COOKING WITH GAS:

Turkey's Energy Politics as Foreign Policy in the Twenty-first Century

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ABSTRACT:

This project investigates the extent to which energy politics affect Turkish foreign policy. The beginning of the paper presents the context of Turkish international and regional leadership. Analysis is grounded in a realist worldview that prioritizes relative power in an unstable region and in Turkey's professed foreign policy strategies and priorities, including increased interaction with Turkey's neighbors and the cultivation of regional stability. The paper then examines Turkey's domestic energy demands, its current suppliers, and, in light of these realities, some main dynamics in regional energy politics. Fueled by concern over energy security, the European Union has engaged Turkey in developing an energy corridor, with Turkey at the center, to shift away from Russian market dominance. Other dynamics, such as the search for new supplies in the Caspian region and the political debates surrounding energy from Iran and Iran, shape Turkey's quest to become an energy hub and a larger regional power. As a trusted player, Turkey can help secure new energy sources for interested Western clients and leverage energy networks to enhance regional stability and economic growth. To become an energy hub, Turkey must manage carefully its foreign policy and balance what may become conflicting relationships to form a comprehensive and progressive foreign policy.

INTRODUCTION

Turkey's proactive prime minister Recep Tayyip Erdogan and Foreign Affairs Minister Ahmet Davutoglu have reasserted Turkey's role in regional affairs more aggressively than anytime since the Ottoman Empire, with dynamic foreign policy and vocal positions on some of the most pertinent regional and global issues, including the war in Iraq, the uprising in Syria, and Iran's nuclear program. With Turkey's rising political influence, it has become more involved in energy trading and pipeline transportation of energy, which has, in turn, impacted Turkish foreign policy.[1] What are Turkey's energy goals and how do these relate to its foreign policy goals? Are they in conflict or in concert? Particularly, how does Turkey intend to use the Euro-Russo energy dynamic to its advantage? How do new battleground energy sites, such as the Caucasus, enter into this equation? What changes and challenges do the ongoing tensions with Iran present to Turkey's energy policy? How has the American intervention in Iraq and transnational issues of Kurdish identity impacted Turkey's quest for energy security and its bid to be a regional energy hub? These and other questions will be answered in an effort to explain how Turkey's own demand for energy as well as global demand impact Turkey's foreign policy decisions.

Media coverage and academic scholarship of Turkey's increasing international visibility fail to discuss energy concerns as a major driver of policy and how these concerns affect Turkey's global public relations strategy. The beginning of this paper presents the context of Turkish international and regional leadership. Analysis is grounded in a realist worldview that prioritizes relative power in an unstable region and in Turkey's professed foreign policy strategies and priorities, including increased interaction with Turkey's neighbors and the

[1] Hill, Fiona. (2004). Caspian Conundrum: Pipelines and Energy Networks. *The Future of Turkish Foreign Policy*. Eds. Lenore G. Martin and Dimistris Keridis. Cambridge, MA: MIT Press. 211-239.

cultivation of regional stability. The paper then examines Turkey's domestic energy demands, its current suppliers, and, in light of these realities, some main dynamics in regional energy politics. This paper will clearly and directly address the relationship between increasing domestic energy demand and Turkey's increasing interest in acting as an energy transit hub for energy between various regions of the world. It also will look at Turkey's investments as an energy transportation hub and relationships with major players such as the EU, a major energy consumer concerned with relations with Russia; the Caspian, a newfound source of potential energy; and Iran and Iraq, two countries with proven resources but problematic politics. These trends will then be placed in the context of recent global events, particularly the controversy surrounding the Strait of Hormuz and in relation to the increasingly hostile nature of the US-Iranian relationship. The dynamics of Iraqi politics, with special attention paid to the American invasion and the transnational Kurdish question, will also be addressed.

The paper will conclude with projections for current trends in the future. Turkey can help secure new energy sources for interested Western clients and leverage energy networks to enhance regional stability and economic growth. Barriers to this new position for Turkey remain: for example, increasing international hostility towards Iran can severely hinder Turkey's ability to satisfy its own energy needs, let alone its ability to offer energy options to its interested clients. Furthermore, power struggles in the Caspian put Turkey at the center of a delicate balancing game. To become an energy hub, Turkey must manage carefully its foreign policy and balance what may become conflicting relationships to form a comprehensive and progressive foreign policy.

Realism: A Relevant Approach

Structural realism is an especially relevant lens for theory in examining the politics of

Middle Eastern and Eurasian states, due to the relative political instability in those areas. This paradigm holds that the international structure forces states to pursue power: "In a system where there is no higher authority that sits above the great powers, and where there is no guarantee that one will not attack another, it makes eminently good sense for each state to be powerful enough to protect itself in the event it is attacked."[2] Minority politics, foreign intervention and alliances, and domestic backlash characterize the politics of Turkey's neighbors, and in such a system it makes sense for Turkey to amass power, either regional or global, that can help insulate itself from the political instabilities of the region. Turkey's leaders evaluate the regional and international structure in relation to Turkey's power and form strategy based on this assessment.

COLD WAR FOREIGN POLICY AND RECENT CHANGES

Turkey has created a relatively continuous foreign policy pattern since its independence in 1923.[3] Throughout the Cold War, Turkey remained staunchly in the American and Western camp, joining the North Atlantic Treaty Organization and maintaining the second largest military force in NATO.[4] Even through troubling issues such as Turkey's invasion of northern Cyprus in 1974, the US remained dedicated to maintaining Turkey as an ally due to its "strategic location coupled with its Western orientation."[5] The end of the Cold War brought significant changes to Turkey's foreign policy approach. As Davutoglu notes, "The end of bipolarity has created sensitive regions where there is a vacuum of power needed to control the strategic capabilities of the geopolitical core areas …. The US had to face this challenge as the superpower of the unipolar system while Turkey, as a country at the heart of all these sensitive regions, had to

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[2] Mearsheimer, John. (2006). Structural Realism. *International Relations Theories: Discipline and Diversity* . Eds. Tim Dunne, Milja Kurki, and Steve Smith. Oxford, UK: Oxford University Press.

[3] Cook, Steven A. and Sherwood-Randall, Elizabeth. (2006). *Generating Momentum for a New Era in U.S.-Turkey Relations*. CSR No. 15, June. Council on Foreign Relations: New York, NY.

[4] Cook and Sherwood-Randall 2006

[5] Cook and Sherwood-Randall 2006, 6

respond to the risks they pose."[6] Turkey was focused on managing immediate and local conflicts, as well as domestic political struggles such as the rise of the AKP, rather than reorienting its long-term foreign policy. Thus there was a significant delay in shifting Turkish foreign policy to process the end of the Cold War and strategize beyond the bipolar system. The past decade has visibly displayed the rumblings of a new era in Turkish foreign policy and the emergence of a post-Cold War strategy.

Individual personalities and leadership are key to pursuing grand strategy, and the leadership of Davutoglu, Erdogan and Kalin (Erdogan's chief foreign policy adviser) has paved the way for a new era in Turkish foreign policy.[7] This leadership requires a thorough understanding of the political environment as well as a sustained vision, both of which Turkish leaders possess. Turkey's new foreign policy, guided by a compelling vision, seeks to create and maintain beneficial relationships with various players by capitalizing on Turkey's neighborhood. Konstantin von Eggert, writing for the *Washington Post's* "Russia Now" section, notes that "Erdogan and his team possess a vision for Turkey that, although still a work in progress, is much more coherent, inspired, and whole than anything the current European Union leaders, uniform, dull and indecisive as one, could ever suggest to their own people."[8] This vision has allowed Turkey's leaders to propel Turkey into a position of regional and international leadership through a more regionally concerned foreign policy. These leaders want to use Turkey's "leverage in the broader Middle East, Eurasia, and Southeast Europe to find solutions

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[6] Davutoglu, Ahmet. (2008). Turkey's Foreign Policy Vision: An Assessment of 2007. *Insight Turkey* 10.1. 77-81. 88.

[7] Murray, Williamson. (2011). Thoughts on Grand Strategy. *The Shaping of Grand Strategy: Policy, Diplomacy, and War.* Eds. Williamson Murray, Richard Hart Sinnreich, and James Lacey. New York, NY: Cambridge. 1-33.

[8] Von Eggert, Konstantin. (2011). The world according to Ergodan. *Russia Now.* The Washington Post. November 8. Retrieved at http://russianow.washingtonpost.com/2011/11/the-world-according-to-erdogan.php

to protracted problems that the West has thus far failed to address"[9]. Turkey has insisted on a more independent and multi-polar foreign policy than it had during the Cold War.

The new policies focus on Turkish security and stability "by taking on a more active, constructive role to provide order, stability and security in its environs"[10]. Davutolgu outlines five principles of Turkish foreign policy. The first requires political legitimacy through the provision of security to citizens, though not at the expense of the freedoms and human rights of those citizens. The second, perhaps most well-known, principle calls for a "zero problem policy toward Turkey's neighbors"[11]. This principle calls for not only an absence of hostilities but also a development of "substantial trust"[12] in Turkey's relations with its neighbors. The third principle focuses on developing relations with "neighboring regions and beyond" and recognizes Turkey's pivotal geopolitical position and the resulting importance of regions such as the Balkans, the Middle East[13], the Caucasus and Central Asia[14]. This third principle flows easily into Turkey's fourth principle in foreign policy: pursuing a multi-dimensional foreign policy in which various relationships play integral and complimentary parts of a consistent policy[15]. The extent to which different aspects of Turkish foreign policy complement each other will be challenged and explored in later sections of this paper. The fifth principle emphasizes "rhythmic diplomacy," which includes increased participation in international institutions as well as enhancing Turkey's reputation as a responsible and honest broker in the region[16].

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[9] Ogutcu, Mehment. (2010). Turkey and the Changing Dynamics of World Energy: Towards Cleaner and Smarter Energy. Insight Turkey. 12.3. 63-88. 82.
[10] Davutoglu 2008, 79
[11] Davutoglu 2008, 80
[12] Davutogly 2008, 80
[13] Davutolgu cites problems with the PKK as a key reason why previous Turkish officials did not engage the Middle East, but he claims that over the past five years Turkey has overcome some of the barriers related to the Kurdish issue (2008).
[14] Davutoglu 2008, 81
[15] Davutoglu 2008
[16] Davutoglu 2008, 83

Turkey's leadership role is evident in the manner in which academics use to describe the strategic assets of the country, including its proximity to both the West and the East. For a long time Turkey was described as a bridge between these two entities, but recently the language describing this relationship has shifted: *Turkey seeks to establish itself as a regional hub rather than a bridge*[17]. As a Turkey analyst at the U.S. Department of Energy has said in speaking off the record, this change in discourse characterizes Turkey as a center for negotiation and engagement from multiple arenas rather than a resource to be used by two bipolar entities (personal communication, February 9, 2012). In pursuit of this goal, Turkish officials have settled on the strategy of initiating, facilitating and maintaining direct involvement with the most important stakeholders and players in any given issue. In this way, Turkey has shifted from a bridge to a hub at the center of many international issues, especially the global energy discussion.

