CEPS EXPLAINER

A PIVOT OR A SAGA? HOW TURKISH FOREIGN POLICY IS TORN BETWEEN DOMESTIC PRESSURES AND ECONOMIC NEEDS

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SUMMARY

The EU must take proactive steps to address longstanding issues and cultivate a more trust-based and cooperative relationship with Turkey. Bilateral relations could be rejuvenated by addressing key issues such as democratic reforms, visa liberalisation, civil society engagement and the ongoing dispute over Cyprus.

This CEPS Explainer explores the recent orientation of the Turkish foreign policy, focusing on its historical Western orientation and recent efforts to achieve 'strategic autonomy' by scrutinising the results of the fieldwork undertaken through the CATS Network project.

Interviews conducted in Ankara, Istanbul and Brussels show that while Turkish policymakers aim to diversify the country's foreign policy by forging security and economic partnerships with non-Western actors, such as the BRICS, the Shanghai Cooperation Organization (SCO), China and Russia, its institutional and ideological foundation remains Western-oriented.

Integrating Turkey into European security alignments, such as the SAFE framework, and modernising the Turkey-EU customs union would help to strengthen bilateral ties. Additionally, the EU should substantiate the people-to-people contact approach to rebuild trust and encourage further cooperation.

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INTRODUCTION

Historically, Turkey has been recognised as a geopolitically strategic and influential state and is widely regarded as an emerging middle power. One very significant aspect of Turkey's 'middle powerhood' has been a strong Western orientation in the country's institutional structure and state identity.

However, this staunch Western outlook appears to have been challenged by Turkey's decade-long search for 'strategic autonomy,' involving security alignments with non-Western actors like the BRICS and the Shanghai Cooperation Organization (SCO), or bilateral economic agreements finalised with countries in Asia and the Middle East. This has been all to avoid overdependence on any single bloc, as Turkey has historically aligned itself with the West as a member of NATO and an EU candidate country since 1999.

This CEPS Explainer is the final publication of the CATS Network Project, '*Turkey, its Asian Pivot and the West: New Geopolitical Realities in the Making*', summarising the main research outputs of the previous three Policy Briefs in this series as well as reflecting on the fieldwork conducted in Ankara, Istanbul and Brussels. Interviews were also conducted with bureaucrats and diplomats from Turkish and EU institutions, as well as shareholders from civil society and academia, which the author truly appreciates.

The main aim here is to reflect on the project's principal research question – whether Turkey's relations with the West on the one hand, and with Russia and China on the other, could be viewed as somewhat complementary... or are they purely rival commitments? To help answer this question, there was a particular focus on the possible future trajectory of EU-Turkey relations.

The EU's banking capital framework is built like a stack. Imagine that at its base sits Pillar 1, the harmonised minimum capital requirement. Above it, Pillar 2R addresses institution-specific risks. Further up, Pillar 2G provides an additional stress-test cushion. On top of that, macroprudential buffers guard against systemic vulnerabilities. And running parallel to the entire structure, resolution requirements ensure that banks can be wound down without the need for taxpayer support. Each layer pursues a distinct policy objective. Each one is calibrated by a different authority. And each one, viewed separately, appears reasonable and well designed.

The problem is that they don't exist in isolation. The same euro of capital – particularly Common Equity Tier 1 – is expected to serve multiple purposes simultaneously. The same set of risks is capitalised more than once. And decisions taken by one authority can tighten the overall stack in ways that the other authorities would never anticipate. The result is a

system that is coherent in its individual components but complex and constraining when it comes to its aggregate effects.

This matters not just for banks but for Europe's overall capacity to finance its strategic priorities – the green transition, digital infrastructure, strategic supply chains and defence.

To be clear, this isn't an argument for deregulation. European banks are demonstrably more resilient than they were before the 2008-09 financial crisis and that resilience is worth preserving. But resilience and efficiency are not mutually exclusive. The question is whether the current stack achieves its stability objectives as efficiently as possible or whether overlaps and fragmentation have created dead weight – namely capital tied up not because it enhances financial stability but because the system's architecture inadvertently requires the same capacity multiple times over.

This CEPS Explainer maps the EU banking capital stack from the ground up and argues that making the stack work better isn't just sound prudential policy. Rather, it's a precondition for European competitiveness during an era of transformative economic and geopolitical challenges.

