Turkey’s Population Dynamics As A Candidate Country For EU Membership*

Harun Uçak
Nigde University,
Faculty of Economics and Administrative Sciences,
Nigde/Turkey. Email: hucak@nigde.edu.tr

ABSTRACT: Literally, it has been accepted that one of the major obstacles to Turkey’s EU membership is in population term. There has not been any enlargement process as large as Turkey’s population as a single state in EU history before. The enlargement in 2004 which includes 10 states involved 74 million people as whole member states while Turkey’s population is 72 million inhabitants in 2007 data which is only lower than Germany’s population in all EU member states. Thus, Turkey's accession would be different from previous enlargements because of the combined impact of high population. This study compares the population dynamics, working conditions, minimum wage rates and main macroeconomic indicators between Turkey and EU member states. Turkey has young generations compared to EU countries. In the comparison of age groups proportion in total population, 0-19 age group %21,9 in EU 27 and %36,5 in Turkey, 20-39 age group is %28 in EU 27 and %34,3 in Turkey, 40-59 age group is %27,9 in EU and %20,9 in Turkey, 60 and above age group is %22,1 in EU and %9,5 in Turkey. Thus, population dynamics of Turkey could make a contribution to offsetting the ageing of EU 27 societies if the membership would occur in the future. However, minimum wage rates in Turkey are lower than many EU member states but generally higher than EU member states located in Central and Eastern Europe. Thus, immigration possibilities from Turkey can be expected to Western European Countries, but not the same direction to Central and Eastern Europe Countries. Furthermore, the process in macroeconomic indicators will be a determinant in immigration expectations while Turkey’s GDP has been grown faster than EU level recently.

Keywords: Population Dynamics of Turkey, Workers’ Remittance, Immigration, Turkish Economy
JEL Classification: F22, F24, J11, R23, O15

1. Introduction

Turkey-EU relations have a long historical process, began with the application of Turkey to join European Economic Community (EEC) in 1959, shortly after the creation of the Community. The first agreement known as the “Ankara Agreement” was signed between EEC and Turkey in 1963, aimed at the progressive establishment of a customs union which would bring the two sides closer together in economic and trade matters. The Custom Union Agreement signed in 1996 led to progress EU-Turkey relations. Finally, EU recognized Turkey as a candidate on equal footing with other potential candidates at Helsinki European Council in 1999 and the negotiations have been continued since 2005 with the EU agreed to start negotiations in 2004.

The purpose of this study is to present an overview of recent Turkish economical process, labor force conditions and population dynamics, in order to investigate potential migration possibilities between EU and Turkey. The paper is divided five main sections.

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Firstly, the paper begins with monitoring recent process of main macroeconomic indicators in Turkey. Aggregate economic figures give important implications about what has been going on Turkey. After the aggregate indicators, it can be also useful to give regional figures to analysis the obstacles or encouragements on the way of Turkey’s EU membership process. There are regional differences in Turkey as it is between Turkey EU Member States. Later, it is studied on the situation of Turkey about gross domestic product (GDP), labour force, and early immigration from Turkey to EU Member States, in order to examine the future immigration possibilities. A central and short argument of the paper is about the dynamics of population in Turkey and comparison with EU member States. In the last section, it is studied on the possibility of immigration from EU Member States to Turkey as recent issue. Finally, it is discussed the important findings of the paper.

2. Turkey’s Recent Economic Performance in Terms of Main Macroeconomic Indicators

The rate of GDP growth fluctuated severely as the economy was trapped with cycles of growth and crisis in 1990s. Türeli et al., (2002) indicate the crises as a result of unrestricted liberalization of capital movements in 1989, the instability, which was resulted from the transformation of the economy into a new structure that was highly depended on foreign resources In addition; low levels of domestic savings and weak capital formation in the 1980s have played an important role in the economic fluctuations.

The IMF had been involved with the macro management of the Turkish economy both before and after the crisis, and provided $20.4 billion of financial assistance, between 1999 and 2003. Following the crisis, Turkey implemented an orthodox strategy of raising interest rates and maintaining an “overvalued” exchange rate. The government followed a concretionary fiscal stance, and promised to initiate further steps towards “market friendly” reforms (Yeldan 2008, p.1). Gurría (2006) illustrate Turkish Economy after 2001 crisis like as flows:

“A whole set of reforms and policies have been implemented after the 2001 crisis. These addressed the key deficiencies which had “trapped” Turkey in the costly boom-and-bust cycles of the previous decades. Together, they considerably strengthened the macroeconomic and microeconomic framework under which the Turkish economy is operating. The macro- and micro-economic policies were backed by strong international anchors, provided by the IMF program and the preparation for EU membership negotiations”.

Turkey has been experienced negative GDP growths in 1994 (-6.1%), 1999 (-3.4) and 2001 (-5.7), since the beginning of economic recovery program launched in 1980. Turkish economy has enjoyed positive GDP growth rates since 2001, while these rates are in decreasing trend recently and now facing less favorable external conditions. The sustainability of high growth rates are a serious necessity while the more percent of population is young age group and would be entering working age group in following the years.

