the member countries on foreign trade policies are restricted, a customs union is a more advanced model of economic integration than a free trade zone (El-Agraa 1982).

The fourth stage of economic integration is a common market. As a natural result, in the event that the free movement of such factors of production as labour, capital, and entrepreneurs is ensured, a customs union among the member countries is deemed to have been established upon the continuation of the required conditions. The term "common market" was first introduced in the Spaak Report of 1956 and used habitually following the entry into force of the Treaty of Rome. The European Economic Community was once called the Customs Union in the Turkish literature. Some economists define a Customs Union as a "deep integration" (Lawrence 1995). A customs union is the penultimate phase before an economic union; an economic and monetary union is the last phase of economic integration, which is the integration of the member state economies (Tinbergen 1965). In addition to the above-mentioned conditions for a merger, the integration of institutions along with economies, money, and social policies is expected.

New Economic Reorganisation in Asia and Turkey

Following the dissolution of the Soviet Union, five new economic reorganisations took place among the post-Soviet states. The Commonwealth of Independent States (CIS) was established by the Minsk Agreement signed in Belovejskaya Pusha by the Russian Federation, Belarus, and Ukraine on December 8, 1991, thus terminating the Soviet Union (Scollay and Gilbert 2001). All of the former republics of the Soviet Union except the Baltic States and Georgia became parties to the agreement. Azerbaijan and Georgia did not ratify the agreement until 1993. Belarus, Armenia, Kazakhstan, Kyrgyzstan, Moldova, Uzbekistan, Ukraine, Turkmenistan, Tajikistan, and the Russian Federation are the founding members of the CIS. Turkmenistan became an associate member on August 26, 2005. Georgia left the CIS membership on August 17, 2009. After the annexation of Crimea by Russia, Ukraine resigned from the membership. With a population of 240 million, the CIS market is among the world's largest markets (Karluk 2014a).

In order to form the Common Economic Space (CES), Russia, Ukraine, Belarus, and Kazakhstan held a meeting at Novo-Ogaryovo in the Odintsovo District of Moscow Oblast. The Free Trade Agreement on the Establishment of the Common Economic Space was signed by the presidents of the aforementioned states in Yalta on September 19, 2003, and was ratified on September 20, 2004.

The Ukrainian Parliament agreed to take part in the CES on May 22, 2003 on condition of its compliance with the constitution. The agreement was intended for setting up a free trade zone among the member states and implementing common customs and trade policies by lifting the restrictions on the trade of goods and services. Another significant organisation in the Eurasia Region with which Turkey and Central Asian Turkic Republics are affiliated is the Economic Cooperation Organization (ECO), which was established by Turkey, Iran, and Pakistan in 1985. By publishing an announcement, Turkish, Iranian, and Pakistani heads of state founded the Regional Cooperation Agency for Development in 1964 in order to develop the regional economic cooperation.

Its legal status was fashioned by the Treaty of İzmir signed in 1977, which then turned into the Economic Cooperation Organization (ECO) in 1985. With the participation of Azerbaijan, Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan, Tajikistan, and Afghanistan, all of whom gained their independence in 1992 after the disintegration of the Soviet Union, it became an economic-weighted regional organisation with a total surface area of seven million km^2 and a population of around four-hundred million.

The Shanghai Cooperation Organization (SCO) took its name from the city where the organisation first gathered. The initiative started by China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan was called the Shanghai Five. The People's Republic of China played an important role in the process of its establishment. Border security, the development of Western and Central Asia, growing energy requirements, and the post-Cold War era strategic environment are important factors for this organisation. On June 15, 2001, the number of members increased to six following the participation of Uzbekistan. At the Summit in St. Petersburg on June 7, 2002, the documents related to the establishment of the SCO, which combines Russia, China, Kazakhstan, Uzbekistan, and Tajikistan, were ratified.