The Arab Spring is an important example of such initiative. News stories about Turkish speeches and visits to Egypt, Tunisia, and Libya abound, especially after Erdogan called for Mubarak to step down and heed the demands of Egyptian protestors. In the context of the Arab Spring, Turkey has taken a leadership role in ushering the region toward a new political order. Turkey's greater involvement in the Middle East during the aftermath of the uprisings reflects its concerns about regional stability and its desire to raise its "'prestige on the Arab streets,'"[18] as well as an opportunity for Turkey to continue to expand their foreign policy beyond its Cold War approach[19].

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[17] Ogutcu 2010

[18] This phrase was quoted from Professor Mensur Akgun, in Ozerkan 2011. Ozerkan, Fulya. (2011). Turkey basks in prestige from early response to uprising. *Hurriyet Daily News.* February 11. Retrieved at http://archive.hurriyetdailynews.com/n.php?n=turkeys-early-challenge-to-egypt-uprising-raise-prestige-say-analysts-2011-02-11

This broader perspective of foreign policy is evident elsewhere. Ibrahim Kalin, chief foreign policy adviser to Erdogan, emphasized the leverage Turkey will gain from engaging Islamist groups and rogue groups (which the West often views as the same) in the Arab world, which represents a break from the traditional Western line of diplomacy[20]. Indeed, Turkey's engagement on other issues, such as its non-cooperation on the 2003 Iraq invasion, its mediating presence with Iran concerning the nuclear issues, and its public advocacy for a solution in Syria further illustrate the new era of Turkish foreign policy. Turkey recognizes that due to its geostrategic location as well as its historic leadership role and its cultural diversity, it can become a regional, and possibly global, power.

Through this strategy Turkey is developing its role as an honest broker in the region, aligned with the West but not inflexibly so: "while keeping her traditional pro-Western orientation intact, Turkey, … despite a series of odds, has added new components (The Caucasus, the Balkans, and the Middle East) to the substance of her foreign policy"[21]. Davutoglu himself, in an article written for *Foreign Affairs*, confirmed that Turkey remains committed to active participation in Western institutions, including the European Union and NATO[22]. On the other hand, academics who focus on Turkey's history have difficulty accepting the assertion that Turkey's leadership will be accepted by the Muslim populations of its neighbors given its staunch support for its Western allies. Such academics argue that Turkey's "strong connections with the Western defense mechanisms, its membership in various European organizations, and, in particular, its clear preference for a Western and secular way of life as a standard for its social

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[20] Birnbaum, Ben. (2011). Turkish policy adviser: Turkey is shaping the 'Arab Spring.' *The Washington Times.* June 23. Retrieved at http://www.washingtontimes

[21] Aydin, Mustafa. (2003). Twenty Years Before, Twenty Years After: Turkish Foreign Policy at the Threshold of the 21st Century. *Turkey's Foreign Policy in the 21st Century.* Eds. Tareq Y. Ismael and Mustafa Aydin. Burlington, VT: Ashgate Publishing Company. 3-24. 22.

[22] Davutoglu, Ahmet. (2010). Turkey's Zero-Problems Foreign Policy. *Foreign Affairs.* May 10. Retrieved at http://www.foreignpolicy.com/articles/2010/05/20/turkeys_zero_problems_foreign_policy?hidecomments=yes

development weigh heavily against its religious affinities with the Eastern world …"[23]. This view, however, ignores Turkey's domestic political debate about core issues such as secularism and the Western orientation of Turkish foreign policy. It also ignores Turkey's recent efforts to reach out to a diverse collection of actors on important issues, including Palestinians, Iranians, and Russians, who have mixed (at best), poor, or nonexistent relations with Western entities, particularly with the United States.

These recent, and apparently successful, instances of outreach characterize the new change in Turkish foreign policy. Turkish foreign policy is steadily moving away from the Cold War model and rejecting a unipolar model of American/Western leadership. Instead, Turkey is carving a place for itself in international politics, particularly in the energy sector. This paper will examine in depth Turkey's pursuit of status as an energy transit hub of international importance; this goal encompasses other, larger changes in the way Turkey approaches the formation and pursuit of its foreign policy goals.

GRAND STRATEGY AND RESOURCE THEORY

How do energy politics fit into the larger picture of foreign policy? Peter Feaver, of Duke University, explains this complex piece of international relations theory in relatable terms. The phrase "grand strategy" describes a "collection of plans and policies that comprise the state's deliberate effort to harness political, military, diplomatic and economic tools together to advance that state's national interest"[24]. Grand strategy focuses on the ends a nation desires and the various pathways and practices that will allow it to achieve such ends[25]. An understanding of

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[23] Soysal, Mumtaz. The future of Turkish foreign policy. *The Future of Turkish Foreign Policy.* Eds. Lenore G. Martin and Dimistris Keridis. Cambridge, MA: MIT Press. 37-46. 39.

[24] Feaver, Peter. (2009). What is grand strategy and why do we need it? *Shadow Government: Notes from the Loyal Opposition*. Foreign Policy. April 8. Retrieved at http://shadow.foreignpolicy.com/posts/2009/04/08/what_is_grand_strategy_and_why_do_we_need_it

[25] To determine these ends and means, grand strategy synthesizes "the disciplines of history (what happened and why?), political science (what underlying patterns and causal mechanisms are at work?), public policy

grand strategy makes "history more relevant, political science more concrete, public policy more broadly contextualized, and economics more security-oriented"[26]. In this context, Turkey seeks to use its geostrategic position, situated among energy suppliers and consumers, to advance its national interests, both diplomatically and economically. Energy politics is one geographic and economic factor in Turkey's grand strategy.

The concepts of geopolitics and geostrategy, within this grand strategy framework, help to explain Turkish strategy behind long-term foreign policy goals. Three concepts interact to create and affect foreign policy: geography, geopolitics, and geostrategy[27]. Geography pertains to the physical formations and realities of a country. Geopolitics refers to "the geographic distribution of centers of resources and routes" and assigns "value to locations according to their strategic importance"[28]. This geographic distribution and its assigned values cannot be voluntarily altered by states and is often in flux. Geostrategy is the "geographic direction of a state's foreign policy," describing where a state directs its diplomatic as well as military efforts[29]. Geostrategy describes the prioritized focus of states on different areas of the world. Geography alone, however, does not determine geostrategy; a state may prioritize relations with another state due to non-geographic factors. Grygiel claims that understanding the dynamics between these three concepts is key to national success. Disconnect between geostrategy and geopolitics can cause a state's decline due to lack of control over centers of resources and routes, leading to an increased dependence on other states for the procurement of these resources and routes[30].

(how well did it work and how could it be done better?), and economics (how are national resources produced and protected?)" (Feaver 2009).

[26] Feaver 2009

[27] Grygiel, Jakub J. (2006). *Great Powers and Geopolitical Change.* Baltimore, Johns Hopkins University Press.

[28] Grygiel 2006, 23 and 22

[29] Grygiel 2006, 23

[30] Grygiel 2006, 24

Rather, Turkey's foreign policy shows an exchange and even an alignment between its economic needs, including energy demand, and its foreign policy.

Turkey's energy politics are one facet of its grand strategy. In order to continue its economic growth and social development, Turkey requires an increasing supply of energy. Similarly, to transform the recent prestige Turkey has gained into a strong position of global relevance and importance, Turkey must create a space for itself within one of the most important battles of the 21st century: the global energy market. Analysts are beginning to speak of pipeline politics, especially in the Caspian and Central Asia, as the new version of the 19th century "Great Game," "with pipelines replacing the railroads as the main means for exerting political influence"[31]. Thus the energy politics that will be discussed in this paper are part of a larger reorientation of Turkish foreign policy that fits into the grand strategy of pursuing Turkey's national interests. While some academics argue that this pursuit detracts from the Turkish-Western relationship, this paper will instead argue that Turkish officials seek a diversity of relationships but do not wish to end good relations with the West.

In the context of geopolitics, Turkey and the entire Eurasian area becomes increasingly relevant to other parts of the world. Davutoglu claims that "Turkey's national interest lies in the proper utilization of its geography"[32]. Turkey has strengthened its role as a geopolitical pivot point in recent years by growing its economy, addressing some domestic problems, and turning its focus to regional relations and "zero problems with neighbors." Furthermore, Turkey aims to use its role as an energy hub to provide regional stability and engage in regional cooperation,

[31] Larrabee, F. Stephen and Ian O. Lesser. (2003). *Turkish Foreign Policy in an Age of Uncertainty.* Arlington, VA: RAND.
[32] Davutoglu 2008, 92

while "contributing to the economic and political independence of the countries in the region"[33]. Thus, Turkish leadership can benefit the region in many ways.

Resource control plays a part in Turkey's grand strategy[34], defined as "the purposeful employment of all of a state's … assets" in order to pursue a long term goal that fits into the national interest[35]. While some authors apply grand strategy to military affairs, it is clear that social and economic assets, such as energy connections and a sizeable population, can give a state power independent of its military prowess. In securing an energy supply for itself and its neighbors, Turkey can increase its own security, solidify its regional relevance and amplify its political importance among its neighbors[36]. This view echoes the structural realist analysis of global politics, which emphasizes "the material capabilities that a state controls"[37]. With control of regional energy flows, Turkey has the opportunity to amass great amounts of power. In this more political sense, energy politics plays a role in Turkey's grand strategy for regional and international power, transcending "zero problems with neighbors" to establish its role as a broker, mediator, and political player essential to addressing the region's most pressing issues.

Turkish Energy Politics and Policy

Energy realities

Domestic realities color Turkey's foreign policy and its regional energy ambitions. In all, Turkey used 104, 799.52 kt of oil equivalent in 2010, and this number reflects a steadily

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[33] Laciner, Sedat. (2009). Turkey's Pipeline Politics. 5 Rev. International Law and Politics. 149. Retrieved through Hein Online. 150.

[34] Grand strategy is often used in military terms to describe a country's war effort. While Turkey has no immediate interest in deploying its military, grand strategy theory is still relevant given the instability that characterizes Turkey's neighborhood.

[35] Gray, Colin S. (2007). *War, Peace and International Relations: An Introduction to Strategic History.* New York, NY: Routledge. 280.

[36] Mearsheimer elaborates on the theory of why states want power and concludes that this amassment of power serves to insulate a state from uncertainty. States ultimately want to determine whether another state in question will act to alter the balance of power or whether they are "satisfied enough with it that they have no interest in using force to change it" (2006, 73).