Table 1. Main Macroeconomic Indicators of Turkey¹

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</thead>
<tbody>
<tr>
<td>GDP Growth (%)</td>
<td>7</td>
<td>7.5</td>
<td>3.1</td>
<td>-3.4</td>
<td>6.8</td>
<td>-5.7</td>
<td>6.2</td>
<td>5.3</td>
<td>9.4</td>
<td>8.4</td>
<td>6.9</td>
<td>4.5</td>
</tr>
<tr>
<td>Unemployment (%)</td>
<td>6.6</td>
<td>6.8</td>
<td>6.9</td>
<td>7.7</td>
<td>6.5</td>
<td>8.4</td>
<td>10.3</td>
<td>10.5</td>
<td>10.3</td>
<td>10.3</td>
<td>9.9</td>
<td>9.9</td>
</tr>
<tr>
<td>CPI (% Change)</td>
<td>79.8</td>
<td>99.1</td>
<td>69.7</td>
<td>68.8</td>
<td>39</td>
<td>68.5</td>
<td>27.7</td>
<td>18.4</td>
<td>9.4</td>
<td>7.7</td>
<td>9.7</td>
<td>8.4</td>
</tr>
<tr>
<td>Budget Deficit / GDP</td>
<td>-5.4</td>
<td>-8.7</td>
<td>-8</td>
<td>-12</td>
<td>-11.4</td>
<td>-8.9</td>
<td>-5.2</td>
<td>-1.5</td>
<td>-0.7</td>
<td>-1.7</td>
<td>-1.7</td>
<td>-1.7</td>
</tr>
<tr>
<td>Import (Billion $)</td>
<td>43.6</td>
<td>48.6</td>
<td>45.9</td>
<td>40.7</td>
<td>54.5</td>
<td>41.4</td>
<td>51.6</td>
<td>69.3</td>
<td>97.5</td>
<td>116.8</td>
<td>139.6</td>
<td>170.1</td>
</tr>
<tr>
<td>Export (Billion $)</td>
<td>23.2</td>
<td>26.3</td>
<td>27.0</td>
<td>26.6</td>
<td>27.8</td>
<td>31.3</td>
<td>36.1</td>
<td>47.3</td>
<td>63.2</td>
<td>73.5</td>
<td>85.5</td>
<td>107.3</td>
</tr>
<tr>
<td>RER NTL (% Change)</td>
<td>3.7</td>
<td>6.7</td>
<td>9.2</td>
<td>5.6</td>
<td>8.3</td>
<td>19.1</td>
<td>11.9</td>
<td>10.2</td>
<td>6.8</td>
<td>10.8</td>
<td>0.1</td>
<td>10.7</td>
</tr>
</tbody>
</table>

Source: TURKSTAT, SPO, UFT.

¹ GDP (Gross Domestic Product), CPI (Consumer Price Index), RER (Real Exchange Rate), NTL (New Turkish Lira)
The unemployment rates have been fluctuated around 10 percent since 2001. It shows that there has been disability for creating new job areas even though high GDP growth rates experienced. When compared to EU Member States, the share of Turkey’s population working in agriculture is still large (%29). It is needed more effective employment policies in industry and services for creating jobs, while the share of agricultural employment has been decreasing and transferring through immigration to other sectors.

A recent positive development in indicators of Turkish economy has been realized about government’s budget deficit. Since 2004, the budget deficit has been experienced less than 3 percent of GDP which is one of the main Maastricht Criteria. Öniş and Bayram (2008) indicate that speculative attacks in an environment of large budget deficits proved to be the key proximate causes for the successive crises of 1994, 1999, and 2001. One of the reasons for the recent improvement in Turkey’s economic performance has been the specific short-term influence of the IMF in the stabilization program and reform process, as well as the long-term anchor role played by the EU (Öniş and Bayram 2008, p.36). However, the last stand-by arrangement completed in May 2008. The necessity of new stand-by arrangement has been discussed by economists and politicians while there has been an external effect, caused recent global economic process.

One of the main problems in Turkish economy in the last 3 decades is high inflation rates. There had been substantial argument among economist about high and chronic inflation which had experienced in Turkey in long term since middle of 1970s. The CPI (Consumer Price Index) growth rates have been lower than 10 percent only since 2004. These rates are the lowest rates in last 3 decades, however still high when they compared with EU Member States’

It is currently expected that Turkey’s foreign trade exceed 300 Billion $ in 2008. It has been rapid progress since 2001 while it was 72,7 Billion $ in that year. However, Turkish foreign trade deficit and consequently current deficit has been widened and become high risk for economic stability. The current account deficit has been financed mostly by foreign capital inflows. Current global economic process which goes on with uncertainty probably will be a dominant determinant on Turkey’s current account deficit. The increasing value of Turkish currency (New Turkish Lira-NTL) since 2001 crises, could be seen another impact of foreign deficits. However, it can be expected sharp or slow decreasing of NTL following period.

3. Regional Determinants in Turkey

Important implications can be taken by monitoring aggregate indicators by national level. It is useful to complement these figures by both sectoral and regional information to give the fullest possible overview of Turkey’s relative income situation. A large and poor agricultural sector (%12 of GDP and %29 of labor force), for example, is perceived by some in the EU as a potential problem at the time of membership. If regional disparities are much larger in Turkey than in other countries, these could make the accession and post-accession period more difficult (Derviş et al., 2004, p.6).