The organisation foresees economic, security, and cultural cooperation among the member states. Saying that a "unipolar world is unacceptable," the Russian President Vladimir Putin gave clues to the mission of the organisation at the Bishkek Summit held in August 2007. Afghanistan,

India, Iran, Mongolia, and Pakistan took part in the Shanghai Cooperation Organisation with the status of "observers." Belarus, Sri Lanka, and Turkey are the "dialogue partner countries."

The establishment process of the Eurasian Economic Union (EurAsEC) was started with the ratification of the Customs Union Agreement between Russia and Belarus on January 6, 1995. The Foundation Agreement was signed in Astana by the Presidents of Russia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan on October 10, 2004. The number of members increased to seven with the participation of Moldova and Ukraine in 2002, with Armenia as observers in 2003, and Uzbekistan on October 7, 2005. Uzbekistan froze its membership in 2008 (Park 2006). The Customs Union was realised at the summit held in August 2006.

On this basis, its aim was to integrate the member states economically and gather the CIS states under the same roof in the long term. In this respect, on May 29, 2015 Russia, Belarus, and Kazakhstan signed the agreement of the Eurasian Economic Union in Astana. Including Armenia in the union, the agreement was ratified on October 9, 2014, and the State Duma of the Russian Federation found the agreement suitable on September 26, 2015. The agreement entered into force on January 1, 2015. The union can be considered as the economic abutment of Russia in Central Asia. When the problems in economic integration are considered, the political aspects of the union far outweigh this.

Turkey's Attempt to Participate in The Shanghai Cooperation Organization, The Umbrella Organization of the Eurasian Economic Union

President Putin, during his visit to Kazakhstan at the beginning of 2005, explained Turkey's taking interest in the Shanghai Cooperation Organization, which started in Asia and has been gradually gaining strength. After Putin's visit to Turkey on December 6, 2004, Prime Minister Recep Tayyip Erdoğan made an official visit to Moscow on January 9–11, 2005.

Shortly after his meeting with Erdoğan, Putin went to Kazakhstan and made a surprising statement about Turkey's interest in joining the Shanghai Cooperation Organization and explained this situation to the President of Kazakhstan, Nursultan Nazarbayev:

> Yesterday, I had an opportunity to host the Prime Minister of Turkey Recep Tayyip Erdoğan and to speak with him in depth in Moscow. During our meeting, I gladly learned from Erdoğan that Turkey has started to take a

> great interest in the Shanghai Cooperation Organization. I think that this interest from Turkey should be seen as a significant constructive indicator. (Özsöz 2014)

Upon Putin's speech, Nazarbayev stated that they would be glad to always see Turkey in their midst. In his visit to Russia on July 18, 2012, Erdoğan said to Putin, humorously: "Sometimes you are joking around with us. You are asking us what you will do in the EU. So now, I am joking around you; let's include us in the Shanghai Five and then we'll review the EU."

On March 23, 2011, Turkey applied to the organisation in order to acquire a status of dialogue partner. The application was talked over at the Summit of Heads of State in Astana on June 14–15, 2011, but it couldn't be finalised because of the procedural problems. In November 2011, just before the summit held in St. Petersburg province in Russia, the Russian Foreign Ministry announced that the member states of the SCO were leaning towards giving the status of dialogue partner to Turkey. Turkey's application was ratified at the Summit of Heads of State held in Beijing on June 6–7, 2012.

Turkey's Membership of The Eurasian Customs Union within the Context of the Customs Union with The EU

It has been 56 years since Turkey applied to the European Economic Community for "associate membership" in 1959, and it has been 28 years since the "membership" application occurred in 1987. According to Turgut Özal, Turkey has been striving to fulfil all of the obligations on this long and narrow road in the hope of being a member of the EU by totally ignoring all of the double standards the union applies. As Foreign Minister Davutoğlu stated, everybody knows that it is not possible for Turkey to be a member of the EU by the hundredth anniversary of the establishment of the Republic by completing the accession negotiations for 2023. Due to the pressures applied by the EU on Turkey related to the Cyprus issue, the privileged partnership insistently offered to Turkey, and the WUOAU (WU: With Us or AU: Against Us) criteria imposed on it, public opinion against the EU is increasing, and the reactions to insistent offerings of a privileged partnership and sympathy for the EU are decreasing gradually.