[37] Mearsheimer 2006, 72

escalating amount whose rate of increase intensifies around 1995[38]. Turkey's energy consumption is on track to more than double over the next decade, growing to 222 million tons of oil[39]. BP's annual report in June 2011 reported a 9.8% increase in Turkey's energy consumption from 2009 to 2010[40]. These energy demands include natural gas, coal, oil and hydropower[41]. According to the International Energy Agency, Turkey's main energy sources, not including electricity generation, are coal/peat, oil, and natural gas[42]. Turkey generates most of its electricity from natural gas, followed by coal/peat and hydropower [43]. Turkey's non-electricity energy generation relies heavily on coal, oil, and natural gas and is only slightly more diversified than its electricity generation sources[44]. "The share of natural gas in Turkey's energy portfolio" is growing for two reasons. First, natural gas is less polluting than other hydrocarbons, coal and oil. Second, many of Turkey's immediate neighbors in the Caspian/Central Asia and Middle East regions can provide Turkey with cheaper transportation options of energy sources[45]. These demands ultimately affect Turkey's foreign policy latitude and opportunities, as Turkey's foreign policy is intrinsically connected to its economic vision, powered by foreign energy sources.

Import Dependency

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[38] (2012). Graph: Energy use (kt of oil equivalent). Google. Data from World Bank. March 30. Retrieved at http://www.google.com/publicdata/explore?ds=d5bncppjof8f9_&met_y=eg_use_pcap_kg_oe&idim=country:TUR&dl=en&hl=en&q=turkey%27s+energy+use#!ctype=l&strail=false&bcs=d&nselm=h&met_y=eg_use_comm_kt_oe&scale_y=lin&ind_y=false&rdim=region&idim=country:TUR&ifdim=region&hl=en_US&dl=en&ind=false

[39] Bruno, Greg. (2008). Turkey at an energy crossroads. *Council on Foreign Relations.* November 20. http://www.cfr.org/turkey/turkey-energy-crossroads/p17821#p5

[40] BP Statistical Review of World Energy. (2011). *Bp*. June. Bp.com/statisticalreview.

[41] Hydropower covers about one third of Turkey's power use (Bruno 2008).

[42] "Total Primary Energy Supply: Turkey." (2011). Graph. *International Energy Agency.* http://www.iea.org/stats/index.asp. 2011.

[43] Total Primary Energy Supply: Turkey, 2011

[44] Graphs from the International Energy Agency show that hydropower, geothermal energy, and energy from biofuels, waste, wind and solar energy amount to about 10% of Turkey's energy production.

[45] Mazlum, Ibrahim. (2007). Twenty First Century Energy Security Debates: Opportunities and Constraints for Turkey. *Contentious Issues of Security and the Future of Turkey.* Ed. Nursin Atesoglu Guney. Burlington, VA: Ashgate Publishing.

Turkey imports most of the materials it uses to generate energy. In 2004 Turkey used energy imports to satisfy 60% of its energy demand; this percentage was expected to increase to 75% by 2010[46]. Instead, the increase became more drastic and earlier than expected: the US Energy Information Administration in the Department of Energy reports that Turkey imported about 90% of its total consumption in 2009[47]. Thus, Turkish energy dependence, as well as its energy use, is growing at a higher-than-projected rate.

Turkish leaders recognize that the country's dependence[48] on foreign fossil fuels, especially natural gas, presents one of the most significant long-term challenges for politicians and national leaders. Natural gas is particularly problematic, because of the direct pipelines (or expensive liquefied natural gas alternative) required to transport it and the subsequent determination of prices not by markets but by international, or bilateral, agreements[49]. Iran and Russia are the top suppliers of oil and gas for Turkey; in fact, Russia supplies 64% of Turkey's gas imports, while Iran supplies 17%[50]. Turkish leaders are approaching this problem of Turkey's energy needs in various ways, including domestic exploration for new energy sources, increasing renewable energy production, and increasing energy efficiency[51]. However, Turkey's steps to increase internal production or efficiency are limited, and officials are including diversification of sources as a major strategy. Furthermore, from a foreign policy perspective,

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[46] Hill 2004

[47] Country analysis briefs: Turkey. (2011). Energy information Administration. U.S. Department of Energy. February. Accessed through http://emergingmarketmusings.com/2011/09/14/turkey%E2%80%99s-weak-spot-dependence-on-imported-energy/

[48] Turkey has almost no oil or gas reserves in its borders on which it could draw to decrease its reliance on fossil fuel imports (Bruno 2008).

[49] Evin, Ahmet O. (2012). Energy and Turkey's neighborhood: Post-Soviet transformation and transatlantic interests. *Turkey and its Neighbors.* Eds. Ronald H. Linden, Ahmet O. Evin, Kemal Kirisci, Thomas Straubhaar, Nathalie Tocci, Juliette Tolay, and Joshua W. Walker. Boulder, CO: Lynne Reinner Publishers. 89-118.

[50] Bruno 2008

[51] (2010). Strategic Plan (2010-2014). Turkish Ministry of Energy and Natural Resources, the Republic of Turkey.

securing an integral role for Turkey in the energy market means, by extension, a reliable inflow of energy supplies that can be used to satisfy domestic demand.

Economic vision and realities

Turkey's energy politics must be placed into a larger economic context. The end of the Cold War presented Turkey with the opportunity and the challenge to become the core of a transforming region, in terms of society, politics, and economics[52]. Turkey has continued economic growth for the past decade, and its energy supply and security is crucial to maintaining its economic vision. The Turkish Ministry of the Economy states an average economic growth rate of 5.9% from 2002 until 2008. Despite some setbacks from the global financial crisis, the Turkish economy is recovering, with an 8.9% growth rate in 2010 and a 6.6% growth rate in 2011[53]. Erdogan maintains a steady goal of economic growth that will increase the per capita income of Turkish citizens and will enable Turkey to take its place "in the world's division one league"[54]. Thus, Turkey's energy politics allow it to fuel its economy, which greatly contributes to its bid for regional and international leadership. Turkish transportation uses mostly oil, with negligible amounts of coal. Households and services have a diversified energy portfolio, with natural gas being a main source, but oil, gas, and coal contribute equal amounts. Commercial sectors, as well as public service, agriculture, and fishing, also contribute a small amount of Turkey's total energy consumption.

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[52] Straubhaar, Thomas. (2012). Turkey as an economic neighbor. *Turkey and its Neighbors: Foreign Relations in Transition,* Eds. Ronald H. Linden, Ahmet O. Evin, Kemal Kirisci, Thomas Straubhaar, Nathalie Tocci, Juliette Tolay, and Joshua W. Walker. Boulder, CO: Lynne Reinner Publishers. 173-194.

[53] Turkey. (2012). *The World Factbook*. Central Intelligence Agency. February 13. https://www.cia.gov/library/publications/the-world-factbook/geos/tu.html

[54] Erdogan's Economic Vision. (2005). *Sunday's Zaman.* April 16. Retrieved at http://www.todayszaman.com/columnistDetail_getNewsById.action?newsId=18500

Economic policy has been a factor in the Turkish foreign policy debate since the rise of oil prices in the 1970s[55]. Davutolgu explicitly links this economic vision to Turkey's energy politics and foreign policy: "As a growing economy and surrounded by energy resources, Turkey needs Iranian energy as a natural extension of its national interests"[56]. This comment refers explicitly to Iran to defend Turkey's somewhat controversial relations with Iran, but the sentiment behind the comment applies to Turkey's larger energy policy. Turkey, as a growing economy with economic and political regional aspirations, needs to make energy agreements with many of its neighbors. These agreements will also allow for the growth of Turkey's energy sector, specifically in transportation and re-bundling of energy sources. To sum up Turkey's stake in the global energy market, "Better connections with both supplier countries and energy consumers not only serve to increase Turkey's geopolitical standing, they also bring lucrative business opportunities in the form of transit fees, or through new refineries"[57]. Turkish leaders recognize this connection and seek to turn Turkey's dependency on energy imports into an economic and foreign policy opportunity by capitalizing on the interest for an East-West corridor and expanding this interest into support for a Turkish regional energy hub.

Energy Transportation and Pipelines

Turkey's need for energy propels its desire to become an energy hub, but Turkey's neighbors make this goal particularly relevant. 73% of the world's proven oil and 72% of the

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[55] Robins, Philip. (2003). *Suits and Uniforms: Turkish Foreign Policy Since the Cold War.* Seattle: University of Washington Press.

Former Turkish Prime Minister Ozal regularly included businessmen in his entourage on diplomatic visits (Robins 2003). Furthermore, after the Arab Spring, 280 businessmen accompanied the official Turkish delegation, including Prime Minister Erdogan and Foreign Minister Davutoglu, to Egypt, as well as Tunisia and Libya (Shadid 2011).

Shadid, Anthony (2011). Turkey predicts alliance with Egypt as regional anchors. *The Washington Post*. September 18. Retrieved at http://www.nytimes.com/2011/09/19/world/middleeast/turkey-predicts-partnership-with-egypt-as-regional-anchors.html?_r=1&pagewanted=all

[56] Davutolgu 2008, 91

[57] Ogutcu 2010, 72.

world's proven gas reserves are in Turkey's neighborhood, which includes Russia, the Caspian, and the Middle East[58]. With concern about political stability in some of the region's suppliers, Turkey's offering to become an energy middle-man has been well received. Turkey's involvement in the energy trade can take several forms, with varying degrees of importance and prestige for Turkey.

Corridor, Hub, and Center: Levels of Energy Relevance

The idea of an East-West energy corridor, and Turkey's centrality in fulfilling this idea, became prevalent after the initial collapse of the Soviet Union and has continued into the present[59]. This corridor would allow Europe and other Western countries to draw on Eastern supplies with relative certainty and stability. Turkey would gain certain fees, off-take rights, political leverage over energy flow, and growth in its energy sector through the construction of this corridor, but becoming simply a corridor will not fulfill Turkey's larger foreign policy goals[60]. Re-exportation, for example, is a right Turkey needs to assert to effectively link its role in the energy market to its foreign policy goals. Re-exportation[61] can be important in terms of the international climate towards Iran. If Turkey remains open to trading with Iran, Western countries can receive Iranian energy sources without actually trading with Iran[62]. Instead, these energy sources would be traded through Turkish networks. Turkey has already negotiated with

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[58] Bilgin, Mert. (2010). Turkey's energy strategy: What difference does it make to become an energy transit corridor, hub or center?" *UNISCI Discussion Papers,* No. 23. May. 113-128. Retrieved at <http://www.isn.ethz.ch/isn/Digital-Library/Publications/Detail/?ots591=0c54e3b3-1e9c-be1e-2c24-a6a8c7060233&lng=en&id=117252>. 114.

[59] Bilgin 2010

[60] Bilgin 2010

[61] As the U.N. International Trade Statistics website states, "Re-exports are exports of foreign goods in the same state as previously imported; they are to be included in the country exports." In the energy hub context, this means that Turkey would not simply supply the land and technology for pipelines and transport networks, but it would also develop the infrastructure needed to process imports and exports of energy sources. In this scenario, it would reap more benefits than simply receiving transit fees.