Regional disparities have been one of the fundamental problems in Turkey for many years. Reducing gaps in income and standard of living between rich West and poor East has become an important issue in politics and economic policy making. Since 1970s, five-year development plans include a regional perspective. Some regional development programmes like Southeastern Anatolia Project (GAP), Eastern Anatolia Project (DAP) and Eastern Black Sea Project (DOKAP) have been developed and implemented to improve the socio-economic conditions in the lagging provinces in these regions. Additionally, investment incentives have been used to promote private investment and economic development in the least developed provinces (Aldan and Gaygısız 2006, p.1).

Several studies have been done to investigate the income convergence of regions and interregional immigrations and their effects to each other in Turkey. Kirdar and Saraçoğlu (2006) investigated whether internal migration is conducive to faster conditional convergence or not. When net internal migration is incorporated into convergence equation, both directly and also after estimation using instrumental variables, it is determined that migration has no significant positive influence on convergence. Gezici and Keskin (2006) studied on and inspected with the regression analysis method the effect of interregional inequality on internal migration in Turkey, proved that properties like income, workforce, growth of population, and geographic location are effective on movements of internal migration. The interregional differences in Turkey in the level of development become more evident with the geographic location. These differences show the effect of geographical
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location together with the level of development on internal migration. Gezici and Hewings (2007) analyzed interregional inequalities based on three different regional definitions: geographical, functional and coastal-interior. This analysis also included intraregional inequalities. In terms of intraregional inequalities, less-developed or poor regions have relatively lower inequalities than richer ones. Developed regions that are located in the western part of the country enhance the inequality both across regions and within regions. The Marmara region, as the dominant region in the national economy, has the highest share within region inequality. In terms of the coastal-interior partition, “within” coastal inequality is declining, while “within” interior is increasing slightly. The findings of this analysis highlight the effects of cumulative development processes and locational advantages.

The European labor market is characterized by territorial fragmentation. Thus the differences in unemployment between Member States of the EU are considerable, while the regional variations within each individual Member State are often even greater (Nonneman 2007, p.4). Likewise, the unemployment differ in Turkey’s regions; the highest rate is in the region of South Eastern Anatolia (%14 and the lowest rate is in North Eastern Anatolia (%5.3) and Black Sea Regions (%6.1 and %5.7). The regions which have the highest and the lowest unemployment rates have emigration flows. The labor force participation rate is dramatically low although the unemployment rate is the highest in this region. Furthermore, the labor works participation of women much more lowly than men in nonagricultural sectors. While governmental institutions focus on economic development of women, one main focus is encouraging and supporting entrepreneurship among women. This approach has been widely adopted by central and local authorities to increase women’s share in paid income. A number of governmental and non-governmental organizations provide trainings on starting up new businesses, provide technical support for new productions, teach new skills for new products and methods, etc. In the last few years, these supports focus on establishment of cooperatives as an institutional model (For details see Government of Turkey United Nations Development Programme 2008, p.3).

Table 2. Regional Unemployment and Migration Variables in Turkey

<table>
<thead>
<tr>
<th>Region Name</th>
<th>Unemployment (%)</th>
<th>Labor Force participation (%)</th>
<th>0-9 Age / Total (%)</th>
<th>Net Migration</th>
<th>Net Migration (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Istanbul</td>
<td>11.2</td>
<td>48.00</td>
<td>15.99</td>
<td>407448</td>
<td>46.09</td>
</tr>
<tr>
<td>Western Marmara</td>
<td>7.1</td>
<td>53.00</td>
<td>12.36</td>
<td>67794</td>
<td>26.11</td>
</tr>
<tr>
<td>Aegean</td>
<td>8.8</td>
<td>48.8</td>
<td>13.96</td>
<td>184003</td>
<td>22.92</td>
</tr>
<tr>
<td>Eastern Marmara</td>
<td>9.00</td>
<td>49.6</td>
<td>15.21</td>
<td>81828</td>
<td>15.86</td>
</tr>
<tr>
<td>Western Anatolia</td>
<td>11.6</td>
<td>45.2</td>
<td>15.89</td>
<td>90900</td>
<td>15.86</td>
</tr>
<tr>
<td>Mediterranean</td>
<td>12.00</td>
<td>50.1</td>
<td>17.86</td>
<td>2728</td>
<td>0.35</td>
</tr>
<tr>
<td>Middle Anatolia</td>
<td>10.9</td>
<td>43.1</td>
<td>17.66</td>
<td>-95005</td>
<td>-24.88</td>
</tr>
<tr>
<td>Western Black Sea</td>
<td>6.1</td>
<td>54.2</td>
<td>14.84</td>
<td>-231791</td>
<td>-50.25</td>
</tr>
<tr>
<td>Eastern Black Sea</td>
<td>5.7</td>
<td>62.3</td>
<td>15.00</td>
<td>-75820</td>
<td>-26.11</td>
</tr>
<tr>
<td>North Eastern Anatolia</td>
<td>5.3</td>
<td>49.8</td>
<td>22.04</td>
<td>-112607</td>
<td>-49.84</td>
</tr>
<tr>
<td>Middle Eastern Anatolia</td>
<td>11.3</td>
<td>42.8</td>
<td>23.55</td>
<td>-109588</td>
<td>-33.37</td>
</tr>
<tr>
<td>South Eastern Anatolia</td>
<td>14.00</td>
<td>34.5</td>
<td>26.37</td>
<td>-209890</td>
<td>-36.23</td>
</tr>
</tbody>
</table>

Source*: TURKSTAT

Western Regions of Turkey have received considerable immigrations from other regions of the country. It is obtained that Marmara and Aegean Regions are effective factors in immigration balance. It is seen that Mediterranean Region is on balance by net migration mean. However, it should be noticed that there is huge unemployment differences between intra-regions of Mediterranean; the unemployment rate is %7 in western part of the region and %16 in eastern part of the region, while the average unemployment is %12 in the whole region. The intra-regions differences have also been seen on net immigration rates, while the western part of the region had %4.7 and in the eastern part of the region between -%0.6 and -%3 rates in yearly by the reference year of 2000.

