
Turning Towards Turkey: Its Importance as an Energy Distributor and Ally in Post-9/11 Stabilization

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INTRODUCTION

Viewed as a potential ally at the crossroads to Central Asia, the Middle East, and the Balkans, Turkey is a foreign policy prize rising in the sights of a number of key major and medium-sized states. And yet, Turkey is not a member of the Organisation for Economic Co-operation and Development (OECD), nor is it an energy-rich country. Even so, its partnership with the U.S., its prospective membership in the European Union (EU), its cultural, historical, and geographical ties to Eurasia and the Middle East, make Turkey an irreplaceable partner.

TURKEY'S UNIQUE ROLE: ENERGY DISTRIBUTION HUB

These days, Turkey's role in the emerging world order is evolving to that of an energy distribution hub, and of a distinct corridor to three changing political economies. Turkey's place in these matters is, and always has been, unique. Turkey may be called an undiscovered pearl. She has never been one of the major players in world foreign or energy issues but has functioned as a reliable ally. While energy resources in certain traditionally highly productive Western zones have grown scarcer, while energy-rich countries have gathered in ever-challenged cartels, and while strategies and blueprints on future energy supply have been conceived and published by prominent western countries, Turkey, in the meantime, has rather

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quietly been preparing an energy transmission network that needs nothing but to be harnessed by Western countries for these countries' energy needs.

Proximate to 70 percent of the world's proven oil and gas resources, Turkey is thus a natural energy bridge between major oil producing areas in Russia, the Caspian Sea basin, and the Middle East on the one hand, and European consumer markets on the other. By the end of 2001, a gas pipeline from Iran to Turkey had gone into operation. The Blue Stream Gas Pipeline from Russia to Turkey and the Baku-Tbilisi-Ceyhan (BTC) Oil Pipeline from the Caspian basin to Turkey are currently under construction. The transportation of oil and gas

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resources through various pipelines traversing Turkey will enable European countries to diversify and secure their energy supply.

Turkey has been part of the European state system since the nineteenth century when the Ottoman Empire was included in the Concert of Europe. At the Paris Peace Conference in 1856, Europe's great powers decided that the territorial integrity of the Ottoman Empire was essential for European stability. Turkey, on the other side, became the Turkish Republic in 1923 and Atatürk introduced a series of reforms designed to transform Turkey into a modern, secular state.¹ This process of gradual Europeanization was given new impetus after World War II by

Turkey's entry into NATO. In 1963, Turkey signed the Association Agreement with the European Community (EC), which foresaw the possibility of eventual membership. Meanwhile, Turkey's full membership to the EU has been a primary objective of Turkey's foreign policy. The recognition of Turkey as a candidate for accession at the Helsinki European Council in 1999 introduced a new era in Turkish-European relations. In 2000, the EC Council approved an Accession Partnership Agreement, which includes preparations that Turkey must achieve in order to become an EU member country. Since then, Turkey has undertaken many reforms. Yet, in October 2002, the EU made clear its desire for Turkey to implement further reforms before it would be accepted as a member. The EU will decide whether to start membership talks with Turkey from the end of 2004. Developments within the EU will also be important in Turkey's quest for membership. A slowdown in the EU integration process could negatively affect Turkey's economy and provoke a domestic backlash.²

Turkey's energy transmission infrastructure will be an asset to energy distribution. Several existing oil pipelines transit through Turkey: the Ceyhan-Kirikkale Crude Oil Pipeline, transporting approximately 25 million barrels of oil per year

(mm bb/y), the Batman-Dörtyol Crude Oil Pipeline, which goes from the Batman area to the Bay of Iskenderun, carrying about 24 mm bb/y of crude oil, and the Iraq-Turkey Crude Oil Pipeline, running from Kirkuk, Iraq, to Ceyhan, Turkey, which transported 286 mm bb/y in 2000. Much of Turkey's future oil supply will be transported via the BTC Pipeline, carrying 1 million bb/day.

There are also several gas pipelines going through Turkey as well: the Eastern Anatolia Gas Pipeline, which brings gas into Turkey from Iran; the Russia-Turkey Natural Gas Pipeline; the Izmit-Karadeniz Ereğli Natural Gas Transmission Line; the Bursa-Çan Natural Gas Transmission Line; the Çan-Çanakkale Natural Gas Pipeline; and the Blue Stream Pipeline, which will eventually transport 16 billion cubic meters (bcm) of natural gas per year from Russia to Turkey. Several new pipelines, such as the Trans-Caspian Gas Pipeline, and extensions of existing pipelines are planned or under construction, including the extension of the Iran Natural Gas Pipeline connecting Greece with Turkey.³

TURKEY'S RELATIONSHIPS

Since its establishment in 1925, the Republic of Turkey has pursued a foreign policy based on the principle "Peace at home and peace in the world."⁴ Turkey was a founding member of the United Nations in 1945 and joined the Council of Europe in 1949. Joining NATO in 1952 was in response to the growing threats to security in Europe. Since then, Turkey has deepened its regional role, becoming a member of a number of intergovernmental groups.⁵ These relationships are mutually beneficial, especially in the context of energy and economic growth, with the positive benefit of increasing security. The following is an examination of the nature of these relationships.

