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Turkey: Background and U.S. Relations In Brief

Updated November 9, 2020

Congressional Research Service
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R44000

CRS REPORT
Prepared for Members and
Committees of Congress

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SUMMARY

R44000

November 9, 2020

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U.S.-Turkey tensions have raised questions about the future of bilateral relations and have led to congressional action against Turkey, including informal holds on major new arms sales (such as upgrades to F-16 aircraft) and efforts to impose sanctions. Nevertheless, both countries' officials emphasize the importance of continued U.S.-Turkey cooperation and Turkey's membership in NATO. Observers voice concerns about the largely authoritarian rule of Turkish President Recep Tayyip Erdogan. Turkey's polarized electorate could affect Erdogan's future leadership. His biggest challenge may be structural weaknesses in Turkey's economy—including a sharp decline in Turkey's currency—that have worsened since the Coronavirus Disease 2019 pandemic began. The following are key factors in the U.S.-Turkey relationship.

Turkey's strategic orientation and U.S./NATO basing. Traditionally, Turkey has relied closely on the United States and NATO for defense cooperation, European countries for trade and investment, and Russia and Iran for energy imports. A number of complicated situations in Turkey's surrounding region—including those involving Syria, Libya, Nagorno-Karabakh (a region disputed by Armenia and Azerbaijan), and Eastern Mediterranean energy exploration—affect its relationships with the United States and other key actors, as Turkey seeks a more independent role. President Erdogan's concerns about maintaining his parliamentary coalition with Turkish nationalists may partly explain his actions in some of the situations mentioned above. Turkey-Russia cooperation has grown in some areas. However, Turkish efforts to counter Russia in several theaters of conflict at relatively low cost—using domestically-produced drone aircraft (reportedly with some U.S. components) and Syrian mercenaries—suggest that Turkey-Russia cooperation is situational rather than comprehensive in scope.

Since Turkey's 2019 agreement with Libya's Government of National Accord on Eastern Mediterranean maritime boundaries, and its increased involvement in Libya's civil war, Turkey's tensions in the Eastern Mediterranean with countries such as Cyprus and Greece have become more intertwined with its rivalry with Sunni Arab states such as Egypt, the United Arab Emirates (UAE), and Saudi Arabia. In this context, some observers have advocated that the United States explore alternative basing arrangements for U.S. and NATO military assets in Turkey—including a possible arsenal of U.S. tactical nuclear weapons at Incirlik Air Base. The August 2020 agreement between Israel and the UAE to normalize their ties could increase tensions between Turkey and these other regional U.S. allies and partners.

Russian S-400 purchase and U.S. responses. Turkey's purchase of a Russian S-400 surface-to-air defense system led to its removal by the United States from the F-35 Joint Strike Fighter program. The S-400 deliveries that began in July 2019 also reportedly triggered informal congressional holds on major new arms sales. If Turkey transitions to major Russian weapons platforms with multi-decade lifespans, it is unclear how it can stay closely integrated with NATO on defense matters. The S-400 deal could trigger U.S. sanctions under Section 231 of the Countering Russian Influence in Europe and Eurasia Act of 2017 (CRIEEA, title II of the Countering America's Adversaries Through Sanctions Act, or CAATSA; P.L. 115-44). President Trump has reportedly delayed CAATSA sanctions while seeking to persuade Turkey to refrain from operating the S-400. It is unclear how sanctions against Turkey could affect its economy, trade, and defense procurement. Future U.S. actions in response to Turkey's acquisition of the S-400 could affect U.S. arms sales and sanctions with respect to other U.S. partners who have purchased or may purchase advanced weapons from Russia—including India, Egypt, Saudi Arabia, and Qatar.

Congressional initiatives and other U.S. actions. Congressional and executive branch action on arms sales, sanctions, or military basing regarding Turkey and its rivals could have implications for bilateral ties, U.S. political-military options in the region, and Turkey's strategic orientation and financial well-being. How closely to engage Erdogan's government could depend on U.S. perceptions of his popular legitimacy, likely staying power, and the extent to which a successor might change his policies in light of geopolitical, historical, and economic considerations.

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Introduction

This report provides background information and analysis on the following topics:

- Domestic Turkish political and economic developments under President Recep Tayyip Erdogan's largely authoritarian and polarizing rule;
- Turkey's strategic orientation—including toward the United States and Russia—as affected by the U.S./NATO presence in Turkey, problems with other U.S. allies and partners in the Eastern Mediterranean and Middle East, its regional military involvement, and developments in Turkish defense procurement; and
- various U.S. responses and options regarding Turkey, including limiting arms sales and imposing sanctions.

For additional information, see CRS Report R41368, *Turkey: Background and U.S. Relations*, by Jim Zanotti and Clayton Thomas. See **Figure A-1** for a map and key facts and figures about Turkey.

Domestic Turkish Developments

Political Developments Under Erdogan's Rule

President Erdogan has ruled Turkey since becoming prime minister in 2003 and, during that time, has significantly expanded his control over Turkey and its institutions. After Erdogan became president in August 2014 via Turkey's first-ever popular presidential election, he claimed a mandate for increasing his power and pursuing a "presidential system" of governance, which he achieved in a 2017 referendum and 2018 presidential and parliamentary elections. Some allegations of voter fraud and manipulation surfaced in both elections.[1] Since a failed July 2016 coup attempt, Erdogan and his Islamist-leaning Justice and Development Party (Turkish acronym AKP) have adopted more nationalistic domestic and foreign policy approaches, partly because of their reliance on parliamentary support from the Nationalist Movement Party (Turkish acronym MHP). During 2020, nationalistic policies have arguably appealed even more to Erdogan in an effort to distract domestic political attention from Turkey's economic woes (discussed below),[2] which have been worsened by the Coronavirus Disease 2019 pandemic.

Erdogan is generally seen as a polarizing figure, with about half the country supporting his rule, and half the country opposing it. The AKP maintained the largest share of votes in 2019 local elections, but lost some key municipalities, including Istanbul, to opposition candidates. It remains unclear to what extent, if at all, these losses pose a threat to Erdogan's rule.[3]

U.S. and EU officials have expressed a number of concerns about authoritarian governance and erosion of rule of law and civil liberties in Turkey.[4] In the government's massive response to the

[1] Organisation for Security and Co-operation in Europe (OSCE), Limited Referendum Observation Mission Final Report, Turkey, April 16, 2017 (published June 22, 2017); OSCE, International Election Observation Mission, Statement of Preliminary Findings and Conclusions, Turkey, Early Presidential and Parliamentary Elections, June 24, 2018 (published June 25, 2018).

[2] Yasmeen Serhan, "The End of the Secular Republic," theatlantic.com, August 13, 2020.

[3] Max Hoffman, "Turkey's President Erdoğan Is Losing Ground at Home," *Center for American Progress*, August 24, 2020.

[4] See, e.g., Department of State, "Turkey," *Country Reports on Human Rights Practices for 2019*; Department of State

2016 coup attempt, it detained tens of thousands, enacted sweeping changes to the military and civilian agencies, and took over or closed various businesses, schools, and media outlets.[5]

Economic Assessment and Currency Problems

Since 2018, Turkey has confronted economic problems that have fueled speculation about potential crises that could affect Erdogan's status and domestic political stability. Concerns persist about rule of law, significant external financing needs, and the possibility of U.S. sanctions.

