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Turkey's Energy Strategy and the Middle East: Between a Rock and a Hard Place

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ABSTRACT *This article examines Turkey's energy relations with the Middle East from a perspective of opportunities and limitations brought about by the structure of Turkey's general energy relations. As Turkish foreign policy and energy strategy become increasingly integrated, Turkish-Middle East energy relations offer a solid test case on the soundness and applicability of not only Turkey's energy strategy, but also for the success of Turkey's foreign policy during the last decade. Analyzing Middle East energy and the structure of Turkey's energy (im)balances, this article goes on to explore Turkey's energy relations with individual Middle East countries and questions the results achieved. While doing so, it also puts and evaluates Turkey's energy strategy within the context of Turkish foreign policy. It argues that as the result of diverse effects and influences of policies observed by Turkish officials, as well as an array of structural factors, the gains of Turkey's energy strategy and its future success remains questionable, while the case of energy strategy provides a telling case on the success of Turkish foreign policy.*

Over the last couple of years, Turkey's energy strategy in the Middle East has increasingly become integrated with Turkish foreign policy. The Middle East is not only the geopolitical center of the world's hydrocarbons, it is also a region at the forefront of Turkey's *new* foreign policy, and as such deserves special attention on two fronts. First, the success of Turkey's energy strategy and the forecast of its future as a potential energy center depend largely on its relations with the region—to its ability to develop a viable energy network, both politically and commercially. Second, the Middle East provides a litmus test for the level of affectivity of Turkey's foreign policy on two counts: its “level of adaptability” and “pro-activeness.”

The article will first put Turkey's energy relations in context. Beginning with a short analysis of global energy balances and the Middle East, it will go on to examine Turkey's energy dependencies. After reviewing Turkey's energy strategy primarily through the Energy Strategy (*Strategy*) of the Ministry of Foreign Affairs (MFA) and the Strategic Plan (*Plan*) of the Ministry of Energy and Natural Resources (MENR), the analysis will continue to explore Turkey's energy relations with its major Middle Eastern energy counterparts. This will conclude with an evaluation

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of the structure of Turkish-Middle East energy relations, its future, and the current state of Turkey's foreign/energy policy and strategies.

The Middle East's importance in the world's energy balances is almost an *a priori* position. The region hosts 40.5 percent of the world's proven reserves of natural gas and 54.4 percent of its proven oil reserves.¹ Its share in total production, on the other hand, is low but increasing, especially in natural gas.² The fact that supply figures remain low relative to total proven reserves indicates that the Middle East has a strategic buffer to shape, dominate and alter balances in the global energy market.

The price of energy is directly or indirectly tethered to the price of oil, and the production costs of Middle Eastern producers are significantly lower than others—big oil companies included³—with Iraq and Saudi Arabia controlling the cheapest production zones worldwide.⁴

The Thirsty Country: Turkey's Soaring Demand for Energy

Today, world primary energy demand is expected to soar to 1.4 percent annually,⁵ and the structure of the hydrocarbons market is changing.⁶ Control of energy resources and routes is a priority for all states. As the world's sixteenth, and Europe's sixth largest economy—the so-called “China of Europe”⁷—Turkey's position should be elaborated in this context. As a “resource-poor” country, Turkey's growth has been accompanied by ever-growing energy bills. The OECD's energy watchdog, the International Energy Agency (IEA), forecasts that Turkey is likely to “see the fastest medium- to long-term growth in energy demand among the IEA member countries,”⁸ a membership that includes some of the world's largest consumers of energy.⁹

Leading in growth for both economic development and energy consumption, Turkey, the so-called “healthiest man in Europe,”¹⁰ quenches its thirst for energy primarily with imported hydrocarbon resources. According to the Turkish Energy Market Regulatory Authority, the country's refineries imported 87 percent of its total oil supply in 2010,¹¹ and 98 percent of its natural gas supply in 2009.¹² Half of this oil was consumed in transportation, and 5 percent is utilized in electricity generation.¹³ The natural gas consumed was used primarily in power generation—53 percent, while household consumption amounted to 22 percent and industry guzzled another 25 percent.¹⁴ Unsurprisingly, this dependence on imports brings with it a considerable economic burden. Imported oil and gas accounts for almost half of Turkey's total account deficit in 2010, in the amount of USD 35 million.¹⁵

Seven countries made up the primary sources of Turkey's oil imports. In 2010, Iran led with 43 percent, with Russia following with 20 percent of this total. Historically, these two countries have consistently constituted about 70 percent of total imports. Saudi Arabia, Iraq and Kazakhstan follow, with Syria lagging behind.¹⁶ The sum of imports from the Middle East, including Iran, is 69 percent of the total. Azerbaijan is not included on this list,¹⁷ while Iraq's share, although negligible at present, is subject to diverse dynamics and is expected to change.