With the EU relationship and revision of the customs union on the agenda, the economy minister Nihat Zeybekçi, in a speech delivered at the Free Zone Workshop in Pamukkale in December 2014, said that Turkey would never leave the EU process: "it would be a great mistake for Eurasia to ignore the Customs Union … The Eurasia Customs Unions is

indispensable for Turkey. We have to be there. We have to be there for the Gulf Cooperation Organization." However, this is not realistic. As long as the applicable Ankara Agreement and its additional protocol do not change, Turkey cannot take part in two different customs unions at the same time in accordance with GATT/WTO rules.

The Altai Union was proposed in the study "The Potential Customs Union among Central Asia, South Korea and Turkey: Potential Export Acquisitions of Turkey," by Prof. Dr. Emine Nur Günay and Barış Can in 2011 (Günay 2011), In it, they state that, "The problem in Europe and the unavoidable rise of China emphasize the importance of exploring potential acquisitions in the region of Turkey. A modern Union, called the Altai Unions, adapted to the global economy and supported by the historical cultural and social ties to be established among Turkey, Azerbaijan, Kazakhstan, Kyrgyzstan, South Korea, Turkmenistan, and Uzbekistan, is proposed." It should be primarily acknowledged that only the "historical cultural and social ties" did not work out. The essential connective tissue between the countries consists of economic relations.

As a matter of fact, the TASAM (Turkish Asian Centre for Strategic Studies) President Süleyman Şensoy made the following observation on April 11, 2013, "I think, if we believe that only such factors as religion, language, history and geography will save us, we labour under a misconception" (Şensoy, 2014). Prof. Günay proposes that Turkey establish an "economic union" with Central Asian countries, which will doubtless be based on a customs union. Turkey realises that the customs union with Central Asian countries in the Altai Union is contrary to WTO rules. In order to achieve this, first of all, Turkey and the EU must mutually terminate the Ankara Agreement and its additional protocol. There is no such initiative as yet. Those who support the Eurasian economic membership of Turkey do not know the GATT/WTO principles.

In view of Turkey's insistence on developing a relationship with the Shanghai Cooperation Organization and entering into the Eurasian Union, Kazakhstan, Belarus, and Kyrgyzstan's ambassadors in Ankara participated in the Eurasian Economic Union meeting hosted by Andrey Karlov, the Russian Ambassador to Turkey, in Ankara in mid-January 2015. Positive messages related to Turkey's membership of the union were given at the meeting. Of the pioneers of the Eurasian Economic Union idea, Kazakhstan President Nursultan Nazarbayev emphasised many times that Turkey should take a place in this union. That the Belarus Ambassador in Ankara showed a positive attitude towards the membership of Turkey is another significant issue.

Putin's spokesperson, the United Russia Party deputy and political scientist Sergei Markov, emphasised that Turkey can become stronger by joining the Eurasian Union, not the EU, stating that these two strong countries seeking a place in the global arena should be combined in a new model. He also noted that the Eurasian Union, in which the Caucasus countries as well as Georgia and Azerbaijan are included, cannot be in a structure that takes a stand against the European Union, and indicated that it cannot be considered a small Europe (Markov 2011).

At the 3rd Intellectuals Meeting, held in January 2015 by the International Antalya University in cooperation with the Institute of International Scientific Development and Cooperation and the Institute of Oriental Studies of the Russian Academy of Sciences, the Russian Academy, Markov said:

> The rate of those who want to join the EU in Russia is 4%. Russia wants to form a union that embraces its own model instead of this formation to which it is not invited. In this respect, I think that Turkey and Russia, as two economies completing each other perfectly, can succeed in significant breakthroughs in this union. At this point, all of the circumstances foresee the formation of a Eurasian union in the Caucasus region. This union will be a major restructuring to provide development for the countries in the region in terms of science, technology and economics.