Turkey's structural economic problems have recently worsened (see **Figure A-1**). As of November 2020, the value of Turkey's currency, the lira, had declined almost 30% for the year. With net foreign currency reserves probably in negative territory (see **Figure A-2**), and interest rates below the rate of inflation, analysts have predicted that Turkey will need to raise interest rates—perhaps dramatically—or seek significant external assistance to address its financial fragility.[6] In November, Erdogan replaced Turkey's central bank governor and Treasury and Finance Minister Berat Albayrak (his son-in-law) resigned his post, fueling speculation about the likelihood of interest rate hikes despite Erdogan's long-expressed disdain of them.[7] Turkey unsuccessfully sought currency swap lines from the U.S. Federal Reserve earlier in the year, having relied to date for some liquidity on swaps from Qatar and China.[8]

Turkey's Strategic Orientation and Military Involvement

Numerous points of tension and Turkey's military operations in various places have raised questions within the United States and Turkey about the two countries' alliance, as well as Turkey's commitment to NATO and its Western orientation. Nevertheless, U.S. and Turkish officials maintain that bilateral cooperation on a number of issues—including regional security and counterterrorism—remains mutually important.[9]

Turkey arguably seeks a more independent foreign policy course than at any time since joining NATO in 1952, driven partly by geopolitical and economic considerations. Traditionally, Turkey has relied closely on the United States and NATO for defense cooperation, European countries for trade and investment, and Russia and Iran for energy imports. Turkish leaders' interest in reducing their dependence on the West for defense and discouraging Western influence over their domestic politics may partly explain their willingness to coordinate some actions with Russia in Syria and purchase a Russian S-400 surface-to-air defense system. Nevertheless, Turkey retains significant differences with Russia—with which it has a long history of discord—including over

deputy spokesperson, Osman Kavala Should Be Released, July 27, 2020; European Commission, *Turkey 2020 Report*, October 6, 2020.

[5] Ibid.

[6] Economist Intelligence Unit, Turkey country report (retrieved November 3, 2020).

[7] Laura Pitel, "Shock change in Turkey's economic leadership raises stakes for lira," *Financial Times*, November 8, 2020.

[8] Mustafa Sonmez, "Turkey's 'peg-legged' foreign currency reserves," *Al-Monitor*, July 6, 2020.

[9] Stephen J. Flanagan, et al., *Turkey's Nationalist Course: Implications for the U.S.-Turkish Strategic Partnership and the U.S. Army*, RAND Corporation, 2020.

political outcomes in Syria, Libya, and Nagorno-Karabakh (a region disputed by Armenia and Azerbaijan).

Turkish leaders appear to compartmentalize their partnerships and rivalries with other global powers as each situation dictates, partly in an attempt to reduce Turkey's dependence on and maintain its leverage with these actors.[10] This approach may to some extent reflect President Erdogan's efforts to consolidate control domestically. Because Erdogan's Islamist-friendly AKP maintains a parliamentary majority in partnership with the more traditionally nationalist MHP, efforts to maintain the support of core constituencies may imbue Turkish policy with a nationalistic tenor. A largely nationalistic foreign policy also has precedent from before Turkey's Cold War alignment with the West.[11] Turkey's history as both a regional power and an object of great power aggression translates into wide domestic popularity for nationalistic political actions and discourse, as well as sympathy for Erdogan's "neo-Ottoman" narrative of restoring Turkish regional prestige.

Turkish Hard Power: Using Drones and Proxy Forces in Regional Conflicts

During Erdogan's first decade as prime minister, Turkey's main approach in its surrounding region (with the exception of its long-running security operations against Kurdish nationalist insurgents) was to project political and economic influence, or "soft power," backed by diplomacy and military deterrence. As regional unrest increased near Turkey's borders with the onset of conflict in Syria, however, Turkey's approach shifted dramatically in light of newly perceived threats. This was especially the case after Erdogan (as president) began courting Turkish nationalist constituencies in 2015 and consolidating power following the July 2016 coup attempt.

Under this modified approach, Turkey now largely relies on hard power to affect regional outcomes. Specifically, Turkey has focused on a relatively low-cost method of using armed drones (see "Drones: Domestic Production, U.S. and Western Components, and Exports") and/or proxy forces (particularly Syrian fighters who oppose the Syrian government and otherwise have limited sources of income) in theaters of conflict including northern Syria and Iraq, western Libya, and Nagorno-Karabakh. Partly because the drones and proxy forces limit Turkey's political and economic risk, Turkish leaders have shown less constraint in deploying them, and they have reportedly proven effective at countering other actors' more expensive but less mobile armored vehicles and air defense systems.

During 2020, Turkey's drones and proxies appear to have blocked or made inroads against Russian-assisted forces in Syria, Libya, and Nagorno-Karabakh.[12] Turkish efforts to counter Russia in multiple theaters suggest that Turkey-Russia cooperation is situational rather than comprehensive in scope, and that U.S. and Turkish interests may overlap in some of these cases.

U.S./NATO Presence

Turkey's location near several global hotspots has made the continuing availability of its territory for the stationing and transport of arms, cargo, and personnel valuable for the United States and NATO. From Turkey's perspective, NATO's traditional value has been to mitigate its concerns about encroachment by neighbors. Turkey initially turned to the West largely as a reaction to aggressive post-World War II posturing by the Soviet Union. In addition to Incirlik Air Base near the southern Turkish city of Adana, other key U.S./NATO sites include an early warning missile defense radar in eastern Turkey and a NATO ground forces command in Izmir (see **Figure A-2**). Turkey also controls access to and from the Black Sea through its straits pursuant to the Montreux Convention of 1936.

[10] Flanagan, et al., *Turkey's Nationalist Course*.

[11] Marc Pierini, "How Far Can Turkey Challenge NATO and the EU in 2020?" *Carnegie Europe*, January 29, 2020.

[12] Mitch Prothero, "Turkey's Erdogan has been humiliating Putin all year — here's how he did it," *Business Insider*, October 22, 2020.

Tensions between Turkey and other NATO members have fueled internal U.S./NATO discussions about the continued use of Turkish bases. As a result of the tensions and questions about the safety and utility of Turkish territory for U.S. and NATO assets, some observers have advocated exploring alternative basing arrangements in the region.[13] Some reports suggest that expanded or potentially expanded U.S. military presences in places such as Greece, Cyprus, and Jordan might be connected with concerns about Turkey.[14]

Issues with Other U.S./NATO Allies

Turkey's regional ambitions have contributed to difficulties with some of its neighbors that are (like Turkey) U.S. allies or partners.

Eastern Mediterranean and Offshore Natural Gas

A dispute during the past decade between Turkey and the Republic of Cyprus about Eastern Mediterranean energy exploration arguably has brought Cyprus, Greece, Israel, and Egypt closer together.[15] Turkey has objected to Greek Cypriot transactions in the offshore energy sector because they have not involved the de facto Turkish Republic of Northern Cyprus that controls the northern one-third of the island. Turkey also has supported Turkish Cypriot claims to an exclusive economic zone around part of the island. Cyprus, Greece, and Israel have discussed possible cooperation to export gas finds to Europe via a pipeline bypassing Turkey.[16]

In late 2019, the Turkey-Cyprus dispute became intertwined with longtime Turkey-Greece disagreements over continental shelves, territorial waters, airspace, and exclusive economic zones when Turkey signed an agreement with Libya's Government of National Accord (GNA) on maritime boundaries (see **Figure A-4**).[17] The dispute has increased Turkey-Greece naval tensions, especially after Greece and Egypt reached a maritime agreement in August 2020 rivaling the 2019 Turkey-Libya deal.[18]

The disputes involving Turkey, Cyprus, and Greece have prompted U.S. and broader Western criticism of Turkey and some EU sanctions against Turkish individuals aimed at discouraging Turkish drilling near Cyprus.[19] Diplomatic prospects to reduce the Turkey-Greece tensions, which could undermine NATO unity, remain uncertain as Turkish ships with naval escorts have engaged in exploration activities and Greece, Cyprus, France, and Italy have held military exercises aimed at deterring these Turkish actions.[20]

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[13] See, e.g., Xander Snyder, "Beyond Incirlik," *Geopolitical Futures*, April 19, 2019.