THE SHIFTING FORTUNES OF TURKISH FOREIGN POLICY

THE EVERLASTING QUESTION OF EUROPE

For Turkish foreign policy, 'Europe' is probably the most salient concept, albeit a contested one. For Turkey, 'Europe' has historically been the primary target and the road to this target began in the 19th century. Since then, Turkey's European orientation has stemmed from a deep-rooted state tradition, including a careful perception of Turkish foreign policy options and an emotional attachment to the idea of being among the 'Europeans'.

Lately, the country's search for 'strategic autonomy' – pursuing different security alignments to avoid overdependence on any single bloc – led to active discussions with the BRICS, SCO and other actors, seemingly challenging the country's long-standing European trajectory. Nevertheless, most of these endeavours originated from the domestic arena rather than from concrete foreign policy steps. For example, Turkey's decision to purchase S-400 missiles from Russia – a major point of contention with NATO and the EU – was mainly aimed at easing the immense domestic fears created by the 15 July 2016 attempted coup.

Thus, while Turkey wants to appear as a major, poly-aligned global player to its domestic audience, its core foreign policy foundation remains robustly European. Its 'polyalignment' mainly revolves around defence and connectivity, whereas Turkish foreign

policy is still fundamentally anchored in the Western institutional architecture, which was strongly emphasised by all interviewed stakeholders.

Nevertheless, the 'Western' component isn't as straightforward and coherent as it appears. As scrutinised in the first Policy Brief of this series, the messages of the second Trump administration on its turn towards Asia and withdrawing troops from Europe signalled an impending transatlantic rupture and that the US' commitment to European security was no longer assured, thus shifting responsibility for defence primarily onto European nations.

All this suggested the end of the post-Cold War transatlantic consensus, where the US provided security and shared democratic values served as the bedrock of the alliance. Now Europe is confronted with the immediate need to develop its own strategic autonomy and a cohesive defence structure while facing an unprecedented ideological challenge from its traditional primary ally. This has also pushed Turkey and the EU closer, underscoring Turkey's crucial role in a potentially more self-reliant European defence architecture and soothing long-inflamed Turkish-EU relations.

AFTER THE START OF FORMAL ACCESSION TALKS IN 2005, THE LACK OF POLITICAL WILL FROM BOTH PARTIES LED TO A STALEMATE AND HINDERED THE OPENING OF THE NEGOTIATION CHAPTERS REQUIRED BY EU ENLARGEMENT POLICY.

Indeed, Turkey's relations with the EU have suffered ups and downs from the beginning. After the start of formal accession talks in 2005, the lack of political will from both parties led to a stalemate and hindered the opening of the negotiation chapters required by EU enlargement policy. During the 2010s, Turkey's candidacy came to a standstill due to many factors, including the authoritarian populist turn in Turkish politics, especially after the 2016 coup attempt.

De-Europeanisation in Turkey indeed reflects a broader trend of declining EU influence and credibility. This is mainly related to Turkey's democratic backsliding, its quest for strategic autonomy and its tendency to pursue different security alignments to avoid overdependence on the EU's defence structure, frozen EU *acquis* chapters and the erosion of trust between the two parties. Against this background, and especially after Russia's invasion of Ukraine and the potential de-Americanisation of European security, Turkey and the EU have recently come to the brink of another defence-related reproachment. Alas, this was severely hampered by the arrest of Istanbul's elected mayor, Ekrem İmamoğlu.

An asymmetrical pivot to China

Turkey's pursuit of strategic autonomy and foreign policy diversification was also characterised by its reaching out to non-Western partners. It did this by formalising its pivot towards Asia and the Middle East through numerous bilateral economic agreements, including a plethora of agreements and Memoranda of Understanding (MoUs) with China, Gulf Cooperation Council (GCC) countries and other Asian states.

As discussed in the second Policy Brief, Turkey's relationship with China is particularly important to this economic-political shift. Turkey joined China's Belt and Road Initiative (BRI) in 2015, positioning the country as a key transit and logistics hub connecting Asia and Europe, and over recent years it has also concluded various agreements with Chinese companies in telecoms, renewables and electric vehicles.

Turkey-China relations are indeed a paradoxical mix of deepening interdependence and instability. The core of the instability lies in the significant and chronic trade deficit Turkey runs with China, with Turkey importing a vast quantity of high-technology, capital-intensive, and manufactured goods from China, making China one of Turkey's largest import partners. China's exports often serve as intermediate goods (i.e. raw materials and components) for Turkish manufacturers, increasing Turkey's reliance on Chinese supply chains.