The Marmara Region, which includes İstanbul, is the most industrialized area in Turkey. The distribution of employment in İstanbul which is the most densely populated city in Turkey is %41.9 in industrial sectors and %57.6 in services and only %5 in agricultural sector. Furthermore, Eastern Marmara includes highly industrialized area by the distribution of employment, %40.5 in industry, %41 in services and %18.5 in agriculture.

The share of agriculture in employed person by branch of economic activities is more intensive in the eastern regions of Turkey, and it is in adverse for industry. Thus, the immigration tends from the regions in which have intensive agriculture sector to industrial regions. Industrial development in the less developed areas has been encouraged by a differentiated incentive system, and new impetus has been gained through implementation of regional development projects such as South Eastern Anatolia Project (GAP), Eastern Anatolian Development Regional Development Projects (DOKAP) (For Details see SPO 2003, p.37).

Several “Five Years Development Plans” have been implemented in Turkey since 1963, and the last Development Plan which is the ninth cover the period between 2007-2013. Before the planned era in Turkey, regional planning was considered as a public development tool and described as the formulation of a physical settlement plan. In the planning era, planning is no longer considered within the narrow scope of public development planning and is being evaluated within the framework of an integrated approach including physical, social and economic dimensions. Moreover, special importance has also been attributed to regional development and the elimination of developmental disparities between regions in the planned era (Özaslan et al. 2006, p.3). The Ninth Development Plan states regional development policies will contribute to national development, competitiveness and employment by increasing productivity of regions on the hand, and they will serve the basic objective of reducing regional and rural-urban disparities on the other hand (For details see SPO 2006, p.106).

4. Turkey’s Position to Immigration and EU Member States: Prospects and Possibilities

4.1. General Economic Conditions

The Turkish economy performed growth rates after 2001 crises which was high GDP decline (-%5.7) experienced. The average annual GDP growth rate has been realized by %6.4 in 7 years from 2001 to 2008 while it has been %2.1 in EU 27 at the same time period. In 2008, Turkish economy achieved 817 billion € GDP in purchasing power parity (ppp) according to EUROSTAT calculations, while it is in 6th rank when compared 27 EU member States. In addition, EU accession process has potential transforms on Turkish economy. However, these transforms can not be only by EU financial

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4 Construction is included in industry sector.
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support instruments, because of large scale of Turkish economy. Bu also, the most effective support from EU to Turkish economy may come with importing economic stability from EU and its consequences.

**Figure 2. GDP in EU Member States and Turkey in 2008 (1000 EUR)**

![GDP in EU Member States and Turkey in 2008 (1000 EUR)](image)

Source: EUROSTAT

Turkey is considered to be an upper middle income economy as The World Bank’s classification of countries by income. The GDP per capita differences between EU Member States is high while the differences between Turkey and 12 new member states of EU is more favorable.

**Figure 3. GDP per capita of EU Member States and Turkey in 2008**

![GDP per capita of EU Member States and Turkey in 2008](image)

Source: EUROSTAT, AMECO

GDP is a comprehensive measure of a country's economic output that is generally estimated by statistical agencies. GDP per capita is an indicator that shows the prosperity of a nation. In addition, GDP per employed person can provide a general view of a country's productivity. Higher income levels are reached by higher productivity of labor. For a given average level of productivity per person

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5 The classification from high income to low income is like: High-income OECD members, High-income economies, Upper-middle-income economies, lower-middle-income economies, low-income economies.
employed, per capita income will vary with the ratio of total employment to total population (Derviş et al. 2004, p.3).

**Figure 4. EU New Member States’ and Turkey’s GDP Process (per person employed-1000EUR)**

In the beginning of 1990s, Turkey had high GDP (per person employed) when compared 12 EU New Member States, only lower than Cyprus, Malta and Slovenia; higher than the other countries which are also called transition countries. In 1990s, the countries in Figure 4 had similar growth performances. The year 1999 and 2001 are break points in growth performance between Turkey and EU New Member States, since economic crises experienced by Turkey and constructive effects on New Member States by EU membership process have been observed.

### 4.2. Earnings in Turkey and EU Member States

When the immigration from Turkey to Western European Countries stared in the 1960s, the aim of immigrants was only for higher wages. The structure of Turkish economy has been changed since early immigration to Western European Countries. In the end of 1960s, the share of agriculture in total GDP was about 40 percent, and the share of rural population was over 70%. In the year 2008, 12 percent of GDP produced in agricultural sector by 27 percent of agricultural labor force. The structure of economic activities have been changed, yet high share of agricultural labor force when compared EU average. The creation of employment out of the agricultural sectors is a necessity to transfer the labor force from agricultural sector to others. However, there are important differences on earnings in different economic activities, while the highest earnings are in financial intermediation and the lowest earnings are in construction.