[14] "Pentagon pushes back on claim that US to leave Turkey's Incirlik base," *Al-Monitor*, September 16, 2020; Joseph Trevithick, "Docs Show US to Massively Expand Footprint at Jordanian Air Base amid Spats with Turkey, Iraq," *The Drive*, January 14, 2019.

[15] Yaroslav Trofimov, "Turkey, Rivals Square Off Over Gas Finds," *Wall Street Journal*, August 3, 2020.

[16] "Battling over boundaries," *Economist*, August 22, 2020. The feasibility of such a pipeline is unclear. Sue Surkes, "Mistake to leave Turkey out of new East Med gas club – international expert," *Times of Israel*, September 27, 2020.

[17] For background, see "Turkish-Greek Aegean Dispute" at globalsecurity.org.

[18] Michael Tanchum, "How Did the Eastern Mediterranean Become the Eye of a Geopolitical Storm?" foreignpolicy.com, August 18, 2020.

[19] Council of the European Union press release, "Turkey's illegal drilling activities in the Eastern Mediterranean: EU puts two persons on sanctions list," February 27, 2020.

[20] Steven Erlanger, "Tensions Over Drilling Between Turkey and Greece Divide E.U. Leaders," *New York Times*, August 28, 2020.

Middle East and Libyan Civil War

In the Middle East, Sunni Arab states that support traditional authoritarian governance models in the region—notably Saudi Arabia, the United Arab Emirates (UAE), and Egypt—regard Turkey with suspicion, largely because of the Turkish government's sympathies for Islamist political groups and its close relationship with Qatar.[21] Ties with Turkey bolster Qatar amid its isolation from other Arab states, and Turkey has relied on Qatari resources to strengthen its troubled financial position and support its regional military efforts.[22]

One aspect of Turkey's rivalry with some Sunni Arab states is their support for opposing sides in Libya's civil war. Turkey and Qatar have supported forces aligned with the U.S.- and U.N. Security Council-recognized GNA, while Egypt and the United Arab Emirates (along with Russia and possibly France) have supported those of Khalifa Haftar's Libyan National Army (LNA). Turkey has sent drone aircraft, military personnel, and allied Syrian fighters to Libya, and suffered some casualties in helping GNA-allied forces drive back an LNA offensive against Tripoli in early 2020.[23] GNA-allied forces face threats of heightened intervention from Egypt if they advance east.[24] Further signs of tension between Turkey and Sunni Arab states come from a Turkish military presence at bases in Qatar and Somalia.[25]

Turkey's involvement in Libya and maritime dealings with the GNA have increased the overlap between Turkey's disputes in the Eastern Mediterranean and its rivalry with Sunni Arab states. The U.S.-brokered agreement between Israel and the UAE in August 2020 to normalize their relations could further solidify common cause among Eastern Mediterranean countries and Arab Gulf states to counter Turkish regional influence.[26] Some Saudi business leaders have called for a boycott of Turkish goods, fueling speculation about possible efforts to encourage other Arab Gulf and North African states to reduce regional trade with Turkey.[27] Turkey maintains diplomatic ties and significant levels of trade with Israel, but Turkey-Israel relations have deteriorated significantly during Erdogan's rule.

The Syrian Conflict[28]

Turkey's involvement in Syria's conflict since 2011 has been complicated and costly, and has severely strained U.S.-Turkey ties.[29] In the ongoing conflict, Turkey seeks to manage and reduce

[21] Flanagan, et al., *Turkey's Nationalist Course*; Andrew England, et al., "UAE vs Turkey: the regional rivalries pitting MBZ against Erdogan," *Financial Times*, October 26, 2020.

[22] Ibrahim Sunnetci, "Turkey and Qatar: Foul-Weather Friends!" *Defence Turkey*, Vol. 14, Issue 98, 2020, pp. 34-47; "Qatar boosts support for Turkey's regional forays," *The Arab Weekly*, July 5, 2020.

[23] Department of Defense Office of the Inspector General, *East Africa Counterterrorism Operation, North and West Africa Counterterrorism Operation, Lead Inspector General Report to the United States Congress, January 1, 2020-March 30, 2020*, July 16, 2020.

[24] For more information, see CRS In Focus IF11556, *Libya and U.S. Policy*, by Christopher M. Blanchard. Instability within the GNA and how different Libyan political groups interact could also affect Turkey's position.

[25] Sunnetci, "Turkey and Qatar"; "Turkey to train 1/3 of entire Somali military, envoy says," *Daily Sabah*, August 4, 2020.

[26] Simon A. Waldman, "Erdogan's Crumbling Superpower Dreams Make Turkey Even More Dangerous," haaretz.com, August 24, 2020.

[27] "Saudi imports from Turkey rise in August despite informal boycott," *Reuters*, October 25, 2020. Turkey-Saudi relations also have been affected by the killing of Saudi dissident Jamal Khashoggi in the Saudi consulate in Istanbul in October 2018.

[28] See CRS Report RL33487, *Armed Conflict in Syria: Overview and U.S. Response*, coordinated by Carla E. Humud.

[29] For background, see Burak Kadercan, "Making Sense of Turkey's Syria Strategy: A 'Turkish Tragedy' in the

threats to itself and to influence political and security outcomes. Turkish-led forces have occupied and administered parts of northern Syria since 2016 (see **Figure A-5**).

Turkey's chief objective has been to thwart the Syrian Kurdish People's Protection Units (YPG) from establishing an autonomous area along Syria's northern border with Turkey. The YPG is affiliated with the Kurdistan Workers' Party (Kurdish acronym PKK), a U.S.-designated terrorist organization that has fought an on-and-off insurgency against Turkish authorities for nearly four decades. Turkey has considered the YPG and its political counterpart, the Democratic Union Party (PYD), to be a top threat to Turkish security because of Turkish concerns that YPG/PYD gains emboldened the PKK in Turkey.[30] The YPG/PYD has a leading role within the Syrian Democratic Forces (SDF)—an umbrella group including Arabs and other non-Kurdish elements that became the main U.S. ground force partner against the Islamic State in 2015. Turkish-led military operations in October 2019 to seize areas of northeastern Syria from the SDF—after President Trump agreed to have U.S. Special Forces pull back from the border area—led to major criticism of and proposed action against Turkey in Congress.

In areas of northern Syria that Turkey has occupied since 2016, Turkey has set up local councils, though questions persist about future governance and Turkey's overarching role. One analyst has written that Turkish officials debate how permanent their control in northern Syria should be, surmising that President Erdogan foresees a long-term Turkish presence rather than a transition to Syrian government rule.[31]

Turkey has increasingly focused on Syria's northern province of Idlib. The majority of the armed opposition to the Asad government—including elements aligned with Al Qaeda—is based there, along with millions of civilians (including many internally displaced persons from other areas of the country). Idlib is one of the specific "de-escalation zones" identified in a September 2017 agreement as part of the Astana Process involving Turkey, Russia, and Iran. The Syrian government has since seized the other zones. Turkey deployed troops to Idlib to protect it from government forces and prevent further refugee flows into Turkey, and these troops remain in a standoff with Russia and the Syrian government over the future of the province.