In contrast, Turkey's exports to China are predominantly made up of raw materials, minerals (like marble and ores) and agricultural products, making the bilateral relationship an immensely asymmetrical one.

An uneasy relationship with Russia

Turkey's quest for 'middle-powerhood' can also help to explain the tumultuous relationship between Turkey and Russia and its criticism of the Euro-centric international order.

Turkey's relationship with Russia heavily relies on trade, predominantly Turkey's energy imports (primarily oil, natural gas, and coal) from Russia. Turkey's exports of mainly agricultural products and the emergence of the country as a major destination for Russian tourists can also be added to this picture. Nevertheless, Turkey and Russia have clashed at various levels. As outlined in the third and final Policy Brief of this series, Turkey has played a complex and often contradictory role in the Ukraine-Russia conflict, positioning itself as a force for peace while attempting to manage relationships with both sides.

Following Russia's invasion, Ankara agreed to Kyiv's request to close the Bosphorus and Dardanelles straits to warships (governed by the 1936 Montreux Convention, which gives Turkey control over the straits during wartime), thus preventing Moscow from reinforcing

its Black Sea Fleet and contributing to Ukraine's success in denying Russia full naval control. Turkey has also attempted to act as a key intermediary between Moscow and Kyiv, with mixed results. Turkish diplomacy was successful in establishing the Black Sea Grain Initiative, a corridor for exporting Ukrainian grain from 2022-23.

But beyond the Black Sea, Turkish and Russian forces have clashed in various other regions, often resulting in strategic victories for Turkey despite Russia's general military superiority. Syria has been the site of the most direct clashes, notably the February 2020 bombing by the Russian Airforce of Turkish positions near Idlib, killing dozens of Turkish troops. Later, in 2024, Turkish-backed Hayat Tahrir al-Sham (HTS) rebels dramatically and successfully seized Damascus from the Russian-backed regime of Bashar al-Assad. Turkey has also deployed troops and Syrian mercenaries to support Libya's UN-backed Government of National Accord (GNA) against warlord Khalifa Haftar and fighters from the Russian Wagner Group.

Nevertheless, there have also been moments of rapprochement between Turkey and Russia. While this can be partially read as Turkey's attempt to hedge between Russia and the West in a multipolar world, it must also be underlined that the failed 2016 coup was a key turning point in bringing the two sides closer. Russia's strong and immediate reaction to the failed coup attempt, coupled with the government's conviction that the US had been complicit in it, pushed Turkey to develop closer relations with Russia, to the extent that Moscow actively lent its support to President Erdoğan during presidential and parliamentary elections held in June 2023.

TURKEY-EU RELATIONS: LOOKING AHEAD

The EU's influence on Turkey has indeed changed over time. While the EU's insistence on democratic norms has historically driven reforms in Turkey, the level of influence has varied depending on the specific time and context. Over the last decade, there has even been a process of 'de-Europeanisation', suggesting a retreat from EU-aligned norms.

SOME KEY INSIGHTS FROM OUR INTERVIEWS

Nevertheless, as it's been underlined by all interviewees in Ankara and Istanbul (regardless of whether they come from the bureaucracy, academia or civil society), this change doesn't amount to a shift in Turkish foreign policy, which is still very much institutionally and conceptually Western-oriented. Strategic autonomy is seen as an attempt to diversify Turkey's partners rather than a fully-fledged shift. For sure, there's been a search for new partnerships, but it hasn't been well-coordinated or consistent.

For instance, it's been underlined many times that there hasn't been any notable shift of Turkish Foreign Direct Investment to either Russia or China. Engagement with the BRICS and SCO has been purely opportunistic, which hasn't been fondly received by either Russia or China, as Turkey is a NATO member. Regardless of the regime in Russia, the country is perceived as a neighbour, rather than an ally. China is seen as an important economic partner, but it had been underlined in our interviews in Brussels that Turkey and China are viewed as competitors in the MENA region and, increasingly, in Africa.

INSTITUTIONAL EXPERTISE AND TRAINING ORIENTED TOWARDS A DIPLOMATIC AND COMMERCIAL PRESENCE IN ASIA IS VERY MUCH LACKING AND, IN ITS ABSENCE, THE CAPACITY FOR A CONSISTENT AND EFFICIENT PIVOT IS CRIPPLED FROM THE START.