Re-exports and Re-imports: Distinction between Exports and Re-exports / Imports and Re-imports. (2010). *International Trade Statistics Knowledgebase.* The United Nations. January 29. Retrieved at http://unstats.un.org/unsd/tradekb/Knowledgebase/Reexports-and-Reimports

[62] This strategy became impossible, however, with the increased U.S. sanctions towards Iran in December 2011.

Greece to commit some Azerbaijani gas to the Turkish market "to be re-sold to Greece" starting in 2008[63]. Thus, as discussed earlier, Turkish leaders are shifting Turkey's role from a bilateral bridge to a regional hub and drawing on Turkey's strategic location to enhance its regional position of power.

In contrast to a role as an East-West energy corridor, Turkey can gain many more domestic benefits as an energy hub or center. As an energy corridor, Turkey would receive income in the form of transit fees, but few other rights to the energy sources that it transports and delivers. As an energy hub, Turkey would be able to influence extensively the oil and gas trades, as well as re-export some of the energy sources in its network. In this scenario, Turkey would balance its domestic demand and international demand for stable and reliable energy supplies, connecting the East and West as well as North and South, and its successful maintenance of this balance would avoid "a negative impact of one on the other and describes the level of success if Turkey becomes an energy hub"[64]. Thus, the goal of becoming an energy hub affords Turkey the opportunity, as well as the challenge, to balance its domestic interests and its international aspirations.

How does an energy center compare to an energy hub in terms of domestic and international benefits? An energy hub becomes an energy center with massive investment: "nuclear power plants, a renewable energy program and a comprehensive infrastructure composed of additional refineries, natural gas storage facilities, LNG trains, vessels, marine terminals and ports"[65]. Turkey would need to balance international obligations, pipelines, domestic production and diversification of sources[66]. While currently Turkey has the corridor

[63] Winrow 2006, 7
[64] Bilgin 2010
[65] Bilgin 2010, 114
[66] Bilgin 2010

infrastructure, its government wants to shape Turkey's *image* as a reliable international energy hub. Infrastructure has not yet committed Turkey to becoming an energy center, but Turkish leaders may set their sights higher if Turkey becomes a successful energy hub.

Top Turkish companies, as well as government officials, support Turkey's prospective role as an energy hub and are willing to make public commitments of resources and capital towards realizing this goal. Pala, the Head of Strategy and Business at BOTAS[67], states that Turkey will act as an intermediary in regional energy trade in three ways: transporting oil and gas through its pipeline projects, providing Western consumers with options to diversify their sources, and leveraging its location among the top producers and exporters of oil and natural gas in the Caspian, the Middle East, and the Southern Mediterranean to fulfill these other promises[68]. These three methods show Turkey's foundation as an energy corridor in its pipelines, as well as its desire (from public as well as private interests) for more control in the energy market through its diversification and geostrategic leveraging strategies. Current restraints on Turkey's energy distinction as a corridor include "no re-export" obligations in its agreements[69]; Turkey must shake off such restraints to confirm its role as a hub rather than a bridge, as a player rather than a pawn. To achieve this goal, however, Turkey needs significant infrastructure investment, as multiple transportation options will attract more supplies and give Turkey more bargaining power to achieve re-exportation and other rights needed to become an energy hub[70].

Transit Routes and Pipelines

Turkey has established the foundations for becoming an energy hub by evaluating and improving its success as an energy corridor, mainly through its transportation options.

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[67] BOTAS is the Petroleum Pipeline Corporation of Turkey (Pala 2006). See citation below.
[68] Pala, Cenk. (2006). Turkey: Energy bridge between East and West. *Journal of Middle Eastern Geopolitics*. 1.4. 57-60.
[69] Bilgin 2010, 125
[70] Bilgin 2010

Independent of its pipeline network, the Bosporus Strait records high traffic[71] of Russian and Caspian oil passing by tanker through Turkish waters. Turkey has expressed interest in transporting liquefied natural gas (LNG) via the Bosporus from Algeria, Australia, Egypt, Nigeria, Qatar, and Yemen[72]. Although none of these expressions of interest have materialized into contracts or even trade plans, Turkey is most interested in capitalizing on its geological resources. However, heavy traffic on the Strait already concerns Turkish leaders, environmental activists, and land developers;[73] other forms of energy transit are necessary for Turkey to become an energy hub.

To some extent, Turkey already has or is building this infrastructure. Turkey hosts both oil and natural gas pipelines. Three main oil pipelines exist in Turkey, and these pipelines have established Ceyhan as a major Turkish oil port[74]. First, the Baku-Tbilisi-Ceyhan (BTC) pipeline, Turkey's longest pipeline, begins in Azerbaijan and runs through Georgia to Ceyhan on the Mediterranean Sea, where the light crude is exported elsewhere. This pipeline became operational in June 2006 and can transport 1.2 million barrels per day (bbl/d) of oil[75]. As of 2009, the BTC pipeline has allowed Turkey to export 791 million barrels from its port in Ceyhan. The pipeline currently transports about 850,000 barrels per day[76]. Second, the Kirkuk-Ceyhan pipeline connects Iraqi oil to the same port for export. While this pipeline has the largest capacity, it suffers frequent operation disruptions due to the violence and instability in Iraq[77]. More about Iraqi oil and changes in supply to Turkey over the years will be discussed later in

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[71] This traffic has fluctuated, with increased Russian use of Baltic ports as a substitute as well as increases in Azeri and Kasak exports of crude (Country and analysis briefs: Turkey, 2011)
[72] Robins 2003
[73] Hill 2004
[74] Winrow 2006
[75] Country analysis briefs: Turkey (2011)
[76] (2009). BTC loads 1000th Tanker at Ceyhan. *BP.com.* December 18. Retrieved at http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7058707.
[77] Country analysis briefs: Turkey (2011)

this paper. Third, the Samsun-Ceyhan pipeline is a domestic construction proposal approved by the Turkish government whose main purpose is to reduce traffic on the Bosporus Straits[78]. This pipeline would connect Turkey's Black Sea port in Samsun to the Mediterranean port of Ceyhan, again for export.

Turkey relies largely on natural gas for domestic consumption as well as for its pipeline network. Its numerous pipelines draw natural gas from Azerbaijan, Russia (Turkey's largest supplier of natural gas), and Iran. A few of the most important pipelines and pathways are worth noting. First, the Blue Stream Pipeline, one of the most well-known and controversial natural gas pipeline projects, became operational in 2003. It transports Russian gas to Turkey through the Black Sea, although volume has continued below intended capacity due to an ongoing price dispute[79]. The Blue Stream allows Russian gas for European markets to be transported through more neutral or stable territory than some of the current intermediaries. The Bursa-Komotini pipeline, also known as the Turkey-Greece Interconnector, launched in 2007 and allows "Turkey to become an energy bridge to Europe"[80]. This pipeline is also part of a larger envisioned project, the South Europe Gas Ring Project, which would connect Greece to Italy[81] and thus further integrate Turkey into the European energy market. This Euro-Russo-Turkish dynamic figures heavily into Turkey's energy strategy.

Instead of simply diverting Russian gas around places of Russian influence, Turkey is also investigating the potential to replace some of its gas as well as gas meant for European markets with gas from other countries, such as the Caspian. The Baku-Tbilisi-Erzurum (BTE) pipeline, completed in 2007, flows from Azerbaijan through Georgia to Erzurum in eastern

[78] Winrow 2006
[79] Country analysis briefs: Turkey, 2011
[80] Country analysis briefs: Turkey, 2011, 7
[81] Country analysis briefs: Turkey, 2011

Turkey[82]. This pipeline is central to tapping Caspian energy reserves, as an alternative to Russian supplies. The Iran-Turkey pipeline connects Tabriz in Iran to Ankara and became operational in 2001. However, deliveries have been occasionally interrupted, especially during the winter months when Iran's domestic demand increases[83]. Development of this pipeline has been difficult due to political reasons, which will be discussed later in this paper.

Other, proposed pipelines indicate Turkey's aspirations as an energy hub. The Nabucco gas pipeline project would diversify sources for European markets and thus contribute positively towards greater energy security. The pipeline would extend 2,000 miles from Erzurum in Turkey to Baumgarten, Austria and carry over 1 trillion cubic feet (Tcf) of natural gas. This project, however, has been highly controversial due to regional politics; the complications of diversification, especially for Europe, will also be discussed in a later section. For these reasons, the U.S Department of Energy anticipates a delayed start-up date of 2017[84]. While Austria, Bulgaria, Hungary and Romania signed an agreement with Turkey in 2009 to formally begin the project, no suppliers have formally committed to the project. This lack of formal and practical commitment, coupled with continuous disagreements between Turkey and Europe over terms of the contract, has delayed any investment needed to go forward with the project. Additionally, Russia is pressing to complete the South Stream project, which would make part of the Nabucco Pipeline irrelevant[85]. Turkey's other prospective pipeline is the Trans-Caspian Gas Pipeline (TCP). This project reflects growing international interest in Caspian reserves and Turkey's willingness to leverage its location towards securing its relevance in the international energy market by permeating various regional markets. Furthermore, Turkey has invested in a network

[82] Country analysis briefs: Turkey (2011)
[83] Country analysis briefs: Turkey, 2011
[84] Country analysis briefs: Turkey, 2011
[85] Times Topics: Nabucco Pipeline. (2012). *The New York Times.* February 26. Retrieved at http://topics.nytimes.com/topics/reference/timestopics/subjects/p/pipelines/nabucco_pipeline/index.html

of domestic pipelines to support these major pipelines and provide the infrastructure for an energy hub[86].

ENERGY SECURITY: PROSPECTS AND CHALLENGES

Much of Turkey's relevance as an energy player rests on the concept of energy security and Turkey's role in ensuring that security for other countries, especially European countries. One way of pursuing energy security involves "diversifying sources and supply routes in order to reduce dependence on a dominant supplier"[87]. This diversification of sources makes Nabucco particularly relevant for the European-Turkish relationship. Turkey has taken a major interest in diversifying its sources of energy and advertising this diversification to actual and potential Western customers as a means of greater energy security[88]. *Turkey's key to becoming a major energy player rests in its ability to diversify the energy sources of its customers and supply oil and gas from Russia, Turkmenistan, Iraq and Iran to Western consumers. If this corridor is used mainly to supply Europe and the Mediterranean with Russian gas, Turkey's role will remain relatively insignificant*[89]. Ogutcu confirms: "If Turkey could offer access to Russian and non-Russian gas supplies to European markets, its role as an integral part of the European energy structure would be secured"[90]. If it can leverage and maneuver the desire for energy security in various regions, including Europe, Russia, the Caspian and the Middle East, Turkey can expand its current group of energy customers, leading to better infrastructure as well as investment and support for an energy hub.