Turkish Defense Procurement

Background and Informal Congressional Holds on U.S. Arms Sales

Turkish goals to become more self-sufficient on national security matters and increase Turkey's arms exports affect the country's procurement decisions. After the 1975-1978 U.S. arms embargo over Cyprus significantly hampered Turkish arms acquisitions, Turkey sought to decrease dependence on foreign sources by building up its domestic defense industry (see **Figure A-6**).[32] Over time, Turkish companies have supplied an increased percentage of Turkey's defense needs, on equipment ranging from armored personnel carriers and naval vessels to drone aircraft. For

Making," *War on the Rocks,* August 4, 2017.

[30] See, e.g., Soner Cagaptay, "U.S. Safe Zone Deal Can Help Turkey Come to Terms with the PKK and YPG," *Washington Institute for Near East Policy,* August 7, 2019.

[31] Asli Aydintasbas, "A new Gaza: Turkey's border policy in northern Syria," European Council on Foreign Relations, May 28, 2020.

[32] Omar Lamrani, "Facing Sanctions, Turkey's Defense Industry Goes to Plan B," *Stratfor,* November 7, 2019.

key items that Turkey cannot produce itself, its leaders generally seek deals with foreign suppliers that allow for greater co-production and technology sharing.[33]

An August 2020 article reported that some Members of congressional committees have placed informal holds on major new U.S.-origin arms sales to Turkey over the past two years in connection with the Turkey-Russia S-400 transaction discussed below. Such a disruption has not occurred since the 1975-1978 embargo over Cyprus.[34] Major sales (valued at $25 million or more) supposedly on hold include structural upgrades for Turkey's F-16 aircraft and export licenses for engines involved in a Turkish sale of attack helicopters to Pakistan. Sales already underway or for smaller items and services—such as spare parts, ammunition, and maintenance packages for older equipment—are not subject to these holds.

Procurement and Turkey's Relationships: S-400 and F-35

How Turkey procures key weapons systems affects its partnerships with major powers. For decades, Turkey has relied on important U.S.-origin equipment such as aircraft, helicopters, missiles, and other munitions to maintain military strength.[35] Turkey's purchase of a Russian S-400 surface-to-air defense system and its exploration of possibly acquiring Russian Sukhoi fighter aircraft may raise the question: If Turkey transitions to major Russian weapons platforms with multi-decade lifespans, how can it stay closely integrated with NATO on defense matters?

In response to the beginning of S-400 deliveries to Turkey, the Trump Administration announced in July 2019 that it was removing Turkey from participation in the F-35 Joint Strike Fighter program. In explaining the U.S. decision to remove Turkey from the F-35 program, Under Secretary of Defense for Acquisition and Sustainment Ellen Lord said, "Turkey cannot field a Russian intelligence collection platform [within the S-400 system] in proximity to where the F-35 program makes, repairs and houses the F-35. Much of the F-35's strength lies in its stealth capabilities, so the ability to detect those capabilities would jeopardize the long-term security of the F-35 program."[36] Additionally, Section 1245 of the FY2020 National Defense Authorization Act (P.L. 116-92) prohibits the use of U.S. funds to transfer F-35s to Turkey unless the Secretaries of Defense and State certify that Turkey no longer possesses the S-400.

Turkey had planned to purchase at least 100 U.S.-origin F-35s and was one of eight original consortium partners in the development and industrial production of the aircraft.[37] According to U.S. officials, most of the supply chain handled by Turkish companies was due to move

[33] "Turkey - Market Report," *Jane's Navigating the Emerging Markets*, March 5, 2020. According to one source, since Erdogan became prime minister in 2003, Turkey went from providing around 20% of its own defense industry needs to around 65%. Interview with Bulent Aliriza of the Center for Strategic and International Studies, Aaron Mehta, "4 questions on the risks facing Turkey's defense industry," *Defense News*, April 22, 2019.

[34] Valerie Insinna, et al., "Congress has secretly blocked US arms sales to Turkey for nearly two years," *Defense News*, August 12, 2020.

[35] Turkey also has procurement and co-development relationships with other NATO allies, including Germany (submarines), Italy (helicopters and reconnaissance satellites), and the United Kingdom (a fighter aircraft prototype).

[36] Department of Defense transcript, Under Secretary of Defense for Acquisition and Sustainment Ellen M. Lord and Deputy Under Secretary of Defense for Policy David J. Trachtenberg Press Briefing on DOD's Response to Turkey Accepting Delivery of the Russian S-400 Air and Missile Defense System, July 17, 2019.

[37] A 2007 memorandum of understanding among the consortium participants is available at https://www.state.gov/documents/organization/102378.pdf, and an earlier 2002 U.S.-Turkey agreement is available at https://www.state.gov/documents/organization/196467.pdf. For information on the consortium and its members, see CRS Report RL30563, *F-35 Joint Strike Fighter (JSF) Program*, by Jeremiah Gertler.

elsewhere by March 2020, with a few contracts in Turkey continuing until completion.[38] The cost of shifting the supply chain, beyond some production delays,[39] was estimated in July 2019 to be between $500 million and $600 million.[40]

Drones: Domestic Production, U.S. and Western Components, and Exports

Over the past decade, Turkey has built up a formidable arsenal of unmanned aerial vehicles (UAVs), or drone aircraft, to carry out armed attacks or perform target acquisition. Their primary purpose has been to counter the PKK or PKK-linked militias in southeastern Turkey, Iraq, and Syria. In 2020 Turkey and its allies also have reportedly used armed drones against Syrian government forces in Idlib, the LNA in Libya, and ethnic Armenian forces in Nagorno-Karabakh. Open source accounts report that the drones have been effective in targeting adversaries, while also raising concerns about the legality of their use in these settings and the danger they pose to civilians. Since 2018, some open sources have claimed that Turkish drones have made reconnaissance flights over Greek islands, Cyprus, and Eastern Mediterranean waters.[41]

Turkey has focused on producing drones domestically. This is partly due to its failure in the early 2010s to acquire U.S.-made armed MQ-9 Reapers because of reported congressional opposition,[42] as well as to concerns that Israel may have deliberately delivered underperforming versions of its Heron reconnaissance drones to Turkey in 2010.[43] Kale Group and Baykar Technologies have produced the Bayraktar TB2 (see **Figure A-7**), and Turkish Aerospace Industries (TAI) has produced the Anka-S. Turkey anticipates adding both larger (the Aksungar and Bayraktar Akinci) and smaller drones (the Kargu-2 and Alpagu) to its arsenal over the next decade.[44] Selcuk Bayraktar, a son-in-law of President Erdogan, has played a key role in engineering the Bayraktar drones that dominate Turkey's fleet.[45]

While Turkish companies have assembled the drones, they apparently rely on Western countries for some key components, including engines, optical sensors, and camera systems.[46] After a Canadian-produced camera system was reportedly found in a Bayraktar TB2 downed in Nagorno-Karabakh in October 2020, Canada halted export permits for parts used in Turkish drones pending an investigation.[47] Also in October, a Canadian company whose Austrian subsidiary produces engines for Bayraktar TB2s announced that it would suspend engine deliveries to

[38] Marcus Weisgerber, "Turkey Will Make F-35 Parts Throughout 2020, Far Longer Than Anticipated," *Defense One*, January 14, 2020.