It should be noticed that Turkish Employment Organization’s 2007 report indicated more of the Turkish workers who have been worked abroad, are in construction sector. Currently, Turkish contractors have undertaken projects (the value of 58 Billion $) in mainly Commonwealth of Independent States (CIS) with share of 38.3% in total between 2003-2007. Turkish contractors’ competitive advantage in current markets is partly built on national comparative advantage due to cultural and lingual similarities. They focus on markets where they can achieve competitive advantage primarily by their national comparative advantage and specialize in projects where they can achieve low cost advantage due to low cost of labour (For details see UFT International Contracting and Technical Consultancy Services 2008, p.2).
Turkey has lower earnings than Western European Countries, and also the main reason of immigration than has been continued since 1960s. However, the earnings in Turkey are comparable with EU New Member States after 2004. Figure 5 shows an important implication about possibility of immigration from Turkey to EU. It is possible that the immigration to EU 15 Member States because of still high differences in earnings between Turkey and EU member States. However, it seems that there is no economical reasons for labor force immigrations from Turkey to Middle and Eastern European countries. Furthermore, there are a number of citizens from Eastern Europe are working services sector, in tourism regions in Turkey, but it is difficult to classify this labor force because of not registered officially.

The earnings values calculated from New Turkish Liras (1 €=1,86 NTL).

Mining and quarrying (C); Manufacturing (D); Electricity, gas and water supply (E); Construction (F); Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods (G); Hotels and restaurants (H); Transport, storage and communication (I); Financial intermediation (J); Real estate, renting and business activities (K); Education (M); Health and social work (N); Other community, social and personal service activities (O).

The data for Czech Republic and Estonia include 2005 data.
Income and wages are an essential component of employment and quality of work. For this reason, pay and wage-related issues have long been on the research agendas of European institutions (Antoni and Berger 2005, p.1) There have been a number of recent studies focusing on minimum wages in individual countries and many authors have explored the ways in which change in minimum wages can affect employment, welfare, consumption and investment in an economy. Studies on minimum wages have been undertaken from a range of perspectives, including quantitative analysis, socio-economic approach and theories of trade and their impact on the distribution of income (Shirkosh 2005, p.13)

Nearly 75% of the EU Member States have some form of statutory national minimum wage, with sectoral collective agreements playing the main role in setting minimum pay rates in the remaining 25%. The near universal application of wage floors in developed economies is evidence that the minimum wage as a policy tool has been less controversial amongst policymakers than it has among economists and academics. The negative employment effects of the minimum wage that were predicted in economic models tend either not to have occurred in practice or to have occurred at only insignificant levels. This may be attributable in part to the relatively conservative levels at which minimum wages have been set (For details see European Foundation for the Improvement of Living and Working Conditions 2008).

**Figure 6. Monthly Minimum Wages (€ in 2008)**

The level at which minimum wages are set vary widely between countries; this reflects in the main earnings variations, which are quite different across the EU. Gross monthly minimum wage earnings in the highest-earning EU member state, Luxembourg (1570 €), are about more than 10 times those in new member states Romania (141,4 €) and Bulgaria (112,5 €). However, it should be also noticed that these differences lower in purchasing power parity calculations. The gross minimum wages are low in Turkey relatively when compared to those in first 15 EU member states. The minimum wage differences between Turkey and new 12 EU member states are lower while Malta and Slovenia have higher rates and other 9 new EU Member States which are transition countries lower rates.

4.3. Worker’s Remittances

The transfers of remittances are the direct result of migration. Recorded remittances sent home by migrants was reached 275 billions $ (70 billions of 27 member states of EU) in 2006, by the data from OECD. There has been a growing attention about workers’ remittance recently; especially the consequences of the impacts of these remittances have attracted the attention of policymakers and researchers. Given the large size of aggregate remittance flows, they should be expected to have significant macroeconomic effects on the countries that receive these remittances. In addition,

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9 In 20 member states of the EU and Turkey, collective bargaining is subject to a statutory national minimum wage. The other EU member states do not have a statutory national minimum wage.
remittances have been identified as a potential source of funding for economic development (Chami et. al. 2008, p.1-2)

To encourage migrants’ remittances, the Turkish Government implemented a number of policies, such as special exchange rates for remittances, special interest rates for the foreign currency accounts at the Turkish Central Bank, and a program that permits Turks residing abroad to shorten their compulsory military service by paying a fee in foreign currency (Aydas et al. 2005, p.9). However, CBRT sources emphasized that remittances which have been directed to Turkey are lower level in 2000s when it is compared with 1990s. İçduygu (2005) emphasizes this decline is continuing partly because of an economic downturn in host countries like Germany that has led to slowing income growth and rising unemployment among Turkish emigrants. It is also emphasized that remittances are likely to continue falling considerably, as more Turkish emigrants incorporate into the host countries and send less money home.

Figure 7. Flows of Remittances to Turkey

![Graph showing remittances to Turkey over time]

Source: CBRT

In Figure 7, the remittances increased the highest level in 1998 with 5,36 billion $ and began a decreasing trend after that time. The highest drop occurred in 2003 and that caused not economic conditions, but also largely reflects a change in the classification of workers’ remittances by the CBRT. Before the introduction of the new method, workers’ remittances included the following transactions performed by the Turkish citizens residing abroad: foreign exchange remittances converted into Turkish Lira, Turkish lira conversion from their foreign exchange accounts and money spent during their visit in Turkey. Following the introduction of the new method the last two items were reclassified as tourism revenues (EIB 2005: 44). However, it should be noticed that remittances was in declining trend before 2003 when the classification of remittances not changed. Especially, these drops happened in economic crisis period which begun in the end of 2000 and continued thereafter.