Turkey's energy politics, especially its pipeline projects, provide regional energy security in another way. Multi-country pipeline deals can provide countries with more bargaining power

[86] Laciner 2009
[87] Evin 2012, 90.
[88] Bilgin 2010
[89] Ogutcu 2010
[90] Ogutcu 2010, 72

against regional powerhouses such as Russia[91]. These countries have more leverage against supplier countries when bound together in agreements and contracts. Additionally, a multitude of customers to supply gives Turkey as an individual country more bargaining power with Russia. Furthermore, Turkey offers the most logical pathway south for Russian oil and natural gas[92], further enhancing its regional power and making its energy vision possible.

While Turkey's strategic vision addresses some of the global concerns about energy security, there are alternatives and challenges to Turkey's energy vision. Political instability in the region is a significant challenge to Turkey obtaining the infrastructure investment needed to become an energy hub. Already, disruptions with Iran have threatened Turkey's vision, and other instabilities prevent investors from using capital to carve out Turkey's place as an energy hub. For example, Turkey's Kurdish troubles threaten its image of stability as well as the practical and reliable flow of energy supplies through existing pipelines[93]. The legal status of the Caspian Sea, one of the major transit routes of interest to Turkey, is still in dispute[94]. Davutoglu's "zero problems" policy attempts to cultivate regional stability so Turkey can build on its economic and energy foundations. Without this stability, Turkey cannot become an energy hub. This is one of the most important ways foreign policy contributes towards an energy and economic vision.

In addition to these disruptions or instabilities, Turkey has other challenges to its vision that involve more direct competition. Turkey is not the only country with geostrategic

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[91] Laciner 2009
[92] Laciner 2009
[93] Hill 2004
[94] Sasley describes the relevance of the dispute about the legal status of the Caspian Sea. "If the Caspian is defined as a sea … littoral states can claim rights of sovereign waters up to 12 miles from the coast. If the Caspian is granted lake status, tradition and precedent dictate that surrounding countries divide the water's resources equally between them" (2001, 224). Therefore, some states, including Azerbaijan and Kazakhstan, stand to benefit more than others if the Caspian is defined as a Sea. Conversely, Russia, whose territory does not contain as many resources, would prefer that the Caspian be classified as a lake.

Sasley, Brent. (2001). Turkey's energy politics. *Turkey in World Politics: An Emerging Multiregional Power*, eds. Barry Rubin and Kemal Kirisci. Boulder, CO: Lynne Reinner Publishers,. 217—233.

importance in terms of energy transit. Iran presents the "cheapest, most efficient, and most secure route for the transport of Caspian oil to world [but not to European] markets"[95]. Routing energy sources through Iran would bypass Turkey and compete with Turkey's bid to become a global energy hub, though Turkey would still control the most efficient path for Iranian energy to the EU. However, Iran is increasingly interested in shipping its energy east to Asia. This route carries fewer political implications and rapidly growing economic benefits[96]. This scenario, however, is somewhat dependent on U.S.-Iranian relations. Turkey's relationship to Iran in terms of energy politics will be discussed later in this paper. Iran, however, does not directly compete with Turkey for Russian supplies to be transported to Europe, so Turkey still has great potential for becoming an energy hub by developing its EU-aimed energy offerings. By diversifying the sources for European clients, Turkey can work towards becoming an energy hub regardless of Iran's role in Caspian energy transit, through the loss of these resources would certainly set Turkey back in achieving its energy vision.

IMPACTS OF ENERGY POLITICS ON FOREIGN POLICY

Turkey's energy demands and energy suppliers define its energy politics. These realities ultimately drive Turkey's foreign policy strategy, plans, and goals. The following sections will look into the ways in which Turkey's energy politics affects its foreign policy towards specific entities. The European Union (EU) was the main beneficiary of the pursuit of an East-West corridor that capitalized on Turkey's geography, but this relationship has become more complex in recent years, given several factors. Russia's natural gas supply to the EU and to Turkey forms a powerful dynamic that shapes the way these three entities interact. Turkey's biggest opportunity that can propel it to become an energy hub stems from Europe's concerns over

[95] Hill 2004

[96] Marandi, Seyed Mohammad. (2012, March). An Iranian View of the Middle East. *Rethinking U.S. Strategy towards Iran (class).* Lecture conducted from American University, Washington, DC.

energy security and the diversification of sources that can address this concern. Turkey is interested in oil and natural gas from surrounding countries, including Iran, Iraq and the Caspian region. Several larger international dynamics come into play, including the Kurdish issue that spans Iraq and Turkey, as well as U.S. interests in the region in a stabilized Iraq, an isolated Iran, and a strengthened European Union. Turkey must navigate these concerns while maintaining vital alliances to ensure its foreign policy success.

The European Union and Russia: Turkey as an Energy Intermediary

Turkey's position as an energy corridor began with the idea of the East-West corridor, benefitting the European Union specifically. The European Commission, as early as 2006, recognized Turkey's importance in delivering "crude oil and natural gas to Europe from Russia, the Caspian region, the Middle East and North Africa"[97]. Turkey has a strong incentive to become more involved in the EU-Russian relationship. First, Turkey's geography can provide a more reliable route for Russian natural gas to Europe than current routes, such as the one through Ukraine. Thus, Turkey's role as an energy hub can increase European energy security. Furthermore, given Turkey's ability to secure commitments from various countries, Europe could receive a diversified energy supply from Turkey that mixes Russian gas with supplies from other neighbors such as Azerbaijan, Turkmenistan, and Iran. In both of these ways Turkey's strategy can benefit the European Union while contributing towards Turkey becoming an energy hub.

While member countries have vastly different energy policies and realities, as a whole the European Union grows more concerned about meeting future energy needs in light of price increases, limited domestic production, a "'fragmented internal energy market'" and

[97] Winrow 2006, 2

"incremental rise" in global demand[98]. Energy security resonates with European countries due to their high volume of energy imports: in 2007 the EU imported about 50% of its energy needs[99]. Meanwhile, Russia, through its gas monopoly Gazprom, seeks to control both the energy distribution systems in Europe as well as the production facilities in Central Asia, while excluding European companies from energy development projects within Russia. In fact, as of 2006, Europe relied on Russia for about one quarter of its natural gas needs[100]. This dependence has made EU countries vulnerable to "an increasingly assertive Russian policy that uses energy as a tool to achieve foreign policy goals,"[101] as exemplified by the Ukraine gas crisis in 2006. Russia halted natural gas exports to Ukraine because Russia accused Ukraine of stealing supplies meant for EU countries[102]. Similar ongoing disputes related to payments, pricing, and existing agreements make Russia as a supplier and its current intermediaries somewhat undependable, and this unreliability has led European leaders to support Turkey as an alternative hub for natural gas from Russia, as well as from other suppliers.

Advantages for the EU lie in circumventing Russia and its intermediaries, as well as in diversifying the sources of the oil and natural gas they use domestically. First, the EU has turned to Turkey's strategic location as an alternative transportation route for Russian energy. Turkish geography provides an alternate route for Russian gas, which would, Europeans hope, stabilize the supply somewhat and decrease Russia's influence over the natural gas market in Europe. Russia influences former Soviet transit countries like Ukraine far more easily than it can influence Turkey, and if Turkey is able to gain more discretionary rights such as re-exportation

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[98] Iseri, Emre. (2007). The EU's energy security and Turkey's energy strategy. *Turkish Review of Eurasian Studies.* Foundation for Middle East and Balkan Studies. 5-25. 6.
[99] Iseri 2007
[100] Winrow 2006
[101] Iseri 2007, 9
[102] (2006). Ukraine gas row hits EU supplies. *BBC.* January 1. Retrieved March 14 2012 at http://news.bbc.co.uk/2/hi/europe/4573572.stm

rights, it can insulate the EU more from Russian influence. Turkey's involvement can also give Europe more secure energy supplies if Turkey can secure commitments from various different countries and repackage the gas or oil for Europe. Diversification is key to Turkey's significance for the EU.

Several factors complicate the EU-Turkish relationship. First, the status of Turkey's application for EU makes the Turks cautious about cooperating with Europe without securing some domestic benefits. Davutoglu captures the dichotomy of the EU-Turkish relationship: he says that some Europeans think that "the Turkish state and its people are not European but Turkey's geography is freely open to European use"[103]. Negotiations with the EU for full membership for Turkey have stalled, lasting almost fifty years, over cultural issues, with Germany and France forming a powerful coalition against Turkey. Second, Turkey's domestic energy needs, which are larger than when the idea of a corridor first emerged, must be prioritized over all other commitments for Turkey to continue expanding its influence, in regional politics in general and in energy politics in particular. The European need for energy security is an important need on which the Turks can capitalize, but they cannot do so at the expense of their domestic market. As noted earlier in this paper, economic growth and foreign policy objectives have a symbiotic relationship; that is, economic growth enables Turkey to accomplish its foreign policy objectives, which in turn cultivate more favorable economic conditions and fuel more economic growth. Third, Russia supplies Turkey with much of the natural gas that it uses domestically. Turkish diplomats must tread lightly in working to lessen Russia's impact on the regional energy market.

Turkey, nonetheless, has risen to this diplomatic challenge, sensing that the payoffs from taking these risks are greater than the risks themselves. While greater investment and

[103] Davutoglu 2008, 92

diversification of sources will benefit Europe, these achievements also will contribute towards Turkey becoming an energy hub. It has adapted this diversification strategy and either already has or is constructing several pathways to gather energy resources in the neighborhood. For example, the Baku-Erzurum pipeline serves as an expedited route for Turkmen gas to European customers. The BTC pipeline also plays a role in diversifying sources; Turkish officials hope to combine Azerbaijani as well as Kazhak oil[104]. The large and contested Nabucco project exists mainly to diversify European sources of natural gas. Furthermore, the EU rhetorically supports the construction of multiple pipelines that can securely connect the European market to new energy resources in the Caspian Basin, which has great energy potential, though it does not boast an impressive number of proven oil reserves[105]. The Caspian region derives its fundamental significance for the EU from the principle of supply diversification[106].

There are several challenges and logistical issues that make Turkey's planned and executed alternative transportation routes questionable. Oil and natural gas from Kazakhstan, Turkmenistan, and Uzbekistan will not be easily shipped through Turkey, because these countries are currently connected to pipeline networks that run through Russia[107]. More investment is needed to convince officials in these countries to use pipelines to run supplies to Turkey. The Nabucco Project is highly contested in terms of international politics. The relevance and, therefore, success of Nabucco relies on a diversification of sources, including Iranian and Iraqi energy. Given the longstanding animosity between the U.S. and the Islamic Republic of Iran, the U.S. does not want its European allies to become instrumental in ensuring the success of the Iranians, or, for that matter, the success of the Iraqis without American influence over Iraq's

[104] Winrow 2006
[105] Iseri 2007, 12
[106] Iseri 2007
[107] Winrow 2006

development. Addressing European energy security by diversifying supply to include Iranian and Iraqi sources could mean incredible and independent economic development for these two countries, which are very close politically. On the other hand, Europe's current energy vulnerability to Russia is also highly undesirable for American interests. Therefore, U.S. policy on EU energy security is highly contradictory.