[39] Paul McLeary, "F-35 Production Hurt If Turkey Kicked Out of Program: Vice Adm. Winter," *Breaking Defense*, April 4, 2019.

[40] Department of Defense transcript. It is unclear whether the United States or the F-35 consortium could be liable for financial penalties beyond refunding Turkey's initial investment in the program, an estimated $1.5 billion. Michael R. Gordon, et al., "U.S. to Withhold Order of F-35s from Turkey," *Wall Street Journal*, July 17, 2019.

[41] Dan Gettinger, "Turkey's military drones: an export product that's disrupting NATO," *Bulletin of the Atomic Scientists*, December 6, 2019.

[42] Ibid.

[43] Itamar Eichner, "Turkey accuses Israel of selling them defective drones," *Ynetnews*, June 24, 2018.

[44] Paul Iddon, "Turkey's Drones Are Coming in All Sizes These Days," forbes.com, October 4, 2020.

[45] Umar Farooq, "The Second Drone Age: How Turkey Defied the U.S. and Became a Killer Drone Power," *The Intercept*, May 14, 2019.

[46] "Canadian decision to halt tech exports exposes key weakness in Turkish drone industry," *Turkish Minute*, October 17, 2020.

[47] Levon Sevunts, "Armenia claims it found Canadian tech on downed Turkish drone," *Radio Canada International*, October 20, 2020.

"countries with unclear usage."[48] Additionally, Armenian sources have raised concerns about the possible use of some U.S.-origin components in Bayraktar TB2s that could affect their future availability.[49]

It is unclear if Turkey can produce replacements for Western-origin drone components. Since 2018, TAI has reportedly been integrating domestically-produced engines into its drones, including the Anka-S.[50] Following the Canadian decision on export permits, the head of Turkey's government defense procurement agency said that Turkey is beginning mass production of a domestic camera system for its drones.[51]

Turkey's drones' apparent effectiveness—such as in destroying Russian-origin air defense systems[52]—may have boosted global demand for Turkish defense exports. In addition to Azerbaijan, Qatar and Ukraine have reportedly purchased Bayraktar TB2s. Ukraine apparently seeks to make additional purchases, which could lead to some form of co-production.[53] Serbia, Indonesia, and Tunisia also have supposedly expressed interest in Turkish drones. It is unclear whether a more combative Turkish foreign policy approach that helps market drones to other countries is a net plus or minus for Turkey's fragile economy, in light of the potential for Turkey's actions to isolate it from major powers that represent key sources of trade and investment.[54]

Congressional Scrutiny: U.S. Responses and Options

In a context where many Members of Congress are increasingly critical of Turkey's domestic and foreign policy actions, as reflected in legislative proposals and oversight, some U.S. concerns have led to sanctions and other measures against Turkey, and to efforts to empower Turkey's rivals. These measures or others in the future could, in turn, affect U.S.-Turkey relations more broadly.

Sanctions' effect on Turkish behavior may be difficult to gauge. One financial strategist said in October 2019 that measures constraining Turkish banks from transacting in dollars could particularly affect Turkey's financial system.[55] While negative effects on Turkey's economy could lead to domestic pressure to change Turkish policies,[56] they also could increase popular support for the government. While Turkey has long-standing, deeply rooted ties with the West, some sanctions could potentially create incentives for Turkey to increase trade, investment, and arms

[48] Levon Sevunts, "Bombardier Recreational Products suspends delivery of aircraft engines used on military drones," *Radio Canada International*, October 25, 2020.

[49] "How much does the production of Turkish 'local' Bayraktar TB2 ATS depend on foreign supplies?" *Ermeni Haber Ajansi* (translated from Armenian), October 26, 2020.

[50] Beth Davidson, "IDEF'19: Anka Aksungur to Fly with Turkish Engine by Year-end," *AIN Online*, May 1, 2019.

[51] Gokhan Ergocun, "'Turkish defense industry moving on despite embargoes,'" *Anadolu Agency*, October 6, 2020.

[52] Seth Frantzman, "Russian air defense systems outmatched by Turkish drones in Syria and Libya," *Long War Journal* (Foundation for Defense of Democracies), June 10, 2020.

[53] "Ukraine considers buying 48 Bayraktar TB2 drones from Turkey," *Daily Sabah*, October 6, 2020.

[54] See, e.g., Metin Gurcan, "Turkey's foreign policy becoming alarmingly militarized," *Al-Monitor*, September 22, 2020; Sinan Ulgen, "A Weak Economy Won't Stop Turkey's Activist Foreign Policy," foreignpolicy.com, October 6, 2020.

[55] Sebastian Galy, cited in Jack Ewing, "Tariffs Won't Stop Turkey's Invasion of Syria, Analysts Warn," *New York Times*, October 15, 2019.

[56] Ewing, "Tariffs Won't Stop Turkey's Invasion of Syria, Analysts Warn."

dealings with non-Western actors.[57] President Erdogan has stated that U.S. actions against Turkey could lead to the ejection of U.S. military personnel and assets from Turkey.[58]

Relevant U.S. measures affecting or potentially affecting Turkey include:

- **Congressional action on arms sales.** Beyond the informal holds mentioned above (see "Background and Informal Congressional Holds on U.S. Arms Sales"), Congress could respond to Turkish policies of concern—in Syria, the Eastern Mediterranean, Nagorno-Karabakh, or elsewhere—by taking action on specific arms sales or on sales generally, including U.S.-origin components used in domestically-produced systems. In October 2020, Senate Foreign Relations Committee Ranking Member Bob Menendez introduced S.Res. 755, a resolution entitled to expedited consideration in the Senate (under Section 502B(c) of the Foreign Assistance Act of 1961; 22 USC 2304(c)) that could require a Department of State report within 30 days on possible Turkish human rights abuses both domestically and in the South Caucasus, Syria, Libya, and Iraq; and lead to expedited action on U.S. arms sales and assistance to Turkey.
- **CAATSA sanctions.** The S-400 acquisition also could trigger the imposition of U.S. sanctions under CRIEEA (Title II of the Countering America's Adversaries Through Sanctions Act, or CAATSA; P.L. 115-44; 22 U.S.C. 9525). Under Section 231 of CAATSA, the President is required to impose sanctions on any party that he determines has knowingly engaged in "a significant transaction with a person that is part of, or operates for or on behalf of, the defense or intelligence sectors of the Government of the Russian Federation." Section 1292 of the FY2021 National Defense Authorization Act passed by the House in July 2020 (H.R. 6395) has a provision that would require the Administration to impose CAATSA sanctions on Turkey. The Administration imposed CAATSA sanctions against China in September 2018, roughly eight months after it took possession of Russian S-400-related components and fighter aircraft.[59] President Trump has appeared to favor an "interim solution" allowing Turkey to avoid sanctions if it does not operate the S-400. Reportedly, Turkey has delayed plans to put the system into use, but has tested it multiple times since 2019.[60]
- **End of arms embargo against Cyprus.** Section 1250A of the FY2020 National Defense Authorization Act (P.L. 116-92), enacted in December 2019, lifted a 32-year-old embargo on U.S. arms sales to the Republic of Cyprus, amid the Turkey-Greece-Cyprus tensions over Eastern Mediterranean energy exploration and maritime boundary issues described above. In July 2020, the U.S. embassy in

[57] Remarks by Senate Majority Leader Mitch McConnell, *Congressional Record* vol. 165, no. 173, Senate - October 31, 2019, p. S6310 (Turkey and Syria); Paul McLeary, "Tough Sanctions May Drive Turkey into Russia's Arms," *Breaking Defense*, October 10, 2019; Burak Ege Bekdil and Matthew Bodner, "No obliteration: Western arms embargo has little impact on Turkey as it looks east," *Defense News*, October 24, 2019.