Turkey and the United States

Turkey and the U.S. maintain an active relationship, furthering U.S. interests in the region. Throughout the Cold War, the Turkish military was on the front lines of NATO's confrontation with the Soviet Union. Turkey worked together with the U.S. during the Kosovo crisis, deploying over 2,000 troops to the Balkan region as a member of International Fellowship of Reconciliation (IFOR), Stabilization Force of Reconciliation (SFOR), and Kosovo Force of Reconciliation (KFOR). In 1999, Turkey supported the U.S. in the Nagorno-Karabakh peace process between Georgia and secessionist Armenians. In the Middle East, Turkey has actively supported U.S. mediation efforts between Israel and Palestine both before and after Camp David.⁶

There has been effective and significant cooperation between the U.S. and Turkey during the past decade with regard to Iraq. Turkey demonstrated solidarity

with the U.S. after the invasion of Kuwait in 1990 by shutting off Iraqi oil exports through Turkey and permitting U.S. air strikes from the Incirlik air base in its south.⁷ As U.S. and world energy dependency on the Middle East was growing significantly in the 1990s, energy catapulted to the top of bilateral cooperation between Turkey and the U.S. This step was even more favored by the Americans than by the Turks, but, as energy is also a significant concern in international relations, it was embraced by the Turkish side. The U.S., generally circumspect about Russian-Iranian cooperation, was a principal mover behind the BTC pipeline. The U.S. and Turkey have been working together for a Eurasian transit corridor to export oil and gas resources from the Caspian region to Europe.⁸ Turkey, as a secure final transit point, is key to the realization of the export revenue interests of Azerbaijan, Kazakhstan, and Turkmenistan. This is all the more notable given the economic hardship suffered by these states.⁹ Turkey's status has thus been heightened in the Caspian region, and furthered Europeanization and Westernization in the region. Simultaneously, Turkey's relations with Europe are undergoing important changes. At its December 1999 Helsinki summit, the EU moved to consider Turkey as a candidate for membership. Since then, Turkey has undertaken a number of reforms designed to meet the EU's Copenhagen criteria.

Turkey and the Caspian Basin

Turkey's growing energy needs have given it a strong interest in developing closer ties to energy producing states of the Caspian region and the Middle East. In particular, Turkey addresses its domestic and foreign energy needs in the context of this relationship. Turkey currently imports 60 percent of its energy, although these energy imports are due to rise to 70 percent in 2010 and to 80 percent in 2020.¹⁰ As Turkey's economy has expanded in the last few years, oil consumption has increased. In the year 2000, oil consumption was 38,244 thousand tons of oil equivalent (ttoe); this number is projected to rise to 50,663 ttoe in 2010.¹¹ As a result, Turkey's oil consumption is expected to continue to grow at a rate of about two to three percent per year over the next few years. Turkey's oil consumption in 1998 was 76 million tons of oil equivalent (mtoe). It is expected to reach 179 mtoe in 2010 and 319 mtoe in 2020.¹² The 20 billion cubic feet (bcf) of natural gas produced domestically in

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2000 met only 3.8 percent of domestic gas consumption. The remaining gas supply was either imported by pipeline or as liquefied natural gas. Turkey's natural

gas demand is also expected to grow rapidly, quadrupling within the next 20 years, with 1,400 bcf gas consumption projected for the year 2020.¹³

While oil supply is relatively easy for Turkey to access, principally via Libyan or Algerian tankers, natural gas is something of a vexing problem. Turkey is the fastest growing gas market in Europe and has experienced difficulties in the past satisfying its consumption needs. The importance of gas supply for Turkey has driven it to sign several agreements to purchase gas from Russia, Turkmenistan, Azerbaijan, Iran, and Iraq (under Saddam Hussein), all requiring new pipeline infrastructure. Turkey has also been reforming its energy laws and liberalizing its energy market. Additionally, Turkey has enacted tax, custom, and other laws, among which many are especially designed to attract investment.