Energy security is a long-term issue that European officials have faced, with fluctuating interest, for many years. Experience shows if business continues as usual, energy prices will most likely not decline. In this sense, European countries will be looking for ways to reduce risk and, therefore, cost. Furthermore, Russia and other traditional suppliers continue to deplete their supplies and set aside more energy for internal consumption, leaving European states with a smaller energy supply[108]. Diversification makes sense for a long-term European energy strategy to insulate EU countries from energy uncertainties.

The Caspian and the Caucasus: An Energy Battleground

Caspian energy plays an integral role in Turkey's diversification strategy, and Europe has prioritized the transportation of Caspian gas as one of the three priority projects "concerning natural gas to be supported by the European Commission within the framework of its trans-European energy networks"[109]. The Caspian Sea and the surrounding countries in the Caucasus have immense untapped energy potential, which prompts power struggles over energy sources and transportation in the region[110]. Estimates for proven Caspian oil reserves pivot around the range of 17-44 billion barrels. The given range is so large because of the lack of extensive geological surveys of the region[111]. Proving and accessing the resources of the Caspian region,

[108] Ogutcu 2010
[109] Winrow 2006, 6
[110] Iseri 2007
[111] Iseri 2007

however, demand more capital, investment, infrastructure and resources than other energy resources already known to exist. Additionally, as estimates of Caspian energy potential vary over the years, interest and investment in Caspian energy resources fluctuate, making development of the Caspian intermittent[112]. Furthermore, many Caspian resources are located offshore, making access, transportation, and technology development more difficult and more costly than other extraction projects[113]. The sustained high prices over the past decade have, however, provided a sustained incentive to invest in developing Caspian resources. The political benefits to a larger Caspian energy flow are immensely positive for Turkey, Russia and the EU, but the economic risks are both large and uncertain.

Russo-Turkish relations have been somewhat turbulent since the end of the Cold War, but "Turkey has pursued an expedient and conciliatory policy toward Russia on commercial issues"[114]. This dichotomy in Turkey's Russia policy reflects the dual nature of the Turkish-Russo relationship. In part, Turkey depends on Russia for a large portion of its natural gas imports. In contrast, part of Turkey's relevance in the energy debate stems from a European fear of reliance on Russia. In response to this fear, Turkey is actively investigating the possibility of Caspian supplies supplementing Russian resources, to be used in Turkey as well as the EU. This investigation puts Turkey in direct competition with Russia to secure Caspian commitments and influence the infrastructure that will develop these essential natural resources and connect them to regional and global markets.

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[112] Hill 2004

[113] Sasley (2001) claims that due to the very nature of these reserves, they will be more difficult to access. This has changed somewhat due to sizable corporate investment in accessing these reserves, although Caspian energy is certainly not as developed as more established energy regions, such as Russia and the Gulf.
Tekin, Ali and Paul Andrew Williams. (2011). *Geo-Politics of the Euro-Asia Energy Nexus: The European Union, Russia and Turkey.* Palgrave Macmillan: New York, NY.

[114] Hill 2004, 235

Turkey and Russia engage in direct, often zero-sum, competition in the Caucasus and Central Asia, specifically over Caspian energy transportation. Russia wants Caspian oil to be shipped via pipeline in Baku to its port of Novorossiisk on the Black Sea, but Turkey, as well as the U.S. and other powers concerned with Russian energy dominance, wants to ship the oil via the BTC pipeline[115]. All of the current western pipeline routes from Kazakhstan, Turkmenistan, and Uzbekistan run through Russia[116]. Maintaining this control allows Russia to control its ability to import Central Asian gas cheaply to supplement its domestic production[117]. In the early 2000s, Russia worked to form a Eurasian natural gas alliance and, more successfully, long-term cooperation agreements with several countries to hinder European efforts to liberalize the region's natural gas trade[118].

However, Gazprom does see some value in shipping natural gas through Turkey. The state natural gas company recognizes the significant political leverage that major transit states such as Ukraine have over the transportation, supply, and price of Russian natural gas. Furthermore, Russia has agreed to ship some of its oil via a planned pipeline that will connect the Russian port of Novorossiisk with the Baku-Ceyhan pipeline, in order to address Turkish concerns over high shipping traffic through the Bosporus[119]. Thus, Gazprom has assessed its transit routes and concluded that diversification of routes, like diversification of sources for other countries, may provide their company and their country with greater security.

The U.S. is also very interested in Caspian resources and is extending its influence in the region, making Turkey both a competitor and a co-conspirator[120]. While Turkey will, to some

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[115] Iseri 2007
[116] Winrow 2006
[117] Winrow 2006
[118] Winrow 2006
[119] Larrabee et al, 2003
[120] Mazlum 2007

extent, have to work with U.S. interests in the region to make sure its own interests are being addressed, Turkish territory will play some role in transporting the oil and natural gas to western markets, therefore benefitting Turkey. Historically, the U.S. has supported Turkish involvement in the Caspian as a counter to Russia[121]; it remains to be seen if the Americans feel that the Turks are still staunch allies or if a more independent foreign policy means that Turkey will compete, directly or indirectly, with the U.S. in the Caspian. This change may be in Turkey's best interest. If Turkey simply allows the U.S. and Russia to compete directly for control of Caspian resources (and plays for the American team), it will become simply an energy corridor, used by other countries with few domestic benefits that increase Turkey's power and influence. In order to become an energy hub and, thus, a major player able to influence regional and global energy markets, Turkey must enter the competition independently while working with both the U.S. and Russia to leverage their interests to work towards fulfilling Turkey's interests. Given the more independent foreign policy the current Turkish government is pursuing, Erdogan and his cabinet are well aware of the stakes in the Caspian, for Turkey's international role.

Turkey will reap the benefits of Caspian development, although this opportunity could change if international politics were to change drastically. The fastest route from the Caspian Sea to Europe, and thus the route favored by oil companies, would run through Iran, but given U.S.-Iranian relations, the major infrastructure and capital investment needed for such an Iranian pipeline is unlikely to materialize in the near future[122]. More about the politics of connecting Iran to the international energy grid will be discussed in a later section of this paper.

[121] Evin 2012
[122] Larrabee et al, 2003

Azerbaijan and Kazakhstan[123] are the two countries most relevant to Turkey's energy development[124]. Kazakh oil has the greatest potential for expansion, and its crude may create enough exports to send through Novorossiisk as well as Turkey's BTC pipeline[125]. The legal status of the Caspian Sea, however, threatens the transportation of Kazakh crude, as such supplies would need to be transported via subsea pipeline[126]. Azerbaijan is key to the regional natural gas market. Turkey has already signed a 15-year natural gas contract with Azerbaijan in March 2001, in order to lessen its dependence on Russian natural gas imports[127].

Turkey's energy politics with the Caspian region extend into more general international political questions. Turkey supports defining the Caspian as a Sea, which would favor countries like Azerbaijan and Kazakhstan with energy resources within their defined territory of the Sea[128]. With this definition, Azerbaijan and Kazakhstan do not have to share the resources of the Caspian equally with all of the other surrounding countries. This definition also limits the control that Russia can have over Caspian energy resources. Limits on Russia are important for Turkey's overall strategy of diversification of suppliers and for allowing Turkey more room to maneuver politically and diplomatically in the Caspian, as well as in other regions.

Energy extractors in the landlocked Caspian have various, unchanging export options: "North to Russia, South to Iran, West to South Caucasus and Turkey, East to China, or Southeast

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[123] Laciner states that Kazakhstan and Turkmenistan both export much of their gas north through Russian pipelines (2009). Therefore, Kazakh oil and Azeri gas are Turkey's most promising prospects in the Caspian region at this time.

Sasley describes the relevance of the dispute about the legal status of the Caspian Sea. "If the Caspian is defined as a sea … littoral states can claim rights of sovereign waters up to 12 miles from the coast. If the Caspian is granted lake status, tradition and precedent dictate that surrounding countries divide the water's resources equally between them" (2001, 224). Therefore, some states, including Azerbaijan and Kazakhstan, stand to benefit more than others if the Caspian is defined as a Sea. Conversely, Russia, whose territory does not contain as many resources, would prefer that the Caspian be classified as a lake.

[124] Winrow 2006

[125] Winrow 2006

[126] Winrow 2006

[127] Mazlum 2007

[128] Sasley 2001

to India"[129]. Furthermore, "resistance from Middle East and North African producers against infiltration of Caspian crude" into their established markets may drive Caspian energy elsewhere[130]. Energy producing countries in the Caucasus, as well as in the Persian Gulf and in Russia, have the increasingly attractive option of exporting energy east, directly to countries such as China and India who need energy to support their rapidly developing economies and societies.

Caspian exports to China are particularly important, and sustained high-volume exports east to China could inhibit Turkey's energy role. It remains to be seen if Turkey, with the EU behind it, has the purchasing power to sway the Caspian energy market. Even though Turkey's domestic energy demand is growing, as is its regional and global influence, Turkey cannot compete with China in terms of economy and population. Instead, Turkey's energy strategy rests heavily on leveraging its geostrategic location and its ability to exploit European demand. With Chinese and Indian bids on Iranian and Caspian energy resources, Turkey and its western exportation could become a less attractive option for Central Asian countries. A conscious and sustained decision to export Caspian energy east could endanger the Turkish energy hub project. Thus, energy politics in the Caucasus illustrate some of the larger international political dynamics, such as eastern growth and energy consumption.

Iran and Iraq: Unrealized Energy Potential, Diversification Prospects, and Political Constraints

Turkey's independent role in the Caucasus demonstrates Turkey's foreign policy shift from a preoccupation with Western affairs to development of relationships with relevant players in the neighborhood. In some areas, this shift in foreign policy encouraged Turkish leaders to play up Turkey's largely Muslim population, even though Turkey maintains its secular

[129] Iseri 2007, 16

[130] Adams, Terence. (2004). Caspian Energy Development. *The Caspian: Politics, Energy and Security.* Ed. Shirin Akiner. Central Asia Research Forum. New York, NY: RoutledgeCurzon.

democratic government[131]. Still, leaders have been more willing to use identity to form regional relationships, though they are cautious about becoming embroiled in sectarian divisions. These relationships have been particularly relevant with respect to energy imports, and Iran and Iraq are two examples of such countries that have significant energy potential for Turkey's domestic use, even though the possibility of integrating these sources into the global energy mix will prove more difficult.