[58] Selcan Hacaoglu, "Pentagon chief questions Turkey's NATO loyalty after base threat," *Bloomberg*, December 17, 2019.

[59] Department of State, "CAATSA Section 231: Addition of 33 Entities and Individuals to the List of Specified Persons and Imposition of Sanctions on the Equipment Development Department," September 20, 2018.

[60] Aaron Stein, "Finding Off Ramps to the Ongoing S-400 Crisis with Turkey," *Foreign Policy Research Institute*, July 1, 2020; Joyce Karam, "Turkey tests S-400 Russian missile system with US jets, defying Washington," *The National*, November 25, 2019; "US Condemns Turkey for Testing Russian-Made S-400 Missile," *Voice of America*, October 17, 2020.

Cyprus announced that the United States would begin providing some International Military Education and Training to Cyprus in FY2021.[61] In September, Secretary of State Pompeo waived restrictions on the U.S. sale of non-lethal defense articles and services to Cyprus for FY2021, attracting criticism from Turkish officials.

Outlook

The future of U.S.-Turkey relations could depend on a number of factors, including:

- whether Turkey makes its Russian S-400 system fully operational and considers additional Russian arms purchases;
- how various regional crises (Syria, Libya, Nagorno-Karabakh, Eastern Mediterranean disputes with Greece and Cyprus) unfold and influence Turkey's relationships with key actors (including the United States, Russia, China, the European Union, Israel, Iran, and Sunni Arab states);
- whether Turkey can project power and create its own sphere of influence using military and economic cooperation (including defense exports); and
- whether President Erdogan is able to maintain broad control over the country given its economic problems and human rights concerns.

Administration and congressional actions regarding Turkey can have implications for bilateral ties, U.S. political-military options in the region, and Turkey's strategic orientation and financial well-being. For example, U.S. actions in response to Turkey's acquisition of the S-400 could affect U.S. relations with respect to other key partners who have purchased or may purchase advanced weapons from Russia—including India, Egypt, Saudi Arabia, and Qatar. These actions could include placing conditions on arms sales, whether and how to impose CAATSA sanctions, assessing U.S./NATO basing options, and balancing relations with Turkey and its regional rivals.

How closely to engage Erdogan's government could depend on U.S. perceptions of his popular legitimacy, likely staying power, and the extent to which a successor might change his policies in light of geopolitical, historical, and economic considerations. Key constituencies to consider include pious Sunni Muslims, secular Turks, nationalists, Kurds, Alevis, various elites, and the middle and working classes.

[61] U.S. Embassy in Cyprus, "U.S. International Military Education and Training for the Republic of Cyprus," July 8, 2020.

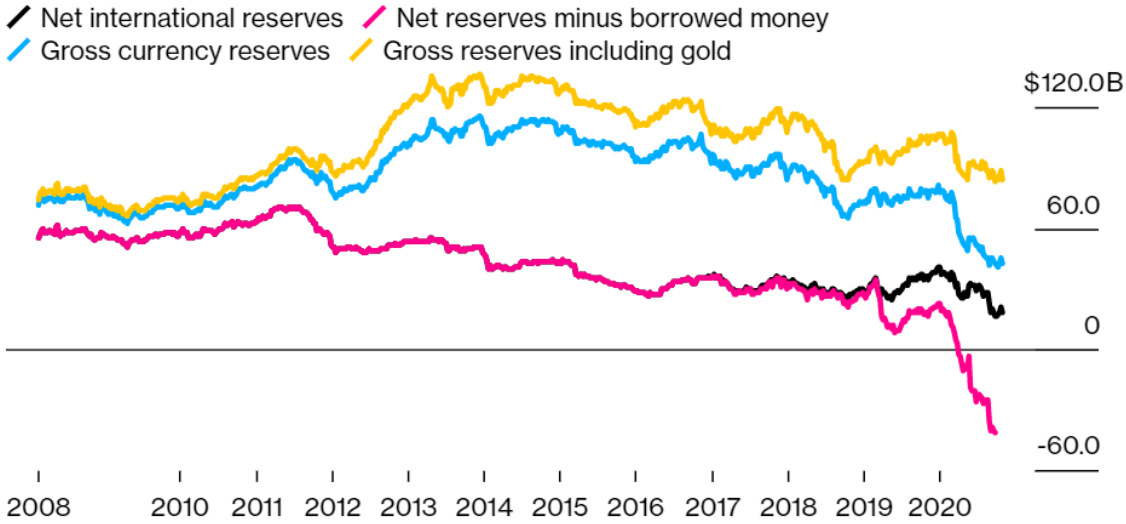
Appendix. Maps, Facts, and Figures

Figure A-1. Turkey at a Glance

Geography	*Area:* 783,562 sq km (302,535 sq. mile), slightly larger than Texas
People	*Population:* 82,017,514. Most populous cities: Istanbul 15.2 mil, Ankara 5.1 mil, Izmir 3 mil, Bursa 2.0 mil, Adana 1.8 mil, Gaziantep 1.7 mil. *% of Population 14 or Younger:* 23.4% *Ethnic Groups:* Turks 70%-75%; Kurds 19%; Other minorities 7%-12% (2016) *Religion:* Muslim 99.8% (mostly Sunni), Others (mainly Christian and Jewish) 0.2% (2017) *Literacy:* 96.2% (male 98.8%, female 93.5%) (2017)
Economy	*GDP Per Capita (at purchasing power parity):* $26,768 *Real GDP Growth:* -3.9% (2020), 3.6% (2021 projection) *Inflation:* 11.9% *Unemployment:* 14.6% *Budget Deficit as % of GDP:* 5.6% *Public Debt as % of GDP:* 38.0% *Current Account Deficit as % of GDP:* 3.7% *International currency reserves:* $81.9 billion