Moreover, Turkish foreign policy perspectives on China aren't backed by institutional capacity building and private sector buy-in – and this is why Turkey's China policy shouldn't be seen as a real pivot. The relationship is often described as a 'friendship of convenience', as Turkey seeks to diversify its strategic alliances amid tensions with Western powers (e.g. the US and EU), with China finding an opening to expand its influence into the Middle East and Europe. Institutional expertise and training oriented towards a diplomatic and commercial presence in Asia is very much lacking and, in its absence, the capacity for a consistent and efficient pivot is crippled from the start.

During fieldwork interviews with members of the Turkish bureaucratic elite, 'China' usually emerged as a last-minute topic confined to a couple of references to bilateral trade and rare earth materials, which pointed to a lack of knowledge, interest, and – crucially – a China-dominated policy agenda.

When it comes to bilateral Turkey-Russia relations, these are characterised by two post-Cold War reflexes. Both countries use each other to secure a place in the international order, and they engage in a pragmatic economic relationship which mainly revolves around energy. This has more or less remained in place, even after the Russian invasion of Ukraine and clashes between Turkish and Russian forces, particularly in Syria and Libya.

Despite the lingering European orientation of Turkish foreign policy, as pointed out during the interviews, Turkey is, right now, almost the elephant in the room regarding EU enlargement. Although Turkey is still officially a candidate country, in most of the Brussels interviews, Eurocrats never spoke of the Turkish accession process – not particularly surprising given that accession negotiations have been stalled since 2018. This is partly because of the deterioration of Turkish democracy but also due to the perpetual crises experienced by the EU itself such as the eurozone crisis, migration influxes, the rise of the extreme right in various Member States, Brexit, the impact of Covid-19 and the Ukraine

War, which all distorted the EU's vision of being a more integrated, harmonious and united global actor.

Consequently, the EU has struggled to project its normative agenda both externally and within its own borders, contributing to the waning of the EU as an ideal in the Turkish political landscape. But regardless of the stalled accession process, it's about time the EU had a serious discussion with Turkey, going beyond mere transactional bargaining and interest-based calculations. This also necessitates Turkey's urgent need to reverse the democratic backsliding and authoritarianism it has experienced for over a decade now. Rather than accepting a transactional relationship, the EU should seriously consider taking active steps to reinvigorate European ideals within Turkey.

FORGING A CLOSER EU-TURKEY SECURITY RELATIONSHIP

Turkey's inclusion in European security alignments could rejuvenate bilateral relations. The EU should ask the right questions in terms of defence-related matters. The question is no longer whether Turkey belongs to Europe's defence architecture but rather, how Europe's evolving defence ecosystem is already being co-shaped by Turkey, politically, industrially and geographically'.

Turkey's recent quest to join the SAFE (Security Action for Europe) framework, which includes mechanisms for joint defence procurement, a fund of up to EUR 150 billion and designed to boost investment in critical technologies (digital, clean and biotech) while enhancing the EU's strategic autonomy and industrial base, could be understood as an attempt to be included in such important continent-wide defence arrangements.

TURKEY'S QUEST TO JOIN THE SAFE PROGRAMME SHOULD BE TAKEN AS PART OF THE NEGOTIATIONS TO MODERNISE THE TURKEY-EU CUSTOMS UNION, WHICH IS THE MOST SIGNIFICANT INSTITUTIONAL ANCHOR OF BOTH THE WIDER RELATIONSHIP AND TURKEY'S EU CANDIDACY.

Alas, the EU has adopted 'a wait-and-see' approach to Turkey's SAFE application, mainly due to opposition from Greece and Cyprus. Nevertheless, Turkey could participate, underpinned by a bilateral security agreement with the EU. Turkey's quest to join the SAFE programme should be taken as part of the negotiations to modernise the Turkey-EU customs union, which is the most significant institutional anchor of both the wider relationship and Turkey's EU candidacy.

Intertwining security and modernising the customs union could work as an institutional booster for domestic reforms in Turkey that would strengthen the judiciary's independence, freedom of expression, and adherence to democratic standards and a

transparent procurement process – the latter being a must for the SAFE procurement process.

REFRAMING 'PEOPLE-TO-PEOPLE' CONTACT

The EU's 'people-to-people contact' approach could also work as a trust-building opportunity for bilateral relations. All the interviewees, both in Turkey and Brussels, emphasised the need to rebuild a trust-based relationship between the two sides. People-to-people contact is an approach usually used by the EU to maintain relations with the Eastern Partnership and third countries such as China (in the field of higher education), Russia (diaspora politics) and Tunisia (the green transition).