Iran has been touted as an alternative fuel source, to diversify Russian supplies to Europe and contribute towards Turkey's becoming an energy hub. Iran holds about 9% of the world's proven oil reserves, which translates into about 6% of world production[132]. In terms of natural gas supplies, Iran holds a much larger supply (about 16%) but much of this is set aside for domestic use, and natural gas must either be transported via pipeline or as liquefied natural gas (LNG)[133]. In 1996, Turkey entered into an agreement to purchase Iranian natural gas over twenty-three years[134]. As previously stated, a Turkey-Iran pipeline became operational in 2001[135], and Turkey currently receives about 30 million cubic meters, which satisfies 20% of domestic demand (Russia supplies up to 70% of Turkey's natural gas use)[136]. This pipeline can transfer anywhere between 4 and 10 billion cubic meters of natural gas to Turkey[137]. The Iran-

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[131] The rise of the AKP, one of the more religious parties in Turkey, has dramatically changed the discourse on secularism and Muslim identity in Turkey and has enabled some connection between political life and Muslim identity.

Bilgin, Mert. (2010). Energy and Turkey's Foreign Policy: State Strategy, Regional Cooperation and Private Sector Involvement. *Turkish Policy Quarterly.* 9.2. 81-92.

[132] Katzman, Kenneth B., Carol Migdalovitz and Lawrence C. Kumins. (2001). The Iran-Turkey Pipeline Deal: the Geopolitics of Natural Gas. *Iran: Outlaw, Outcast or Normal Country.* Ed. Albert V. Benliot. Huntingdon, NY: Nova Science Publishers.

[133] Katzman et al. 2001

[134] Sasley 2001

[135] Country analysis briefs: Turkey, 2011

[136] Jones, Gareth. (2008). Iran resumes gas exports to Turkey. *Reuters.* January 27. Retrieved at http://uk.reuters.com/article/2008/01/27/turkey-iran-gas-idUKL2728346220080127

[137] Katzman 2001

Turkey pipeline has the potential to connect European markets to resources in the Persian Gulf, as well as to new and developing exporters like Kazakhstan, Uzbekistan and Turkmenistan[138].

Analysts say that Iran lacks the resources and the infrastructure to keep up with Turkey's increasing demands. In fact, the Turkish energy market is already affected by occasional interruptions during winter that have to do with Iranian shortages and production shutdowns[139] . Furthermore, Kurdish unrest in Iran interrupted the flow of natural gas in 2006 and 2007[140]. Kurdish politics is a large issue and one that greatly impacts Turkish society, politics, and international engagement; the Kurdish issue will be discussed later in this paper with respect to Iraq. Furthermore, Iranian exporters see increasingly attractive offers from China and India for development, infrastructure, and trade of energy. Iranians are much less focused on breaking into the Western market to which Turkey caters, and more interested in building relationships with rising powers eager to build political as well as commercial relationships[141]. In any case, uncertainty threatens some of the agreements and plans relating to Turkey's establishment as an energy hub. This uncertainty highlights all the more the need for regional stability and its centrality to Turkey's international role.

The Turkish government has met this uncertainty with leadership and an independent vision. Davutoglu specifically states that Turkey will need to honor its energy agreements with Iran and pursue similar agreements in the future due to its growing economy and the proximity of Iran's energy resources. He asserts, "Turkey's energy agreements with Iran cannot be dependent upon its relationships with other countries"[142]. This statement, clearly aimed at the

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[138] Katzman 2001
[139] Bruno 2008
[140] Evin 2012
[141] Marandi 2012
[142] Breitegger, Andreas. (2009). Turkish-Iranian Relations: A Reality Check. *Turkish Policy Quarterly.* 8.3 109-123. 91.

U.S., addresses the question of Turkey's relationship with the U.S. and the American distrust of the Iranian government and political system. Davutoglu is leading Turkey into a more independent policy with Iran, partially based on the mutual interests of the countries surrounding the energy question. Turkey's efforts to engage Iran also serve to stabilize the region and prevent further deterioration of longstanding regional conflicts. As stated previously, regional stability is key for Turkey's energy aspirations. Achieving these aspirations determines the extent to which Turkey can continue economic growth. Therefore, containment of any conflict that may create further instability, especially with Iran, is key to Turkey's economic success[143].

For example, Turkey has engaged Iran over its nuclear program and, along with Brazil, formally signed a nuclear swap agreement with Iran[144]. Unfortunately, the international nuclear regime, including the U.S. and its allies, did not accept the agreement or any of the progress that this agreement represented. To protect its reputation as an honest broker, to Iran as well as to the larger international community, Turkey voted against sanctions towards Iran following the international community's lack of support for the agreement[145]. Even though Turkey later followed the international community's implementation of sanctions and the related UN Resolution 1929, Turkey's original vote in favor of diplomacy, rather than sanctions, towards Iran laid the groundwork for further Iranian-Turkish cooperation, especially on energy issues, by establishing Turkey as a reliable negotiating partner[146]. Currently, however, Iran is questioning

[143] Syria is an important exception to this idea, and somewhat of an anomaly in Turkish foreign policy. Typically, Turkey has shown great interest in negotiated solutions and especially in facilitating these negotiations. Their support for the Syrian opposition groups, reluctant to negotiate, is a marked difference. Syrian Islamists fled to Turkey, and given Erdogan's highly personal policy style, it would not be surprising if Turkey's Syria policy were largely based on the grievances of these refugees.

[144] Ustun, Kadir. (2010). Turkey's Iran policy: Between Diplomacy and Sanctions. *Insight Turkey.* 12.3. 19-26.

[145] Ustun 2010

[146] Ustun 2010

Turkey's impartiality on the nuclear issue[147]. Turkey's determination to gain a reputation as an important and mature negotiation partner will play out in issues such as Iran's nuclear program, because this program is so central to Iran. However, once this reputation is established, the Turkish reputation will yield greater benefits in other areas of the Turkish-Iranian relationship, such as energy agreements. First, however, Turkey must demonstrate to Iran its independent foreign policy and its desire to work with the Iranian political order.

The U.S.-Iranian relationship has set back the development of Iranian oil and gas reserves. The Iran-Libya Sanctions Act, passed under President Clinton in 1996, requires the president to "impose at least two out of seven possible sanctions on citizens or companies who have made investments over $20 million in Iran's oil and gas industry" that significantly develop Iran's energy industry[148]. Similarly, the latest round of "crippling sanctions" is aimed at stunting Iran's economic development. The U.S. has encouraged an international isolation of Iran among its allies to ensure that the Iranian oil and gas industry receives no further investment and support. For example, the U.S. has encouraged Turkey as well as the European Union to decrease dependence on Russia's energy reserves. At the same time, the U.S. has heavily discouraged efforts, of either Turkey or the EU, to displace some Russian energy imports with Iranian sources[149]. Thus, even if it traps them in a conflicting foreign policy, the U.S. will not support the development of Iranian energy sources, even though such development is key to Turkish success.

In addition to its energy resources, Iran is important to Turkey for political reasons. The Iranians have many important contacts or relationships in some of the most important areas of

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[147] Reuters. (2012). Iran agrees to nuclear talks in Turkey, ending weeks of friction over the site. *The New York Times.* April 8. Retrieved at http://www.nytimes.com/2012/04/09/world/middleeast/iran-agrees-to-nuclear-talks-in-turkey-reports-say.html?_r=1&partner=rss&emc=rss

[148] Hill 2004, 232

[149] Hill 2004

the Middle East, including the Gulf, Lebanon, Syria, Palestine, Afghanistan, and Iraq. Their soft power in this region is immense, and the recent controversy over the Strait of Hormuz emphasizes Iran's importance in the region. Iran would, arguably, attempt to close or block the Strait not as an act of unilateral aggression, but rather only in an act of retaliation: either against an American or Israeli attack. Regardless of whether or not they choose to obstruct commercial movement in the Strait, the possibility that Iran would be forced to take such measures threatens the regional stability. Furthermore, in the event of an attack on Iran, the Strait of Hormuz would undoubtedly be affected by instability in its environment. In light of this possibility, a Turkish route for energy appears very attractive, but the feasibility of this route still rests on the ability to secure Iranian and Iraqi energy supplies. To address this concern, Turkey has worked proactively to cultivate stability and incorporate Iran into the regional network, knowing that Iranian knowledge, connections, and resources will be invaluable in solving regional issues.

Iraq, along with Iran, is central to Turkey's energy diversification strategy. Iraq was Turkey's main oil supplier before the Kuwait invasion and the Gulf War in 1990, and Iraqi commerce in general benefitted Turkey greatly[150]. During the Iran-Iraq War, Turkey, "pursuing a foreign policy of Kemalist neutrality," benefitted greatly from trade with Iraq, which included redirecting Iraqi oil from the Syrian route to a Turkish route to be exported via the Mediterranean[151]. Iraq worked extensively with Turkey's pipelines to Ceyhan, pumping almost one third of its oil production through these routes. This development benefitted Turkey immediately through energy supplies and transit fees of energy transported through the pipeline, but this relationship also laid the groundwork for greater energy exchange between Iraq and

[150] Hill 2004
[151] Hill 2004

Turkey, as well as inclusion of Iraq in Turkey's plans for diversification and building an energy hub.

The 1990 war and the UN sanctions after the invasion halted this flow, and the war in 2003 has forced Turkey to permanently reconsider its main oil supplier, as there are many political, social and economic factors preventing Iraq from resuming its role as Turkey's main oil supplier. First, the U.S. discourages the Turks from dealing with the Iranians as well as the Iraqis, even to decrease dependence on Russian supplies[152]. Second, the region of northern Iraq has great hydrocarbon wealth (as much as 13% of Iraq's total proven oil reserves[153]), giving the Kurds some leverage in dealing with foreign companies and investors[154]. The creation of a local government in 2003 has given the region some autonomy from the state of Iraq[155]. The existing Kirkuk-Ceyhan pipeline runs through Kurdish territory and thus is susceptible to interruptions and sabotage[156]. Furthermore, the Kirkuk oilfield itself is located in Kurdish territory and acts as a political center for Iraqi Kurdistan[157]. Already Kurdish leaders have adopted a strategy of diversification in foreign sponsors to protect themselves[158]. Enter Turkey, a rising power seeking energy supplies but touting a complicated social history with its own Kurdish population. Turkey "has every interest in buying or transporting Kurdistan's oil and gas but also, somewhat

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[152] Hiltermann, Joost. (2011). Kirkuk in the Wake of the Withdrawal. *The National Interest*. International Crisis Group. November 30. Retrieved at http://www.crisisgroup.org/en/regions/middle-east-north-africa/iraq-iran-gulf/iraq/op-eds/kirkuk-the-wake-the-withdrawal.aspx

[153] (2008). Oil for soil: Toward a Grand Bargain on Iraq and the Kurds. *Middle East Report.* International Crisis Group. No. 80. October 28.

[154] Hiltermann 2011, Oil for soil 2008

[155] Hiltermann 2011

[156] Key Maps: Iraqi Oilfields. *BBC News*. Retrieved at http://news.bbc.co.uk/2/shared/spl/hi/middle_east/03/v3_iraq_key_maps/html/oil_fields.stm

[157] Ibid

[158] Hiltermann 2011

contradictorily, in keeping the Kurds weak, lest they give their ethnic brethren in southeastern Turkey ideas about autonomy"[159].