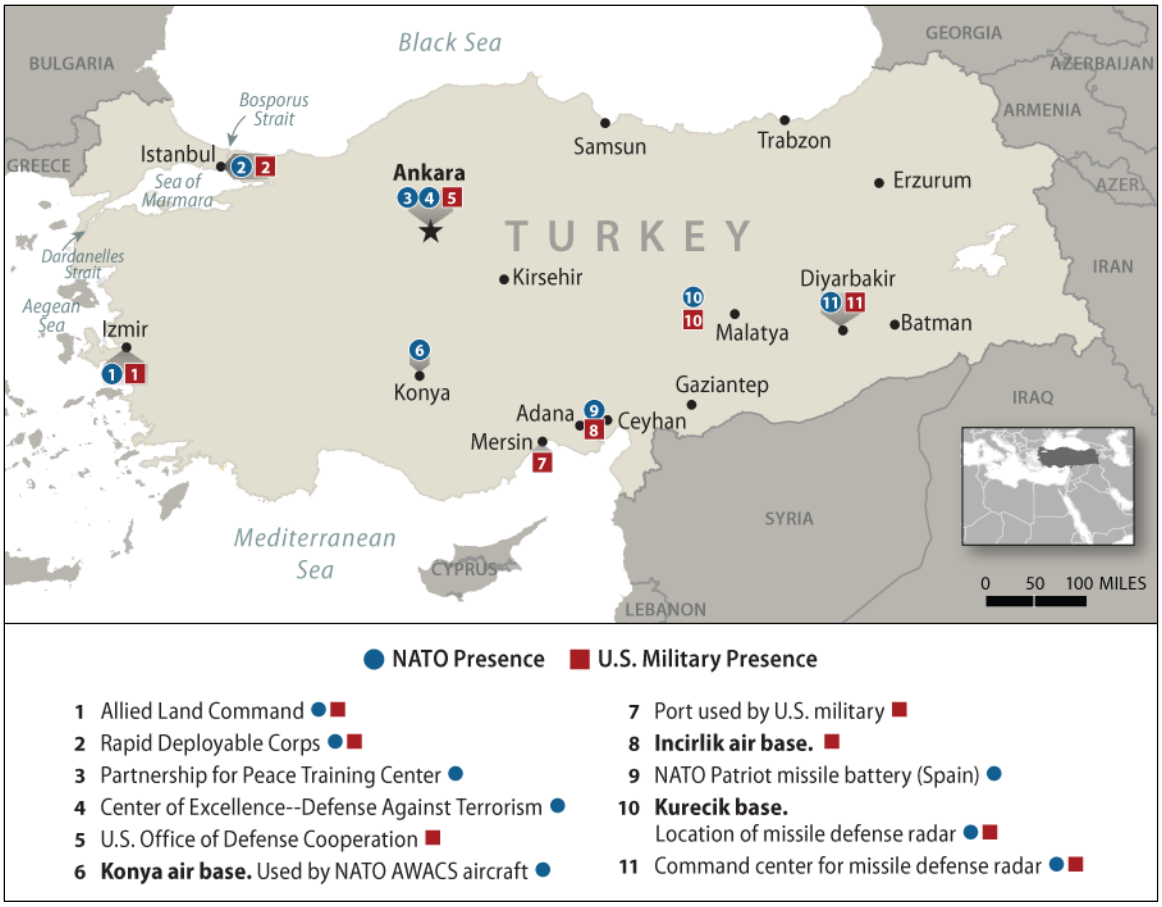
Source: Graphic created by CRS. Map boundaries and information generated by Hannah Fischer using Department of State Boundaries (2011); Esri (2014); ArcWorld (2014); DeLorme (2014). Fact information (2020 estimates unless otherwise specified) from International Monetary Fund, World Economic Outlook Database; Economist Intelligence Unit; and Central Intelligence Agency, *The World Factbook*.

Figure A-2. Turkish Currency Reserves



Source: Central Bank of the Republic of Turkey, Bloomberg
Note: Borrowed money is defined as the central bank's monthly outstanding swap stock through September

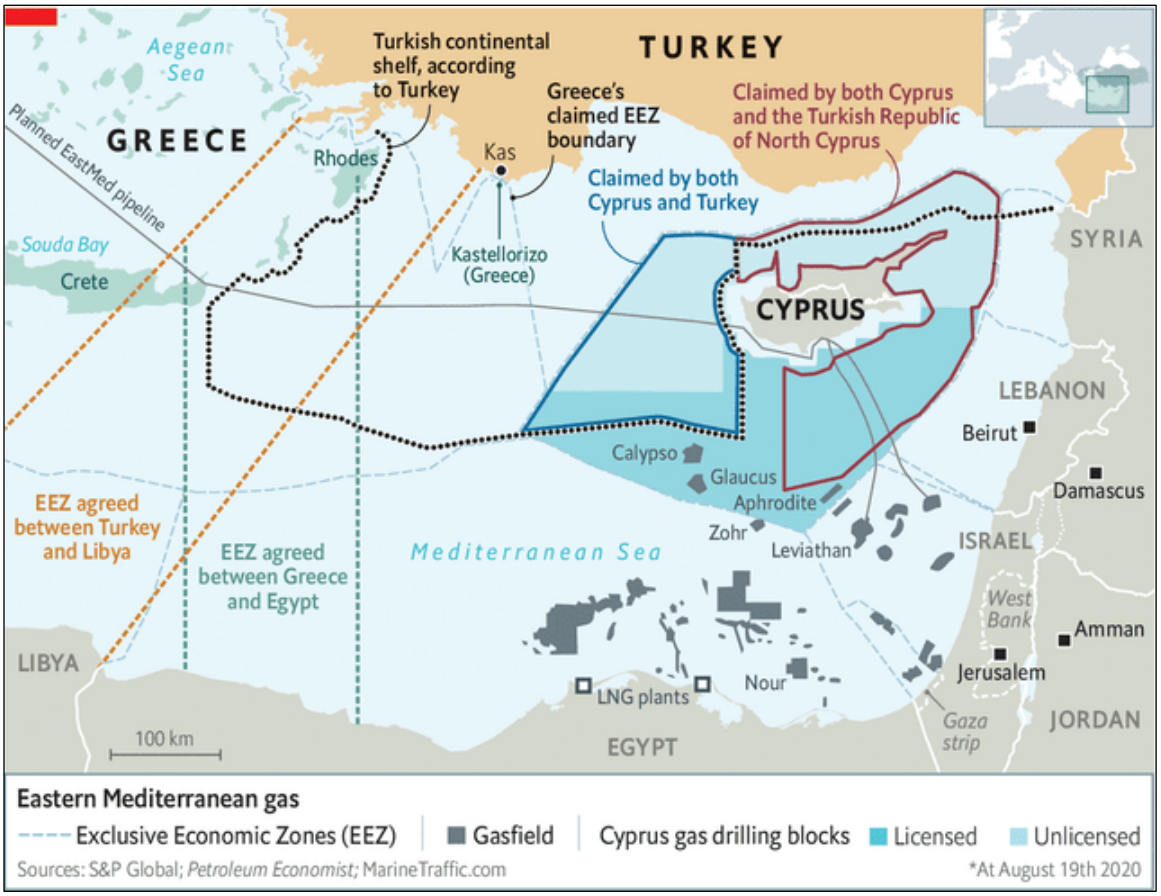
Figure A-3. Map of U.S. and NATO Military Presence in Turkey



Sources: Department of Defense, NATO, and various media outlets; adapted by CRS.