On December 23, 2014, Kyrgyzstan and Armenia were accepted into the Eurasian Economic Union, which was created by Russia, Belarus, and Kazakhstan and implemented on January 1, 2015. At the Eurasia Economic Supreme Council meeting held in Moscow, Putin highlighted this issue in his speech: "We are quite confident that the participation of Kyrgyzstan and Armenia in the Union meets the basic national interests of these countries and opens wide horizons for their socio-economic development."

Kazakhstan, Russia, and Kyrgyzstan are also members of the SCO, the upper umbrella organisation. Belarus is a dialogue partner. The entry of Turkey into the Customs Union, of which Armenia is a member, means lifting the embargos imposed on Armenia and the acceptance of the so-called Armenian genocide allegations made against Turkey by Armenia. The suspension of Turkey's EU relations and freezing of eight chapters of acquis upon the demand of the Greek Cypriot Administration of Southern Cyprus in 2006 followed the failure of the customs union between Turkey and the Greek Cypriot Administration of Southern Cyprus, and should not be forgotten. To take part in such a union is an abdication of reason (Karluk 2014a).

Nazarbayev wants Turkey to enter the EAEU (2000). At the Supreme Economic Council meeting held in Minsk on October 24, 2013, Nazarbayev put forward a recommendation in the direction of the entry of Turkey into the Eurasian Union. While Turkey is seen as an ally by Kazakhstan, it is a political, geo-conjectural, and geopolitical rival for Russia. Turkey's being an important partner outside the door and entering through Eurasia represent a permanent threat to Russia. According to Russia, the Eurasian Union is not an economic integration project but a project to carry the former Soviet Union into effect within the scope of the Eurasian project. In the project are the Central Asian Turkic Republics, but not Turkey (Dugin 2010).

This situation was clearly presented in the article "Does Ankara really want to join the Customs Union? The Offers of the Kazakhstan President almost Revealed that the Opinions in the Triple Customs Union were Different," written by Esengül Kafkızı, translated by Prof. Dr. Abdülvahap Kara, and published in a Turkistan newspaper on November 14, 2013. It also reveals the hidden side of the explanation by President Erdoğan: "If the EU wastes our time, and the Shanghai 5 accepts us, we say goodbye to the EU." The article is as follows:

> At the regular meeting of the Eurasian Economic Supreme Council held in Minsk, the capital of Belarus, Kazakhstan President Nursultan Nazarbayev made a proposal in the direction of the inclusion of Turkey in the Union. Nazarbayev said, "I am frequently asked on my foreign travels whether we intend to set up the former Soviet Union again or we want to act under the auspices of Russia through the Customs Union. Probably, if we incorporate a great country like Turkey into the Union, we can avoid being asked such questions." There is no doubt that this statement of Nazarbayev stunned his colleagues. However, Russian President Putin did not propound an opinion about this issue, just stating that India was willing to make a free trade agreement with the Customs Union.
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> Seeking various reasons under these statements and after emphasizing that the main purpose of Turkey is not to enter into the Customs Union but to be a member of the European Union, Russian media organs commented that the proposal of Nazarbayev would be an unexpected gesture towards the greatest country of the Turkic world. Based on reliable sources in the Republic of Turkey Ministry of Foreign Affairs, the information delivered by the *Kommersant* newspaper says, "This statement happened to be an unexpected development for the officials in Ankara."
>
> The Eurasian Economic Commission Chairman Viktor Khristenko said that Turkey has not submitted an application to become a member. According to political observers, there may be two reasons underlying this proposal of Nazarbayev. First, it is to present Turkey, which holds a diametrically opposite policy as to Russia on Syria, as a member to the

Customs Union, thus making a counter manoeuvre against the statement recently made by Russia, "Syria's membership to the Union is appropriate." Also, the member states do not lean towards the Eurasian Economic Union, which is planned to be established next year.

