



TURKEY

On the Energy Crossroads

Dr. Phillip Cornell NATO School

Disruptions to Europe's energy supplies benefit Turkey as the EU works to establish alternatives to existing energy sources.



Natural gas delivery disruptions and their connections to political disputes have gained attention over the past several years, mostly for obvious reasons related to Russian supplies to Europe.

While those disruptions are usually far more complex in their origins and political connections than reported in the press, the most tempting lens through which strategists can view such things is one of great power competition.

The resulting “with us or with them” rubric can bring scrutiny on countries caught in the middle. But in the past year, countries such as Azerbaijan and Turkmenistan have shown once again that national interests are deeper than regional or political affiliations, and when it comes to energy policy in Europe’s neighborhood, alternative export and transit options are rarely off the table.

Therefore, despite the suspicious commentary surrounding Russian Prime Minister Vladimir Putin’s August 2009 visit to Ankara, it should come as little surprise that the same is the case for Turkey.

Turkey indeed finds itself in the middle, or perhaps more accurately at the center, of Europe’s pipeline politics. Geography is clearly a key factor, but so are Turkey’s institutional bonds to Europe, its shifting relations with Russia and ongoing historical efforts to play a greater role concerning its Turkic cousins farther east.

Since the mid-1990s, the West has turned to Turkey as an alternative route to the Caspian and Central Asia for oil, gas and wider regional influence. Regional leadership was stillborn when Turkey’s

post-Cold War attempts to position itself as a trade and political bridge to the Turkic peoples of Eurasia stumbled in the early 1990s. The oil link, however, was realized, mainly when the Baku-Tbilisi-Ceyhan pipeline went online in 2006, thanks to major Western political and financial backing. Today the central issue is gas, as disruptions to European supply have built momentum within the European Union to find alternatives to Russian routes from the gas-rich Caspian.

Thus, the grandiose summit-level ceremony staged in July 2009, when the EU’s \$10.3 billion Nabucco natural gas pipeline project planned to run through Turkey to Austria was officially launched in Ankara, may be excused. But the fanfare only helped to obfuscate the still rather sorry state of the Nabucco project and the political unity it depends on. One by one, participating countries and potential investors have voiced concerns over Nabucco’s commercial viability, largely because the gas to fill the future pipeline is not yet committed. Azerbaijan, the most obvious source, is not a major gas exporter¹ — and, anyway, Baku has recently shown its willingness to court other (Russian) export options as well. Accessing Turkmen gas would require a long-specified but politically difficult trans-Caspian sub-sea gas line. And Iraq, despite positive talks with Turkey in September 2009, remains risky in the absence

of dependable regional production-sharing agreements and a federal hydrocarbon-sharing law.

Such questions about Nabucco's viability have made financing very difficult, dimming its prospects and encouraging participants to withdraw political support. Those prospects hit their low point in 2009, when even then-EU Energy Commissioner Andris Piebalgs voiced doubts over Nabucco's future. Given the July signing, the project will likely go ahead in some form. But a recent two-year completion delay (to 2014) and periodic breakdowns in Azeri-Turkmen Caspian negotiations certainly do not bode well.

Despite the dour outlook, Turkey has always been a major supporter of Nabucco, even when fellow transit states such as Hungary or Bulgaria seemed to seriously waiver. Those countries' vulnerability to disruptions of Russian gas imported via Ukraine was exposed in January 2009, hence their willingness to back any project that would most urgently improve their energy security — including those of Gazprom, the Russian gas giant partly responsible for the January disruptions.

desperation nor by European finger-wagging. Ankara's multivector energy policy envisions Nabucco as one part of a network of projects that take advantage of Anatolia's unique geographic positioning between the huge European market and the major producing regions to Turkey's east, north and south. And while EU membership prospects may indeed have helped to color Turkey's energy diplomacy vis-a-vis Brussels when accession talks were bearing fruit, subsequent Turcophobe comments from Paris and Berlin (plus the stalled opening of the energy chapter of accession negotiations) have undermined the potency of that carrot — and with it any sticks EU officials may try to wield by criticizing Ankara.

Put simply, Turkish aspirations to become an energy hub were always more comprehensive than the limited role Europeans seemed to expect of it as a mere conduit to Europe. Messages from European capitals discouraging Turkish EU ambitions and Ankara's subsequent policies have only laid that fact bare, and not, as some analysts claim, "lost Turkey."