Remittances traditionally financed part of Turkey’s current account deficit, essentially due to public deficits and the adverse foreign trade balance. They increased Turkey’s volume of international liquidities and helped to enhance its import capacities. But remittances have also had an inflationary effect and have influenced the exchange rate of the Turkish lira, which has suffered numerous devaluations (Köksal 2006, p.12). The workers’ remittances importance seen on Figure 8, while the amount of workers’ remittances was close to total export of Turkey in the first half of 1970s. After the beginning of 1980s, Turkey’s foreign trade started to increase, that means that remittances share according to foreign trade, started to decrease.
Remittances naturally flow from high-income countries to developing countries (Chami et al. 2008, p.1). However, Figure 9 shows that developed countries have received rather remittance inflows. The share of worker remittances in GDP is in Luxemburg (%3.1) and second in Belgium (%2) among EU Member States. France and Spain have had the highest workers’ remittances inflow in volume size. Turkey had remittances inflow as %0.3 of GDP in 2005.

Between the mid 1950’s and 1973, the strong economic development in Northern Europe and the resulting demand for labor led to a large inflow of immigrants. Turkey and West Germany signed a recruitment agreement for labour in 1961. Later, Turkey also concluded agreements with Austria, Belgium and the Netherlands in 1964, with France in 1965 and with Sweden in 1967 (Jennissen 2004, p.132). Within the context of European migration regimes of the 1960s, a structurally organized emigration from Turkey was not possible without the negotiation of an official agreement between governments. The post-war reconstruction of Europe was still in process, and many Western European countries were demanding labour (İçduygu 2008, p.4).
Especially, The West-German economy experienced a rapid economic process after 1955, accompanied by a sharp fall in the unemployment rate (between 1955 and 1960, the unemployment rate fell from 5.6 % to 1.3 %) and an increase in labor demand. This generated a large immigration of workers from Southern European countries and Turkey into Germany (Dustmann and Mestres, 2008. p.10).

Table 4. Turkish Citizens in Selected EU Member States (1000)

<table>
<thead>
<tr>
<th>Countries</th>
<th>1996</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (world)</td>
<td>3571.8</td>
<td>3574.2</td>
<td>3519.8</td>
<td>3551.5</td>
<td>3660</td>
<td>3829.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>2049.1</td>
<td>2053.6</td>
<td>1998.5</td>
<td>1947.9</td>
<td>1912.2</td>
<td>1877.7</td>
<td>1764.3</td>
<td>1764.0</td>
</tr>
<tr>
<td>Austria</td>
<td>135.0</td>
<td>129.6</td>
<td>127.3</td>
<td>126.9</td>
<td>126.8</td>
<td>124.8</td>
<td>120.0</td>
<td>115.5</td>
</tr>
<tr>
<td>Belgium</td>
<td>78.5</td>
<td>69.2</td>
<td>56.2</td>
<td>45.9</td>
<td>42.6</td>
<td>41.3</td>
<td>39.9</td>
<td>39.7</td>
</tr>
<tr>
<td>Denmark</td>
<td>36.8</td>
<td>36.6</td>
<td>35.2</td>
<td>33.4</td>
<td>31.9</td>
<td>30.3</td>
<td>30.0</td>
<td>29.5</td>
</tr>
<tr>
<td>France</td>
<td>274.7</td>
<td>301.2</td>
<td>325.8</td>
<td>341.7</td>
<td>359.0</td>
<td>387.8</td>
<td>359.0</td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>127.0</td>
<td>100.7</td>
<td>100.8</td>
<td>100.3</td>
<td>101.8</td>
<td>100.6</td>
<td>98.9</td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>18.9</td>
<td>16.4</td>
<td>15.8</td>
<td>13.9</td>
<td>12.6</td>
<td>12.4</td>
<td>12.3</td>
<td>11.7</td>
</tr>
<tr>
<td>United Kingdom</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>150.0</td>
</tr>
</tbody>
</table>

Source: OECD, data for France and United Kingdom from ILO

Traditionally, Turkey has been known as a country of emigration. Starting from the early 1960s and well into the 1970s, large numbers of Turkish nationals migrated to Western European countries, particularly West Germany (Kirişçi 2004, p.1). The Turkish workers in the 1960s and 1970s called as “guest workers”, and the immigration realized by the agreement of Turkey and Western European Countries. Foreign employers were seeking Turkish workers applied to the Employment Services (ES) within their countries for a specific number and type of workers. ES offices checked these requests to determine whether local workers were available. The registry lists were announced in whole Turkey. However, priority for emigration was given to applicants from less developed regions of the country, to members of Village Development Co-operatives, and to persons from officially designated disaster areas (Martin 1991, p.26-29). The economic downturn in Western Europe that arrived with the oil crisis of 1973 ended the recruitment of labor from Turkey. After the end of labor recruitment from Turkey, Turkish emigration to Europe continued through family reunification. After the main family reunifications emigration in the 1980s at the beginning of 1990s, Turkish emigration has been decreases since the middle of 1990s, especially to main destination Germany, while it was 73200 in 1996 and 36000 in 2005.