At the meeting, Nazarbayev also criticized the Russian colleagues regarding the tariffs. Saying that they were damaged due to the tariffs rather than benefitting from them, Nazarbayey stated that Kazakhstan products face obstacles and unrelated difficulties in getting into the Russian market, the demands for the quality, cleanness and other controls of the products has been increased and bilateral trade is getting increasingly complex. Nazarbayev criticized the Russian members of the Eurasian Economic Commission as well. The Kazakhstan President said, "The Commission members are not responsible to any government pursuant to the Laws. However, the Russian members of the Eurasian Economic Commission attend Russian Government meetings and receive special instructions." It can be understood from these statements that the Kazakhstan President will not easily succumb to Russian political influence. Yet another purpose of Nazarbayev is likely to present his reaction against Armenia's request to be a member of the Customs Union by proposing Turkey for membership.

The European Union has been requesting Turkey for many years to accept the genocide against Armenia carried out by Turkey as a condition for membership. However, Armenia prefers Europe to Russia for regional unity. For this reason, the negotiations between Turkey and the European Union which have been suspended for a several years will probably start again. Russian President Putin did not show any reaction against his Kazakh colleague who used a firm hand. However, as far as we are concerned from the comments presented by the Russian political observers, Russia strictly opposes the inclusion of Turkey, which is the most powerful country in the Turkic world, in the political projects of Moscow.

One of the Russian newspapers says, "The Customs Union is Moscow's project. It will be the foundation of the Eurasian Union in the future. The owner of the idea for establishing the Eurasian Union is Russia's current leader Putin. Many experts see this plan of the Kremlin as a project aimed at destroying economic domination at first and then political domination of the former Soviet countries. In the same newspaper, an opinion was expressed as "one of the reasons why Uzbekistan keeps itself from this Union is this." In 2011, Uzbekistan President Islam Karimov explained the main reason why Tashkent did not participate in the Customs Union is that this Union has political purposes rather than economic interests on its agenda. Belarus President Lukashenko is of the opinion that it is impossible for Armenia and Turkey to be Customs Union members.

If Turkey ever knocks on the door of the Customs Union, this situation will hamper Putin from reaching such goals as protection of the former influence and the restoration of a former power of Russia. When we look at

the reasons for this, the Turkish economy outweighs the Russian economy. Light industry has developed. In addition, Turkey escaped from the world crisis without injury under the prime ministry of Recep Tayyip Erdoğan. Also, in the case of Turkey's participation in the Union, the language-culture balance will change.

The languages and cultures of Russia and other Slavic countries, which have been effective in the region for centuries, will lose their superiority and Turkey will begin to set its own rules in the Union. Then, an obligation will emerge for the Union to prepare the international documents not only in Russian, but also in a second language.

In addition to this, it should not be overlooked that Kazakhstan and Turkey are members of the Turkic Council. The speech delivered last year by Kazakhstan President Nursultan Nazarbayev should be remembered. In his speech; Nazarbayev dwelled upon Russian colonialism, and also mentioned that 200 million Turks, living from Ankara to Altai, can turn into a major force in the world in the case of their alliance, and they risk losing national culture and language due to Russian hegemony. In this case, Turkey's entry into the Customs Unions is not a desirable situation for Russia because the purpose of the Customs Union is to strengthen the influence of Russia on the former Soviet states. This situation is also accepted by the Russian political observers. In an article published in Russia, we see the statements saying that Russia aims to continue its hegemony over the small states; therefore, it does not want to open the door to the economies which are bigger than itself, because there is no such perception of partnership between equals in this union.

In his speech at this meeting, Nazarbayev showed that Kazakhstan would not easily fall into Russia's hands, but there are other countries except Russia that can support them. According to the plan, the Eurasian Economic Union is expected to be established in May 2014. Neither Belarus nor Kazakhstan seems to be ready to take such a step."

After Putin came to power in the early 2000s, a union similar to the former Soviet Union was intended to be created among the post-Soviet states through various regional organisations. It would not be possible to state that there has been a change in the objectives and rhetoric of Putin. So why is the Eurasian Economic Union presented as a new opportunity for Turkey? Another debatable issue is whether or not Russia really wants to see Turkey in such a formation.