Hiltermann calls Turkey's role in this situation "ambiguous,"[160] and as of yet, Turkish leaders have not formulated a strategy for capitalizing on Iraqi hydrocarbons while controlling any political implications of greater Kurdish autonomy and regional leverage. Instability in that area threatens any investment Turkey would be willing to make in developing Iraqi (or Kurdish) energy resources. However, investment in the energy sector can help bring greater stability to Kurdistan and to the entire region. For example, Exxon Mobil Corporation struck deals within Iraq's "semi-autonomous Kurdistan region"[161]. Many Kurds think that the presence of Exxon, with its private security as well as the possibility of U.S. military intervention, acts to stabilize Iraqi politics. By making deals with large global corporations, the Iraqi Kurds have ensured that they are a force the Iraqi government cannot ignore. The region, however, is far from stable; political struggles still create haphazard investment opportunities.

In order to address these regional instabilities, the International Crisis Group suggests a grand bargain that would defer Kurdish claims on Kirkuk in exchange for management rights to the oil in Kurdish territory. The Turkish government, in this context, would (as recommended by the ICG) work with the Kurdistan regional government to allow oil and gas transport from Kurdistan via Turkish pipeline, and encourage Turkish investment in the region. These recommendations ask much of Turkey, given Turkey's own problems with its Kurdish population. The Kurdish question in Turkey is a complex one consisting of various questions over Turkish identity, minority rights, cultural diversity, and free speech. Turkish leaders fear

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[159] Hiltermann 2011
[160] Hiltermann 2011
[161] Hafidh, Hassan. (2012). Iraq Blocks Exxon License Bid. *The Wall Street Journal.* February 13. Retrieved at http://online.wsj.com/article/SB10001424052970204795304577220572807271132.html

that more independence or autonomy for Kurds in other states will serve as a dangerous model for Kurds in Turkey[162]. One of the initial concerns of Turkey over the U.S. invasion of Iraq was the status of the Kurdish population there. Since the invasion, Turkey has come to accept developments such as a semi-autonomous Kurdistan region, which it would have deemed unthinkable previously[163]. Turkey will undoubtedly have qualms about implementing some of the recommendations of the ICG and directly engaging Kurdish leaders, given the possibility of backlash within Turkey. Nonetheless, working with Kurdish leaders is increasingly becoming a necessity for gaining access to Iraqi resources, and Iraq figures heavily into the success of a Nabucco-type project built to diversify sources.

Turkey's relationships with Iran and Iraq have raised many questions about the U.S.-Turkish relationship and whether or not it is relevant or healthy. Some even claim that in recent years Turkey has turned away from the West towards its Islamic neighbors[164]. This zero-sum perspective of international relations, however, is very far removed from the Turkish worldview. In fact, Ogutcu asserts that Turkey has not been simply "drifting away from the West and embracing 'rogue' and 'anti-Western' nations at the expense of its historical western vocation"[165]. Rather, Turkey sees opportunities to work towards its interests as it seems them, and these opportunities come through many different international players. Davutoglu's call for a shift in relations reflects this change: "Turkey is no longer a sole alliance nation whose support is taken for granted, but a significant country with regional and global influence whose strong vision and the proven capacity to make meaningful contributions need to be taken into account

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[162] (2005). Iraq: Allaying Turkey's fears over Kurdish ambitions. *Middle East Report.* International Crisis Group. No. 35. January 26.
[163] Iraq: Allaying 2005
[164] Cook and Sherwood-Randall 2006
[165] Ogutcu 2010, 82

by a healthier communication and a cooperative dialogue"[166]. Turkey will undoubtedly pursue a more independent foreign policy in the future, but its soft power, political capital, and increasingly respected repuation in the regions most critical to US security and prosperity make a strong U.S.-Turkish partnership more relevant than ever.

Forming a Cohesive Foreign Policy

Those who herald the end of the U.S.-Turkish relationship ask a much more complex question: can Turkey reconcile what appears to be conflicting foreign policies and relationships? Turks, however, see all of these relationships as part of a larger policy working in Turkey's best interests. Turkey is central to many of the regional dynamics affecting the flow of energy. Diversification is important for clients and consumers, but this strategy is also important for Turkey, from both perspectives of a domestic consumer and an international energy transit hub. "Having [multiple] sources of natural gas from countries that do not always share the same interests is only a method of protecting its energy sources, so that Turkey will never be subject to external pressure from one or even two of these states"[167]. Turkey needs to pursue multiple energy options, for itself as well as for its Western clients. Therefore, the coordination of foreign policy with energy politics is not only beneficial but also necessary.

How well can these individual aspects be combined into a cohesive Turkish foreign policy? Some scholars note, "It is not uncommon to observe divergences between a given country's energy security considerations and foreign policy objectives"[168]. Turkey, however, cannot afford such a contradiction, nor is this divergence in Turkey's greater interests. As a rising power and an aspiring energy hub, Turkish leaders must carefully leverage energy players against each other to create an environment conducive to Turkish growth and interests. Turkish

[166] Davutoglu 2008, 90
[167] Sasley 2001, 222
[168] Evin 2012, 90

leaders have clearly stated that energy dynamics will heavily influence foreign policy, and this syncing of energy politics and foreign policy is needed for Turkey to become an energy hub.

Turkey's geopolitics will heavily influence its foreign policy and energy policy because geopolitics, including surrounding energy resources, heavily define Turkish interest and opportunities[169]. Davutoglu sees Turkey's international role as heavily defined by its neighborhood: Turkey's region offers opportunities for Turkey to foster stability, order and security. Furthermore, Turkish leaders have pointed out that one such way to provide these benefits is through an energy network that links regions. Therefore, Turkey does not see its energy policy at odds with its foreign policy; rather, the two are not only complimentary but also intrinsically linked. A development in energy security, pipeline politics, or the energy market will largely impact Turkish foreign policy. Furthermore, pursuing independent policies with different states will create a network that can provide the region with greater stability and integration, which is part of the larger Turkish foreign policy: "Turks believe that pipelines will form the basis for permanent solutions to long-lasting conflicts in the region, and will encourage countries to engage in cooperation while contributing to the economic and political independence of the countries in the region"[170]. "International [e]nergy [d]iplomacy" is required, on Turkey's part, to make this network happen[171].

CONCLUSIONS

With Turkish energy demand increasing quickly and domestic Turkish energy supplies limited, Turkey cannot continue with the energy status quo. By capitalizing on Europe's significant energy demand, as well as its desire for energy security and an intermediary with Russia, Turkey can position itself as an energy hub, with off-take rights, re-exportation rights,

[169] Davutoglu 2008
[170] Laciner 2009, 150
[171] Ogutcu 2010, 69

and other privileges that will allow it to satisfy domestic demand while building a reputation as a reliable energy player. The Caspian provides a microenvironment in which world politics play out, with Russia, the U.S., Europe, and other players like Turkey vying for influence over the flow of resources from this region. Iran and Iraq can help build Turkey's diverse energy sources portfolio, but these sources come with political difficulties that Turkey must navigate. First, Turkey must solidify its energy vision, formulate short-term goals towards becoming an energy hub, and consider how its foreign policy and regional relationships can contribute towards achieving these goals.

How can Turkey proceed in becoming an energy transit hub? The energy politics and resources of Turkey's neighborhood, which incorporates Europe, Russia, the Caspian, and the Middle East, have enabled a Turkish vision of becoming a regional energy hub, with the ability to leverage and significantly influence the regional energy market[172]. This vision, though real, has not yet been realized. Turkey still needs to assert its role by negotiating with supplier countries for rights to store energy and re-export supplies[173]. Turkey also needs to build the infrastructure for these capacities, as well as the infrastructure needed to distribute the energy throughout the country for use[174]. Furthermore, Turkish officials must be careful not to overplay their hand, by using energy as political leverage on the EU. Such actions would stain Turkey's reputation as a stable and reliable transit country and thus obstruct the realization of Turkey's energy vision, as well as its larger foreign policy goals[175].

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[172] Transport of natural gas holds the most potential for the establishment of a Turkish energy hub, because it must be transported through certain means. Oil, however, is much more easy to transport out of the region to international markets (Ogutcu 2010).

[173] Ogutcu 2010

[174] Ogutcu 2010

[175] Ogutcu 2010

Turkey must also consider whether it wants to become a leader in cleaner or more efficient energy that emits less carbon[176]. Diversification is important for energy security, for Turkey as well as its neighbors, but there are other paths to becoming an energy leader. Energy efficiency or alternative energy sources can also lead to energy security, through "cutting carbon emissions and improving access to energy"[177]. Turkey has the potential to become a leader in solar, geothermal and hydro energy, through private and public strategic investments[178]. This position would be especially important of clean energy is established as the international direction of the energy market.

Capitalizing on Turkey's neighborhood also means capitalizing on cultural and political knowledge in the business world. Turkey needs to create "internationally competitive 'energy champions,'" Turkish energy companies that can operate both at home and in Turkey's neighborhood[179]. These Turkish companies can be particularly competitive, with their "close political ties" to high officials in Russia and other regional players[180]. Turkish companies also know the "key drivers and the business culture" of countries in the neighborhood[181]. In short, Turkey must capitalize on political and cultural knowledge that results from its geostrategic location and take advantage of these more abstract qualities in its population, as well as making large infrastructure investments and capitalizing on the physical benefits of its neighborhood.

These domestic changes are significant, but regional relationships and dynamics will greatly determine how Turkey positions itself as an energy player. As discussed earlier in this paper, Turkey is very concerned with creating a stable environment to achieve its energy vision.

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[176] Ogutcu 2010
[177] Ogutcu 2010. 85
[178] Ogutcu 2010
[179] Ogutcu 2010, 85
[180] Ogutcu 2010, 85
[181] Ogutcu 2010, 85

This environment, however, may be a product, rather than a precondition, of a regional energy network. "The Turks … are concentrating more on the political and strategic means of pipelines rather than the economic dimensions of these projects"[182]. Creating a regional energy network, centered around Turkey, achieves many of Ankara's political and diplomatic goals in the region. Therefore, Turkey's achievement of its energy vision is central to its foreign policy. Turkish leaders have decided to turn Turkey's regional energy dependence into an opportunity for broader regional leadership. This decision necessitates a reexamination of the Turkish-U.S. relationship.

There is a difference between the degree to which U.S. and Turkish interests are similar with respect to energy and with respect to other areas. Turkey's "energy needs, geographic position, and regional relations point to a different set of partners" than the U.S. and its allies.[183] Turkey's desire to integrate Iraq and Iran into the regional energy network[184] reflects its greater foreign policy goal of developing more independent and self-motivated policies, becoming a regional leader, and enabling regional stability. The U.S. should not consider Turkey as a hostile or rogue state, but it should recognize the growing independence of its foreign policy based on its own goals, national interests, and aspirations.

[182] Laciner 2009, 151
[183] Hill 2004, 234
[184] Laciner 2009

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