Turkey, which is one of the biggest investors in the Caspian, has close historical, cultural, and economic ties with the region and acts not only out of its commercial interests but also to support the Caspian nations in their social and economic development. The interests of the Caspian nations—and Western states—to see hydrocarbon transit bypass Russia, has led to the emergence of Turkey as a dominant player in the export of Caspian oil and gas. The BTC Pipeline, a priority of Turkish foreign policy, will bypass Russia in favor of Georgia to transit Caspian oil to the Black Sea. Azerbaijan has moved away from the unrestrained anti-Russian and pro-NATO stance it had previously displayed, and the same is true to a limited extent in Georgia. These two states continue to see Russia as a threat to their independence, yet as a threat that must be dealt with tactfully.

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The Azeri-Georgian partnership with Turkey and the U.S. is not presently threatened, but both Azerbaijan and Georgia recognize that more flexibility and balance will be required in their relations with the new Russia. Turkey, supported by the U.S. in the region, has appealed to Israel to solidify Turkey's position in western circles. As a result, a bloc consisting of Turkey, Israel, Azerbaijan, and Georgia has formed and is counterbalanced by a Russo-Iranian alliance.¹⁴

Since the fall of the Soviet Union and the privatization of former Soviet energy assets, the Caspian region's oil and gas reserves have attracted many energy companies. While the region does not rival the Persian Gulf's 60 percent of proven global oil reserves, the Caspian's estimated 15 to 40 billion barrels of oil reserves are still significant and have motivated the Caspian's littoral countries—Iran, Russia, Azerbaijan, Kazakhstan, and Turkmenistan—and international oil companies to embark on development projects. Construction of the BTC

Pipeline began in September 2002 and it is expected to be completed by 2005. Turkmenistan plans to transport 30 bcm of gas per year through the Trans-

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Caspian Pipeline, with 16 bcm per year going to the Turkish market and 14 bcm per year going through Turkey to Europe.

Oil production on the coast of Kazakhstan at the enormous Kashagan field is expected to commence in 2005, at the earliest.¹⁵ As EU countries are the main prospective consumers of Caspian oil and gas, now would be the optimal time for the EU to join forces with the U.S. government in promoting a trans-Caspian pipeline westward, one that would link Kashagan and other fields in Kazakhstan with the planned BTC energy corridor. However, the EU seems content to defer to Russia on Caspian energy transit. When asked about their

policy on Caspian energy transit, some European officials reply that such transit is included in the EU-Russia energy dialogue, their assumption being that this vital matter can be entrusted to the Kremlin indefinitely into the future. Joining the plan to link the Kashagan field to BTC would bring Caspian oil and gas to Europe in the most direct route possible.¹⁶

Turkey and Iran

Turkey also has close ties to Iran. Iran itself is considered to be an economically attractive export route for both oil and gas. It already has a well-developed (though not necessarily well maintained) transportation infrastructure, including portions of pipeline that could be used for routes to the West. In 1996, to sustain its economic growth, Turkey signed a \$23 billion natural gas supply deal, to be purchased over the next two decades, making Iran Turkey's second-largest gas supplier after Russia. This agreement is in conflict with U.S. policy to avoid bringing Iran into the region's economic agreements. The sum of \$23 billion circumvents the 1996 Iran-Libya Sanction Act, which punishes companies investing more than \$20 million in either country. As the agreement was signed under the conductorship of Prime Minister Islamist Erbakan, many feared it to be an indication of political change. However, it should be noted that the agreement had been negotiated for some time before Erbakan became prime minister, and was a reflection of Turkey's energy needs rather than a sharp turn in foreign policy.¹⁷ Turkey has also signed contracts for energy imports with Egypt and Iraq.

Turkey and Russia

In the near-abroad, in Central Asia, Russia has traditionally been Turkey's largest gas supplier. The 842 kilometer Russia-Turkey Natural Gas Pipeline transports gas from Russia through Ukraine, Romania, and Bulgaria into Turkey. Given its need to meet growing domestic demand, Turkey moved in to increase these quantities significantly. At a cost of \$3.3 billion, the Blue Stream Pipeline was built by Gazprom (of Russia) and ENI (of Italy), each company a 50 percent shareholder. The Blue Stream Pipeline partially runs under the Black Sea; it is expected to deliver upwards of 565 bcf of natural gas annually from 2009 onwards. Russia also delivers oil to Turkey, which is transported via pipeline.