Conclusion

Turkey is the only Muslim country in the world that has turned its face towards the West since the Treaty of Paris of 1856, and gone towards it since the political reforms of 1839. Having adopted secular and

democratic principles, having common boundaries with and neighbouring the Western world, having historical ties with the EU countries, and being one of the most developed countries among the existing 57 Islamic countries in terms of economics, politics, culture, society, and sport, Turkey has preferred the West by protecting its lifestyle.

A "country going eastward on a ship proceeding westward" is an analogy that has been drawn for Turkey from time to time; however, this has been proved to be untrue by the European economic, military, and political organisations of which Turkey has been a member. No Muslim country except Turkey is a member of the European organisations. How two countries perceive each other is very important in international economic and political relations. This perception is formed by passing through the accumulation of the mutual historical imagery and cultural effects from each side. Perceptions are sometimes affected by prejudgments, but this does not mean the underestimation of material reality. What gives meaning to material reality is the importance attached by the parties to that reality. In today's global world, perceptions are not static and can be changed rapidly. The actions of the parties lead perceptions. Therefore, when action changes, perception changes as well.

The economic performance presented and active foreign policy followed by Turkey have ensured the perception of the country in the Western world. While Turkey is changing, the Turkish foreign policy perception of the West is changing as well. After NATO membership, Turkey has been considered a loyal ally of the Western World. That Turkey has determined certain values and principles in foreign policy and implemented these have given rise to concern in the United States and the European Union, but this does not mean an axis shift.

The criticism voiced by Turkey towards the double standards of the West in such non-Western regions as the Balkans, the Middle East, and the Caucasus from time to time leads to a perception that Turkey is not a partner but a "rival force," and the close relations of Turkey with the anti-Western actors and groups lead to questioning what kind of a partner Turkey will be. The development that forms a basis for the discussion of axis shift in Turkey is that the relations between Turkey and the EU have entered a dead-end street. The Turkish public no longer believes that Turkey will be a member of the EU one day. While 80% of the public previously supported full membership, this rate has decreased to 40% in recent years.

It is possible that there will be some alternatives on the agenda in the future, in that the EU will not keep its promise to the Turkish Cypriots due to the WUOAU criteria, and the support given by the Turkish public to the

EU will decrease. Because any government in the Republic of Turkey will not feel a desire for EU membership, the relations between Turkey and the Western world will deteriorate, and an axis shift in Turkey is likely to happen in this situation. Therefore, the EU has started an initiative called "Positive Agenda" in order to not break off its ties with Turkey, and to prevent Turkey from setting sail to other seas. This new approach is not intended to replace the accession negotiations but to complete them and develop more constructive and positive relations between Turkey and the EU.

Even if Prime Minister Erdoğan said that, "The foreign policy axis of Turkey has not been shifted" at the iftar dinner given to the ambassadors in Ankara on August 12, 2010, there will be great changes in our region as well as in the world and Europe in the coming 50 years. Taking this fact into account, Turkey has to determine a new strategy.

When NATO was established 63 years ago, nobody predicted that the Soviet Union would collapse in 1989 and the Warsaw Treaty Organization would dissolve on July 1, 1991, thus removing the post-war two-bloc structure of Europe in terms of military organisation, and that such countries as Poland, the Czech Republic, Slovakia, Slovenia, Hungary, Estonia, Latvia, Lithuania, Romania, and Bulgaria would become members of the European Union before Turkey.

Published in the Official Gazette by the decision of the cabinet and updated in 2001, 2003, and 2008, the target contained in the introductory chapter of the National Programme of Turkey towards entering into the European Union has not undergone a change as of yet. In the letter written by the deceased Süleyman Demirel, the ninth President of Turkey, to Aydın Doğan on February 7, 2015, the issue on which he outstandingly dwelt was, "Turkey, whatever it may be, should stay connected to the anchor of the European Union. Giving it up must not be an issue under discussion."