Most Western European Countries have a preference to maintain current level of immigration to increase the inflow of skilled labor even thought there are worries about these immigrants’ cultural identities. The need of certain volume of immigration is caused by the demographic conditions, while more than 20 per cent of Western Europeans are over 60 years old (UN Regional Fact Sheet 2006, p.1). There has been increasing (out of Netherlands after 2001) trend about inflows of foreign population to EU countries until to 2004, as seen for selected EU member states on Figure 10. Germany has been the main immigrant receiving country and also the most populated country with the having the biggest economy in EU currently.

Table 5 shows the share of Turkish Citizens in total, but doesn’t give any information about the number of immigrants from Turkey to selected EU Member States which are main Turkish immigrant destinations. However, it shows that the share of Turkish citizens in total inflow to EU countries has been decreased since 1990s. Especially in the most Turkish populated country in Europe, Germany, there has been in decreasing trend since 1999 while it was about 2,05 Million and 1,76 Million in 2005, due mainly to return home and law on naturalization in 2003.
The effect of Turkey’s EU accession on migration is difficult to forecast. It will depend on several factors: demographic developments in Turkey and the EU, the economic situation at home including relative income levels, prospects of employment and economic opportunities, foreign demand for labour and the development of European countries’ migration policies over the coming years (Independent Commission on Turkey 2004, p.32).

Erzan et al. (2004), studied on to estimate the eventual immigration from Turkey to the EU when Turkey becomes a full member and restrictions on labor mobility are removed. Alternative methods and scenarios are scrutinized in forecasting probable magnitudes for the period 2004 to 2030. The analyses are essentially based on the experience of countries that joined the EU. Their findings with using different scenarios change between 1.073.000 and 2.734.000 immigrants from Turkey to EU 15 until the year of 2030.

Lejour and Mooij (2005) examined on the potential migration flows following the accession of Turkey to the EU with an CGE (computational general equilibrium) model and developed a baseline until 2025 in which the relationship between Turkey and the EU as it remains today. By the estimation of 2.7 million Turkish citizens will immigrate to EU, the authors also argued that the economic impact for the countries of destination and the country of origin typically depends on the skill level of the immigrants. An expected inflow of 2.7 million Turks would reduce GDP in Turkey by between 1.8% and 2.2%, and increase it in the EU-15 by between 0.5% and 0.7%, depending on the skill composition of the migrants.

10 The data for Germany divided by “10” because of huge differences than the other countries’ data.
Garson (2004) mentioned that the geopolitical situation changed radically at the end of the 1980s and it has been affected migration movements. An increasing share is taken by the international migration movements originating in Asia and Latin America, and to a lesser extent, sub-Saharan Africa. On the whole, it seems unrealistic to try to make an analysis of the prospects for migrants coming from Turkey towards the European Union without including them in a dynamic which goes well beyond Turkey and the European Union. In fact, the geography of migration is continuing to expand, due to globalization of the world economy.

5. A Recent Process: EU Citizens in Turkey

As usual, Turkey has been known as a country of emigration, because of a large number of Turkish Citizens migrated to Western European Countries in the past. However, there has been a recent development in the Aegean and West Mediterranean Regions of Turkey. There are some difficulties about the classification of EU citizen residents who live in these regions, and who frequently travel from Turkey to bordering countries. An important part of the foreign origin inhabitant in these regions classified as tourist.

Balkır and Kırkulak (2007) investigated the causality of why these regions have been preferred by EU citizens. There are also some outcomes out of the economical reasons. The adverse evaluation of the climate of the home country, such as being cold or rainy and cloudy most of the year can be taken as a push factor. At the same time, the Mediterranean climate becomes a pull factor. It is warmer, sunnier and makes one feel much better. In addition, the Mediterranean climate means more outdoor activity and a more lively social life, in which the elderly also become part of the community and do not have to stay alone at home.

Living expenses and environmental factors encourage especially the retired people to immigrate to more favorable regions or countries. International retirement migration (IRM) is a new form of international human mobility which entails the movement of elder people in their later lives to the places with favorable characteristics in the pursuit of a better life. Today, Turkey has become a popular European retirees’ destination, particularly for British, German, and Dutch and Nordic citizens. There are several destinations in Turkey where significant immigrant communities have settled (Balkır and Kırkulak 2007, p.1). However, the lack of coherent and reliable statistical data on international retirement migration has been widely commented on. Estimates vary but it appears that IRM is becoming an increasingly important aspect of migratory movement within the EU. It is also suggested that official population figures do not evidence the true extent of EU nationals’ migratory movement in retirement (Moro, 2006: 4).
A discussion on the global labour market must be commenced with a presentation of the demographic trends. Over the past fifty years, demographic factors had a significant influence on labour markets, and these changes will go even further in the next fifty years. Since the labour market is becoming ever more global, the demographic changes will be increasingly influential on local labour markets. (Rybiński, 2006: 2). Turkey has young generations compared to EU countries. In the comparison of age groups proportion in total population; 0-19 age group %21,9 in EU 27 and %36,5 in Turkey, 20-39 age group is %28 in EU 27 and %34,3 in Turkey, 40-59 age group is %27,9 in EU and %20,9 in Turkey, 60 and above age group is %22,1 and %9,5 in Turkey.