Russia, whose relations with Turkey date back centuries, has always been an important neighbor. The collapse of the Soviet Union and the emergence of the Russian Federation marked a new era of Turkish-Russian relations. Good neighborliness, mutual trust, friendship, and economic cooperation form the basis of Turkish-Russian relations. Reciprocal official visits between Turkey and the Russian Federation are strengthening bilateral relations. The signing of The Action Plan of Cooperation between Turkey and the Russian Federation in Eurasia on November 16, 2001, lends proof of this relationship. The Blue Stream Pipeline constitutes one of the most important issues in Turkish-Russian relations.¹⁸

Turkey and Europe

Turkey represents the most promising target market for gas in Southwest Asia. Its potential suppliers are just as eager to supply their gas to Turkey as Turkey is to receive it. Yet, for gas pipeline projects to win the Turkish gas market race, connections to the European gas market must be built.¹⁹

In 2030, Europe will have to import 95 percent of its oil and gas if production methods and consumption habits remain the same as today.²⁰ Western Europe energy consumption increased by 8.5 quadrillion British thermal units (Btu) between 1992 and 2001. The increase was led by natural gas, 4.9 quadrillion Btu; petroleum, 2.0 quadrillion Btu; and nuclear electric power, 1.3 quadrillion Btu. Together, these increases more than offset a 1.3 quadrillion Btu decrease in coal consumption.²¹ Turkey's energy policy overlaps with the EU's energy security policy and thus opens a further plane for cooperation between the two. Greece, for instance, has already agreed with Turkey to transfer natural gas from the Caspian and Eurasian region to Europe, through Turkey and Greece.²²

Turkey and the Middle East

Turkey enjoys long ties and cordial relations with the countries of the

Middle East, and has supported every effort aimed at bringing about a comprehensive, just, and lasting peace in the region. Turkey feels united to Israel by strategic bonds, and over the last decade, Turkey has become an important regional actor in the Middle East Peace Process.²³ Bilateral relations with its neighbors Syria, Iraq, and Iran focus on fighting against the Kurdistan Workers' Party (PKK). Turkey maintains relations with the Kurdish Patriotic Union of Kurdistan faction of Talabani and the Kurdistan Democratic Party of Iraq of Barzani. Relations with Syria in particular have been overshadowed by the water issue in the past.

Pipelines and anti-terrorist collaboration are intrinsic to Turkish interests. Turkey was amongst the very first states to join the post-9/11 global coalition. The view that terrorism cannot be associated with a religion, culture, geography, or ethnic group is the official position of the Turkish government. Pragmatically, the Turkish also recognize that terrorists have threatened and attacked pipelines. This problem is especially present in the case of pipelines going through Azerbaijan and Georgia, two politically unstable countries. Also, the potential for Kurdish rebel groups to tip into a civil war represents a threat to pipelines transiting Kurdish regions.²⁴

With regard to the BTC Pipeline, Greece's Development Minister, Akis Tsochadzopoulos, stated: "We are following a regional collective security policy. Such a policy necessitates the endeavor of all countries from the Middle East to Central Asia. We can call this strategy energy diplomacy instead of defense diplomacy. Naturally, such a project can bring stability to the region. The development

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of the economic and trade relations in the region are also developments bringing stability." The BTC pipeline would link Azerbaijan, Georgia, and Turkey as oil exporters to international markets, while bypassing two regional powers, Iran and Russia. Azerbaijan too, stated that exporting oil via NATO member Turkey would bring additional political and security benefits to the region. More broadly, the pipeline projects linking the Caucasus and Central Asia to Europe will be essential for the region's integration to the West.²⁵

Turkey has also emerged as an increasingly important regional actor with regard to foreign policy in Middle East issues. Since the September 11 attacks, NATO has shown greater concerns for threats beyond European borders and Turkey's position on the periphery of the Middle East enhances its strategic importance. As a buffer to Iraq's instability, a strong and stable Turkey will be more important than ever, both with regard to energy and foreign policy.

The events of September 11 have served to strengthen the U.S.-Turkish strategic partnership. Turkey has always regarded a strong tie to Washington as an

important component of its security. The U.S., in turn, has been one of Turkey's strongest allies and has been supportive of key Turkish energy priorities; for example, the campaign against PKK terrorism, and Turkey's quest for EC membership. Though Turkey did not allow the U.S. to deploy 62,000 troops as a second front in the war with Iraq, Washington might still give Turkey adequate aid to reassure its markets so that the U.S. would avoid a debt failure.²⁶

CONCLUSION

Turkey's current position as an energy hub represents a valuable opportunity to the world. All states should harness Turkey's unique position, especially given its commercial inducements and security advantages, and Turkey should be well aware of the potential that this moment holds, for itself and for the world. ■

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NOTES

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