When it comes to natural gas, figures of the Russian Federation stand out. The RF supplies 55 percent of Turkey's natural gas imports (Figure 1).

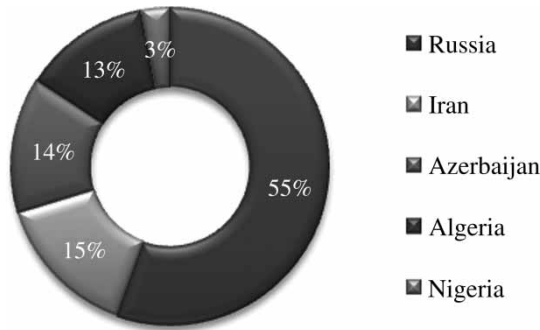


Figure 1. Turkey's Natural Gas Imports by Destination.
Source: 2009 Yılı Doğal Gaz Piyasası Sektör Raporu, p. 33.

The figures speak to a heavy reliance on the Russian Federation. This situation has raised eyebrows in the Turkish energy community over the past decade, which has been interpreted by many as a grave threat to its energy security and the future of economic development. Turkish authorities readily acknowledge that “Turkey’s dependence on fossil fuels, especially natural gas, is above the world average.”¹⁸ One consequence of this, not unexpectedly, is the country’s largely unidimensional, demand-side understanding of energy security.¹⁹

Considering the discussion so far, a couple of factors regarding Turkey’s energy balances and relations with the Middle East stand out. First, the Turkish economy is heavily dependent on imported hydrocarbons. Secondly, even though Turkey is near the world’s hydrocarbon reserves, its reliance on Russia is far greater than on its Middle East neighbors. Third, Turkey’s energy relations with the Arab Middle East are not as comprehensive and developed as they could be. In order to better understand the nature of Turkey’s energy dependencies and limitations, we will take a closer look at its reliance on Russia.

The Gordian Knot with Russia: Just How Much Reliance Makes Up Dependency?

It may well be argued that Turkey’s relations with Russia in the first decade of the 2000s enjoyed their best period. In fact, in 2010 Russia was Turkey’s second largest trading partner, largely thanks to hydrocarbons. It is not only Turkey’s heavy reliance on natural gas, but its specific dependency on Russian gas that are noteworthy. Prior to the global financial crisis, 62 percent of Turkey’s imported gas came from the Russian Federation,²⁰ and the decrease in demand following the crisis has mainly been due to shrinking electricity consumption. In fact, judging by pre-crisis growth trends in demand, power shortages would have been a very real possibility had the crisis not hit the Turkish economy.²¹

Despite the justified criticism of dependency relations, it should also be noted that Russia has proved to be a reliable partner to Turkey. This is not the case with Iran, and

when problems have occurred with Iran, Russia has responded positively to Turkish demands for more natural gas.²² Even in the midst of its own showdown with Ukraine in January 2009, Russia ensured the flow of supplemental gas supplies to Turkey.²³

Still, the over-dependence of Turkey on Russia is worrisome. Since the early 2000s there have been urgent calls to reduce dependency on Russia to NATO and EU standards.²⁴ While the IEA lists Russia's share of European gas imports at 25 percent,²⁵ as mentioned above, Turkish figures are strikingly higher. As such, if EU is said to have a resource diversification issue as far as its energy security is concerned, on the same note, Turkey might be called to have a real problem. Another study lists Russia's dependence on its own natural gas for power generation at 38.5 percent in 2007, as opposed to Turkey's 48.2 percent in the same year.²⁶

As expected, Russian goodwill also has strings attached. In May 2010, Russia and Turkey ratified a Memorandum of Understanding (MoU) for cooperation on Turkey's nuclear power plant project. Minister of Energy and Natural Resources Taner Yıldız defended the project, saying it would reduce the country's energy bill by USD 2.5 billion.²⁷ However, many experts have urged the Turkish government to apply extreme caution, arguing that granting Russia the first contract to build and operate a nuclear power plant in Akkuyu would only make Turkey "completely dependent" on Russia for energy.²⁸ After all, it is this lopsidedness that Turkey tries to avoid by diversifying its energy supplies. Such relations of dependency are not without their long-term consequences. In this vein, one expert has commented that "Europeans need to really understand what's going on in Turkey, how close it has gotten to Russia as opposed to Europe and the US."²⁹

While addressing a group of Swiss businessmen, President Abdullah Gül noted that being located at a point connecting East and West, let alone North and South, enables Turkey with an "opportunity of access to Europe, Central Asia, the Caucasus and the Middle East." He continued that "having a capacity of carrying 121 million tons of petrol annually [Turkey] has the necessary infrastructure to transfer 43 billion cubic meters to the Western markets."³⁰

The argument that Turkey is a reliable energy corridor³¹ for Europe has been much-emphasized in the past two decades, since the commencement of the Baku-Tbilisi-Ceyhan (BTC) pipeline project. The debate has primarily been centered on Turkey's geographic location between the hydrocarbon rich north, southeast and east, and Western Europe. In the beginning of the 2000s, a high-ranking Turkish diplomat explained that "Turkey's long-term energy strategy is shaped by a broad vision, taking into account the need to maintain balance between its geography, foreign policy and energy demands."³² In this vein, energy is argued to be "one of the pillars of Turkey's re-emergence as a regional geopolitical force."³³

Turkey's Energy Strategy: An Integrated Foreign and Economic Policy?