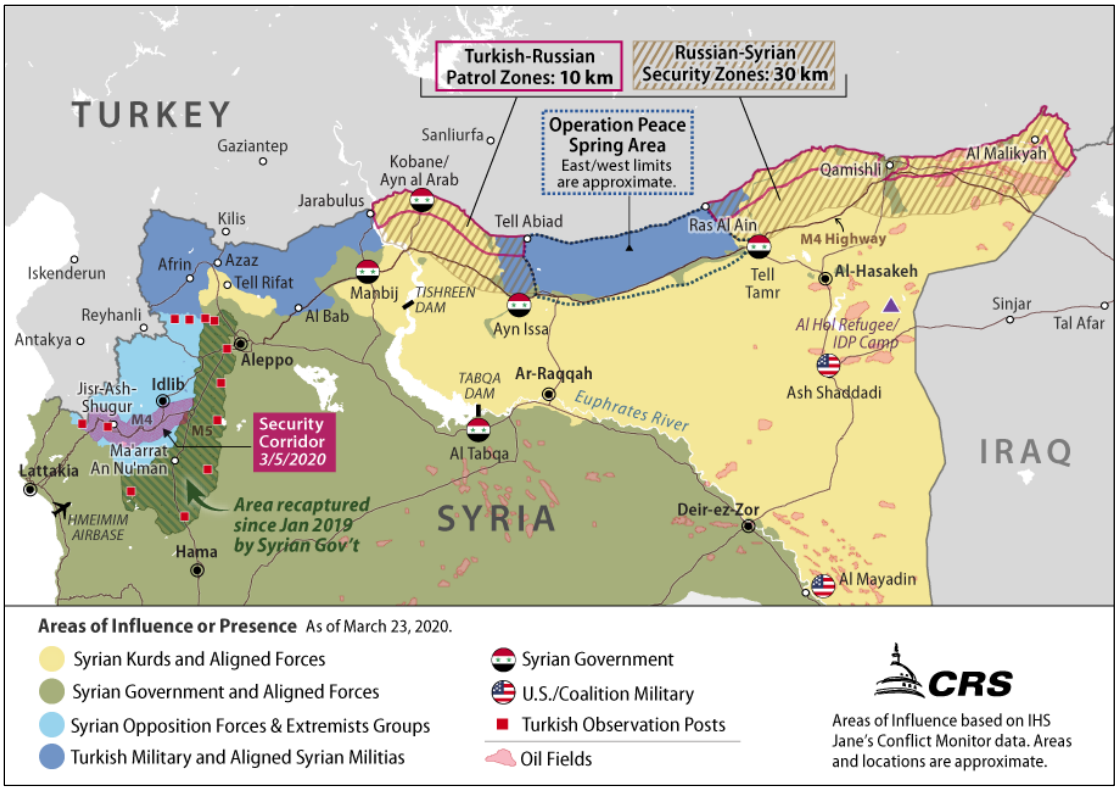
Notes: All locations are approximate.

Figure A-4. Competing Claims in the Eastern Mediterranean



Source: Main map created by *The Economist*, with slight modifications by CRS.

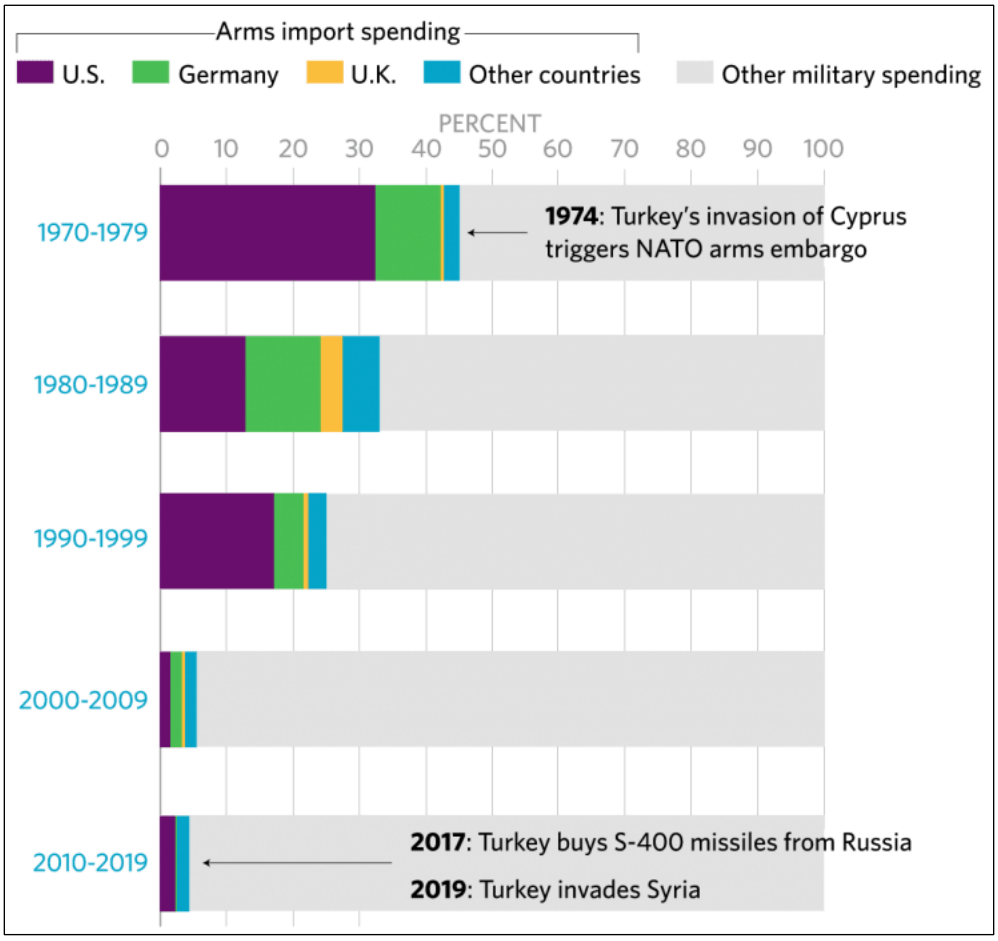
Figure A-5. Syria-Turkey Border



Source: CRS, using area of influence data from IHS Jane's Conflict Monitor. All areas of influence approximate and subject to change. Other sources include U.N. OCHA, Esri, and social media reports.

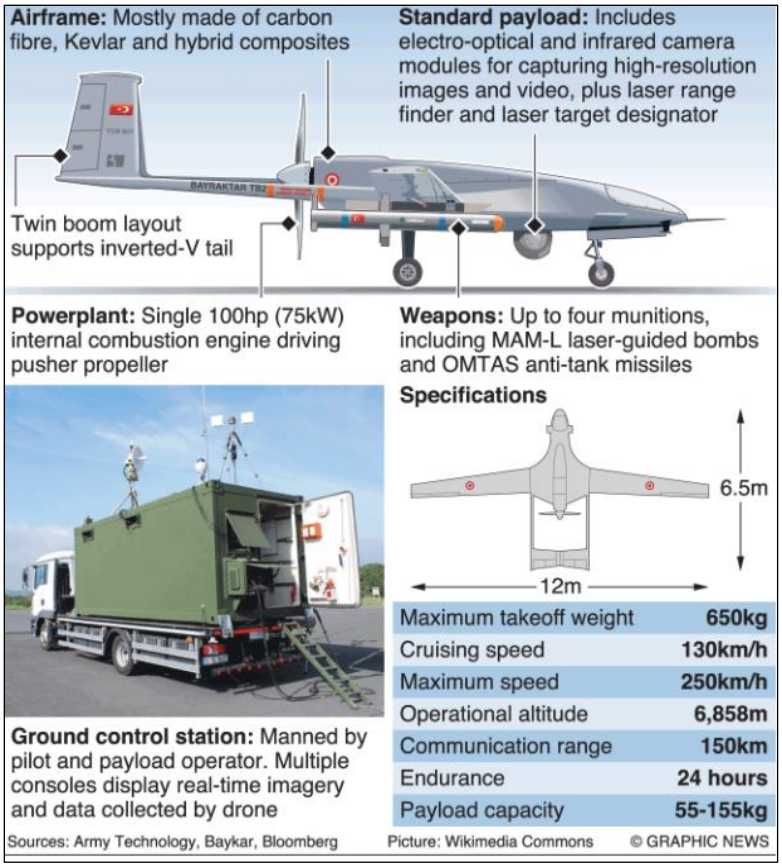
Note: This map does not depict all U.S. bases in Syria.

Figure A-6. Arms Imports as a Share of Turkish Military Spending



Sources: Stratfor, based on information from the Stockholm International Peace Research Institute Arms Traders Database.

Figure A-7. Bayraktar TB2 Drone



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