Thus, the deal struck during and since Putin's August 2009 visit, initially to conduct environmental studies and later to allow South Stream into Turkish waters, should be neither surprising nor viewed within a zero-sum context. Russia is Turkey's largest trading partner outside the EU and has long been a major energy supplier. While recent projects such as the Blue Stream north-south pipeline continue the traditional energy-import trade imbalance, Turkish firms have in recent years gained significantly in Russian construction and retail markets, deepening mutual economic interdependence. On top of this, the political chumminess between Turkish Prime Minister Recep Tayyip Erdogan and Putin cannot be denied. But that arrangement helps to grease the wheels of an established and growing trade relationship — not create one.

Outside the EU-Gazprom dichotomy, Turkey has also been diversifying its energy partners at a serious pace recently, conducting bilateral gas talks with Syria, Iraq, Egypt, Azerbaijan and Qatar. And as a sign of support for Nabucco, as well as openness to partners despite being politically unpalatable in Brussels, Turkey has in recent months begun to flout the unspoken taboo of the project. In September 2009, Erdogan joined some industry voices — including former German Chancellor Gerhard Schroeder's — in declaring that Iran should be seriously considered as a supplier to Nabucco if the project is to succeed.

Turkey's wider foreign policy strategy has been styled as "zero problems with neighbors," and Erdogan has accordingly brought political will to bear on outstanding deadlocks in the region. In some cases, as with Greece, Cyprus and Syria,