The share of 19-60 age group population in total is %55,9 in EU and %55,2 in Turkey, and also not so big differences between member states individually. However, the expected scenario is that the working age group share’s in total will decrease in countries which have low or negative population growth. In the perspective of Turkish side, the high share of young generation will be in labor market soon. Thus, it is a critical point whether policy makers will be able to create more employment possibilities in the following years.
Turkey had approximately 2.5 percent of annual population growth from 1950s to 1990s. However, the population growth rate has been in decreasing trend, and become 1.24 percent as the data of TÜRKSTAT in 2007. The total fertility rate and the crude birth rate are useful measures to estimate future population dynamics. The general fertility rate represents the annual number of births in a population per 1,000 women in age 15-44. The crude birth rate is the annual number of births in a population per 1,000 persons. (Koç and Özdemir 2004, p.46). The crude birth rates have been decreased in national level in Turkey, while it was 2.52 percent in 1990, and 1.87 percent in 2006.

The greatest regional variation in fertility is seen between East region and the rest of Turkey. With a total fertility rate of 3.65, women in eastern part of Turkey have a total fertility rate that is about one and a half births more than women elsewhere in Turkey who exhibit total fertility rates below 2.1, known as replacement level, with the exception of South region, which exhibits slightly over replacement fertility (Koç and Özdemir 2004, p.47). As the national level, population growth in Turkey caused by crude birth rates is higher than mortality rates. However, crude birth is low for replacement of population and it can be said that the average age level of the population will increase in following years.

6. CONCLUSION

The debate on the EU enlargement with Turkey has been continued for nearly half a century. This possible enlargement will be different from previous enlargements because, Turkey’s membership may generate significant impact on EU and Turkey in terms of demographic and economic dynamics. EU enlargement in 2004 includes 10 states involved 74 million people as a whole, while Turkey’s population is 72 million people in 2007 data which is only lower than Germany’s population when it is compared with all EU member states.

Turkish economy needs to be considerable economic reforms before, it joins to EU, but economic barriers are not insurmountable when compared to former accessions. However, Turkey’s membership would increase EU’s global power by an economy exceed 1 trillion € (ppp) in near future.

Regional economic and demographic development disparities are still a significant problem in Turkey. There have been several Development Plans that include regional development projects that have been implemented since 1960s. However, these projects have not been able to solve regional disparities yet. As a regional development plan, The Southeastern Anatolia Project has been taken 7% of total public fund in between 1990-2007. There are still big differences between eastern and western regions of Turkey, despite recourse transfers have been taken an important share in public funds.

There are many remarks that have been done on migration prospects from Turkey to the EU Member States if Turkey would be a member of EU. Traditionally, Turkey has been known as a country that has net emigration to abroad. The emigration from Turkey to EU Member States began in the early 1960s, known as “guest workers.” The initial emigrations from Turkey to Western European States were agreements of the governments by the aim of export of labor force in Turkey’s side, offset of labor force deficit for economic progress in host countries’ side. The recruitment of guest workers’ immigration to European Countries stopped after 1974 and the process of immigration to European Countries has been not a schedule of guest workers.

Today, more than 20 percent of population is over than 60 years of age in many EU member states (the highest shares are 25.5 percent in Italy, 25 percent in Germany). The demand of labor force that depends on requirement of sustainable economic may increase in the coming years. But also, the conditions of the time period after the Second World War when Western European Countries needed in labor force, is different than today’s. The initial labor force movements to Europe eventuated by mostly unskilled workers. However, The EU Member States which have had slower economic growth is in needed labor force immigration, but by high skill workers.

The current economic and demographic structure of Turkey is different than the “guest workers” time in 1960s and beginning of 1970s. Yet, the economic conditions are still below as concerned to countries of Western European Countries that the first Turkish migrants had gone in the 1960s and 1970s. In Turkey, the share of population below 19 age is 36.5 percent, and this significant part of population will be in labor market in near future. The young generation may become and for advantages Turkey, such as economic dynamism and development process with high rates. However, it is fact that it is a necessity to increase employment more effectively in following years. It is a debate...
about potential emigration of young generation to EU Member States, while host countries demand high skill workers, and a necessity for Turkey’s sustainable high growth rates.

It is a recent process about migration between Turkey and EU Member States have eventuated by older age group of populations. The demands of real estates have been increased by the citizens of EU countries. The economical and environmental conditions in Europe encourage this new process. Of course, this new process as known as international retirement migration is not expected to affect labor market.

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http://www.tcmb.gov.tr/
SPO (TR Prime Ministry State Planning Organization)
http://www.dpt.gov.tr/
UFT (Under Secretariat of the Prime Ministry for foreign Trade)
http://www.dtm.gov.tr/
TURKSTAT (Turkish Statistical Institute)
http://www.turkstat.gov.tr/
OECD (Organization for Economic Co-operation and Development)
http://www.oecd.org/
The World Bank
http://www.worldbank.org/
TR The Ministry of Public works and Settlement-General Directorate of Land Registry and Cadastral
http://www.tkgm.gov.tr/
EUROSTAT (Statistical Office of the European Communities)
http://epp.eurostat.ec.europa.eu/
AMECO (Annual Macro-Economic Database of the European Commission)
http://ec.europa.eu/economy_finance/indicators/annual_macro_economic_database/ameco_en.htm