In his speech delivered at the Eurasian Economic Supreme Council meeting held in Moscow, Putin said, "We are quite confident that the participation of Kyrgyzstan and Armenia in the Union meets the basic national interests of these countries and opens wide horizons for their socio-economic development." The entry of Turkey into the Customs Union, of which Armenia is a member, means lifting the embargos imposed on Armenia and the acceptance of the so-called Armenian genocide allegations. The reason for the suspension of Turkey-EU relations and the freezing of eight chapters of acquis following the demands of the Greek Cypriot Administration of Southern Cyprus in 2006 was a failure of the customs union between Turkey and the Greek Cypriot

Administration of Southern Cyprus, and should not be forgotten (Karluk 2014b).

The current total population of the Eurasian Economic Union states is 170 million. Because of the fact that Turkey's participation in this union with a population of 76 million will change the population density of the union and increase the effectiveness of Turkey, Russia can't look favourably on this membership (Andican 2015). The population of the Central Asian Turkic republics, most of which are comprised of Kyrgyz and Uzbeks, including Tajikistan, is 65 million, living in an area of four million km^2. If Turkey's population is added to this, the Turkic population of 141 million will substantially affect the influence of 170 million. In fact, even if Russia wants Turkey to take part in this union, it is not possible that it can pursuant to its obligations to the EU. As long as the applicable Ankara Agreement and its additional protocol do not change, Turkey cannot take part in two different customs unions at the same time in accordance with GATT/WTO rules.

In spite of this, that Turkey's membership to the Eurasian Economic Union is still on the agenda is because GATT/WTO rules aren't sufficiently known. Also, it needs to be remembered that Putin made Turkey's European Union membership process the subject of a joke. According to the *Kommersant* newspaper, at the Valday Club meeting involving the international experts of Russia, when one of the experts asked Putin a question about his approach to Turkey's membership in the European Union, he laughed and said, "Give me Turkey's EU accession papers and I will sign. What's wrong with me?"

Turkey is a nation oriented towards the West. It should diverge from the goal that Atatürk pointed out on October 29, 1923: "We want to modernize our country. All our efforts are devoted to form a modern, in other words, an occidental government. Is there any country that wants to reach the civilization and doesn't head towards the west?" When saying, "If one does not know to which port he is sailing, no wind is favourable" ["Ignoranti quem portus petat nullus ventus suus est"], Lucius Annaeus Seneca was very right. Sometimes, it may not be enough to find the port. If the wind blows in the opposite direction, it will lead you to find the port you don't want. As long as Turkey does not break its ties with the Western world, it will not be a part of the below picture.

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PART ONE:

GLOBALISATION AND REGIONAL STUDIES

CHAPTER ONE

CHANGES IN THE WORLD POWER: THE UNITED STATES WITHIN THE NEW BALANCE OF POWER

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Introduction

The word decline is frightening. How to understand that the United States, the winner of World War Two, with the strongest currency in the world, is now in decline? This upsets the spirits, leads to debates, and causes strong reactions. The media also contributes to give the impression of a stronger America than it actually is.

It is a ridiculous word, decline. How is the country that fills all the stomachs from Beijing to Brazil, from Sydney to Tokyo, with fast food and marvels the eyes of the whole world with magnificent Hollywood films in decline? How will this country, which has already reached the Moon, manage to explore the surface of Mars if, in reality, it is losing its hegemony? Is the land of Coca-Cola, General Motors, Motorola, Ford, IBM, and Microsoft going through a valley of tears? The country that has the largest armed forces in the world, which patrols the oceans, which controls the air and dominates the ground—is it at the end of its glory days? These are complicated questions, whose answers are divided between the supporters of the uninterrupted supremacy and those who, instead, announce its end.

Amongst the critical approaches, we believe that the right measure lies in the middle. That is, we will not here defend the radical theory of an absolute decline but opt for the demonstration of a relative decline, which is something natural in the history of the great powers. As Brzezinski says, "for all power, the decline is inevitable … hegemony is a transitory historical phase … in time, even if it is far away, the American global