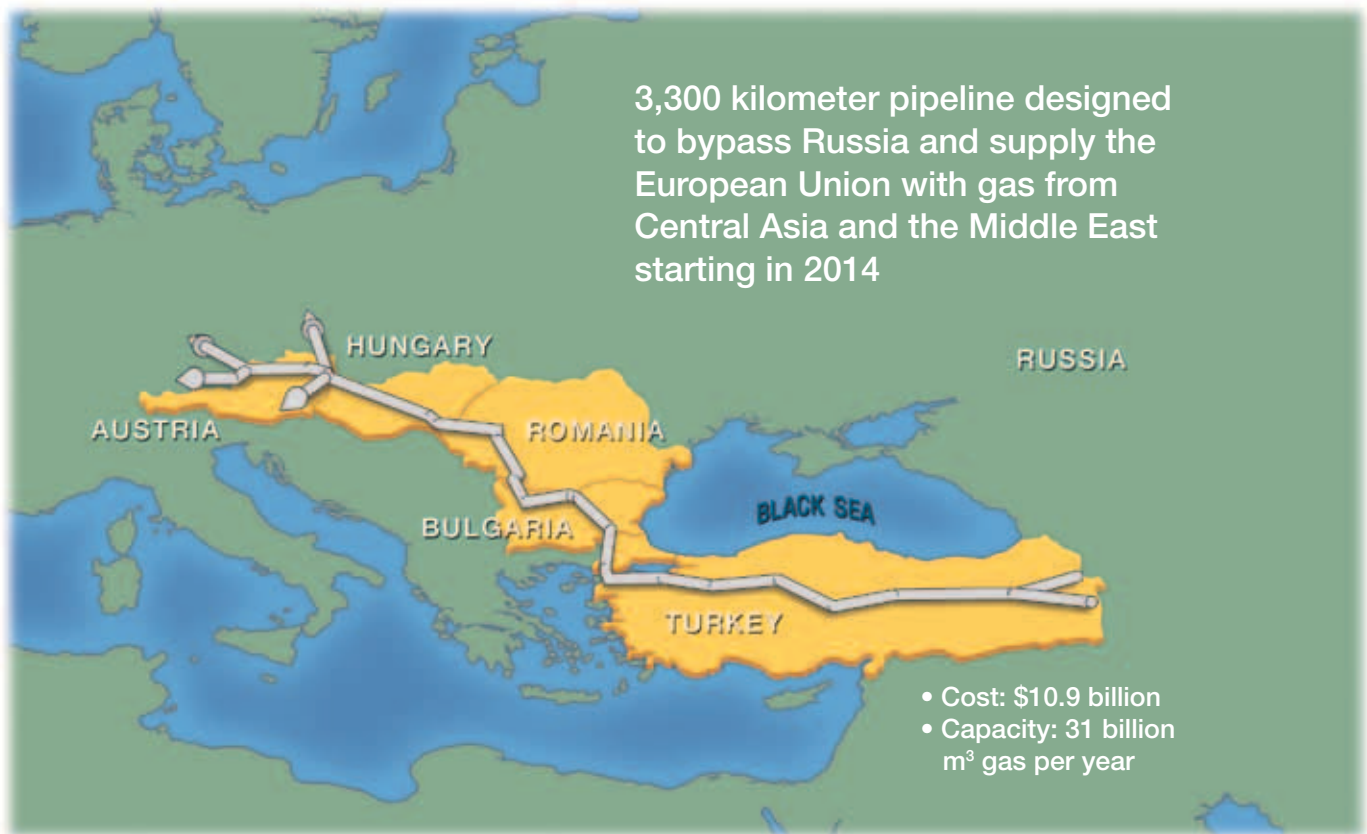


Turkey and four European Union countries formally agreed in July 2009 to route the new Nabucco gas pipeline across their territories in an attempt to reduce Europe's reliance on Russian gas.

The fact is that, backed by Gazprom's financial heft, as well as political support from Russia, Bulgaria and (as of August 2009) Turkey, the alternative sub-sea South Stream pipeline always seemed more likely to see ground broken than Nabucco, with its hodge-podge political and financial support. The reaction in Brussels (and among armchair strategists) to the eastern Europeans' Gazprom deals was one of more than raised eyebrows. In the zero-sum world of some EU officials, who see successful Russian alternatives as further threats to their flailing Nabucco project, members who do deals with Gazprom are to be chastised for undermining Europe's collective energy security.

In Turkey, though, policy is driven neither by

Nabucco Gas Pipeline



The Nabucco pipeline will allow Turkey to take advantage of its geographic position between the energy producing regions of Central Asia and the Caspian Sea, and the consumer market of the European Union.

those overtures are welcomed by its NATO allies. Inevitably in others, such as with Iran and Russia, Turkey's new regional vigor may not suit those in the West inclined to the zero-sum mentality. But when it comes to energy, it should be understood that the transatlantic instinct of the past few years to find the national security implications of energy politics is rather reversed in Turkey. Ian Lesser wrote in a June 2009 commentary that "at base, Turkey will seek to decouple the security relationship with Moscow from the elaborate web of energy and commercial ties that have developed across the Black Sea."² The same can be said of Turkey's relationship with Iran: Despite warming trade relations and Erdogan's supportive words for Nabucco, Turkey confirmed in September 2009 that it will go ahead with its first missile defense system.

Therefore, officials in Europe and Washington should keep a few points in mind before chastising Turkey for its energy politics. First, Turkey's recent openness to participation in gas projects, whether with Gazprom, Iran or other neighbors, is not a case of an ally betraying the group. Rather it is a sign of Turkey's emergence as a global energy hub with accordingly global interests. Second, Turkey remains supportive of Nabucco, to a degree perhaps even surprising, given the wavering of fellow transit states and the depth of its energy ties to

Russia. Third, the general cooling toward Turkey's EU candidacy during the past two or three years is not sending its energy policy into the arms of the West's rivals. However, it has caused Ankara to put less stock in the veneer of euro-solidarity, and so exposed the value it has always placed in commercial bonds across the Black Sea and to the East. Finally, energy is strategic, but not always coupled with security. Turkey continues to be a valued and dependable NATO ally, and its wider drive toward a more open foreign policy is bearing fruit across the region — usually in the interests of the West.

If Europe wants to stay in the game with regard to Caspian gas, Turkey's domestic power sector and overland exports from the Middle East, it should start offering substantive carrots to Ankara, beginning with the opening of the energy chapter in accession negotiations under Spain's EU presidency. Vague accusations about Turkey's strategic orientation will not suffice — and, instead, are bound to unnecessarily strain what President Barack Obama has called the "model partnership." □

Editor's note: The views expressed in this article are the authors and do not represent those of either NATO or the International Energy Agency.

1. Reports from SOCAR, the Azeri energy company, that it could boost output to 40 billion cubic meters (bcm) by 2020 are highly optimistic. Currently the country produces about 29 bcm.

2. Lesser, Ian. "Russia, Europe, Iran: Three Grand Strategic Issues in U.S.-Turkish Relations" *On Turkey*, June 19, 2009, published by the German Marshall Fund.