In particular, the EU sustains people-to-people contact in the Western Balkans and Turkey under the TACSO programme, a regional project that aims to improve capacities and strengthen the role of civil society organisations, assisting them to actively participate in democratic processes in the region and to stimulate an enabling environment for civil society and pluralistic media development.

This is all very well and good but first, when compared to the Western Balkans, Turkish civil society's engagement with TACSO is very limited in terms of scope and quantity. Second, the EU's engagement with Turkish civil society should emphasise fundamental democratic values, going beyond promoting the EU's visibility in the country, as well as introducing a clearer leverage for Turkish civil society's 'resilient Europhilism'. Last but not least, this upgraded people-to-people strategy should be intertwined with a smarter and more flexible visa policy.

Turkish nationals' travel to the EU has been complicated due to rising refusal rates and inadequate visa appointments. Visa Liberalisation Dialogue (VLD) between Turkey and the EU, which was launched in December 2013 as an extension of the Readmission Agreement, still hasn't been finalised because Turkey has failed to fulfil the six remaining benchmarks indicated in the Roadmap. The Dialogue could be easily reactivated as it's a concrete, low-stakes diplomatic tool the EU can wield to positively influence Turkish sentiment and show its political willingness for better and more cooperation.

SOLVING THE CYPRUS DISPUTE

Finally, the EU should be more proactive and significant in addressing the Cyprus dispute, which remains one of the stumbling blocks for Turkey-EU relations. Since at least 2004, solving the Cyprus dispute is still the largest challenge for Turkey's EU membership prospects, when Turkey was obliged to extend the terms of the EU-Turkey customs union to all new EU Member States – including the Republic of Cyprus.

The never-ending, self-repeating process of bilateral negotiations between the Turkish Cypriot and Greek Cypriot communities is also not contributing to solving the problem. The recent election of pro-solution Turkish Cypriot President Tufan Erhürman could contribute to the start of peace talks, which also requires the Greek Cypriot side to return to the negotiation table. Unfortunately, the gains made by the Greek Cypriot extreme right at the 2024 European Parliament elections make this less likely.

In January 2026, Cyprus assumed the rotating Council Presidency of the EU and will probably have a Mediterranean-focused agenda for its six months – this should definitely include bold actions on finding a solution to the Cyprus conflict.

CONCLUSIONS

The trajectory of Turkish foreign policy is best understood not as a decisive geopolitical pivot away from the West but as an ongoing saga shaped by domestic political pressures, economic constraints and shifting global power dynamics. While Ankara has actively pursued strategic autonomy through diversified partnerships with China, Russia and other non-Western actors, the research undertaken in the CATS project demonstrates that Turkey's institutional structures and security embeddedness remain fundamentally Western-oriented. Rather than a rupture, Turkey's current posture reflects attempts at strategic autonomy, shaped and, at times, derailed by domestic political concerns.

For the EU, this offers both risks and opportunities. The stagnation of accession talks, democratic backsliding in Turkey and the erosion of mutual trust have weakened the transformative power of EU conditionality. Yet the evolving European security landscape, the war in Ukraine and growing uncertainty about transatlantic commitments have simultaneously increased Turkey's strategic relevance for Europe. This creates space for a more realistic and forward-looking engagement framework that moves beyond symbolic gestures.

Looking ahead, the EU should prioritise three parallel tracks. *First*, integrating Turkey into Europe's emerging security architecture could strengthen mutual interdependence while incentivising domestic institutional reform that would meet the EU's conditions. *Second*, modernising the customs union remains the most concrete economic anchor capable of restoring leverage, promoting regulatory alignment, and – once again – supporting domestic reform dynamics in Turkey. *Third*, rebuilding trust through enhanced people-to-people contact, cooperation with Turkish civil society and a revitalised visa liberalisation dialogue is essential for addressing the growing societal disconnect between Turkey and Europe.

Ultimately, the question isn't whether Turkey belongs to Europe's strategic ecosystem (as it clearly does) but how both sides can jointly shape a more resilient, rules-based and cooperative relationship.

As was revealed during this project, turning this prolonged saga into a sustainable partnership will require political courage, institutional creativity and a renewed commitment to shared democratic values on both sides.

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