Some experts assert that the appointment of Taner Yıldız as Minister of Energy and Natural Resources, and Ahmet Davutoğlu as Minister of Foreign Affairs, has enabled "improved coordination among ... institutions in conducting Turkey's

energy diplomacy,” as there exists a “strong consensus between the two ministers regarding the energy issues” and both are in favor of “more input from” the MFA. Turkey’s energy policy is thus said to rest on three pillars:

1. to ensure a diversified, reliable, and cost-effective supply for domestic consumption;
2. to liberalize its energy market;
3. to become a more effective key transit country and energy hub between the energy-producing countries to its east and the energy-consuming countries to its west.³⁴

Reflective of this, there are considerable overlaps in the discourse on the *Strategy* of the MFA³⁵ and the *Plan* of MENR.³⁶ The framework of the *Strategy* is set around the scale of the domestic energy market and its growth rate. Accordingly, Turkey targeted reducing its dependence on imported hydrocarbons and increasing the share of domestic resources. Turkey’s first aspiration is to become “an important and reliable transit country,” and “to realize its own energy security, and then the second objective is to contribute to Europe’s energy security” through “diversification of supply sources and routes.”³⁷

The vision of MENR is to “[m]ake the country the leader in its region in the fields of energy and natural resources.”³⁸ In his introduction to the *Plan*, Yıldız refers to “reducing the risks stemming from dependency,” and claims that Turkey has already gained an identity as an “energy corridor.”³⁹ However, the *Plan* sets becoming “an energy corridor and terminal within the framework of regional cooperation . . . by making effective use of [Turkey’s] geo-strategic position” as the target.⁴⁰ It targets reducing the share of leading energy importers, i.e. Russia, to “below 50 percent by 2015.”⁴¹ It aims to spend 8.8 percent of MENR’s projected budget to increase the “country’s regional and global influence in the field of energy.”⁴²

Although this strategy is new and still untested, since the mid-2000s there is agreement among some experts that Turkey’s energy strategy has thus far been successful. In 2006, one analyst argued that “Turkey’s bid for energy politics is not an idealistic claim; instead it is supported by a complex pipeline system which is almost integrated with other regional energy systems.”⁴³ Half a decade later, others wrote that “Turkey has become an energy hub,”⁴⁴ as “one of the most viable and desired partners” for all states, producer and consumer alike.⁴⁵ As described above, Turkey’s energy relations with the Middle East function as a case in point to test these arguments.

Energy also has the potential to strengthen Turkey’s aspirations to become a regional geopolitical force. However, when it comes to the contribution of energy to geopolitical leverage, there are six essential categories to consider:

- (a) Ownership of physical resources
- (b) Control of infrastructure (pipelines, storage facilities, loading and unloading facilities)
- (c) Variety of energy mix
- (d) Ability to diversify supply

- (e) Organization of markets for energy trade
- (f) Consumption power, largely determined by (a), (c) and (d) above.

Turkey, ranks low in (a), (c) and (d), and as a result (f) does not work in its favor. In this vein, (e) is non-existent. The debate on “regional geopolitical force,” then, is mainly about pipelines. One expert highlights this phenomenon by referring to the “extensive use of pipeline politics.”⁴⁶ On the other hand, contributing to the EU’s energy strategy means offering alternatives to diversify gas supplies i.e. secure and transport non-Russian resources.

In gas, except for Nabucco, there are no projects meeting this expectation, not including the Interconnector Turkey-Greece (ITG), which for now is minimally developed. Nabucco, as the most probable route of the so-called “fourth corridor,” stands out as the premier project of Turkish hydrocarbon strategy.⁴⁷ Nabucco is a 3300 km pipeline with a projected capacity of 31 bcm per annum running from yet unspecified sources to Baumgarten in Austria. It does not, however, have any allocated supplies. Yet reflective of the *ad hoc* nature of Turkish energy strategy, the project is progressing, at least procedurally, partly due to EU and US support, despite being in a “gasless” state. In addition to lacking allocated supplies, Nabucco has other issues to tackle. The project has the potential to create tensions with Russia. It also has the potential to cannibalize other projects, such as the possible extension of ITG to Italy.⁴⁸ Nevertheless, at least in terms of political will and support Nabucco seems to be the most feasible and likely route for Azeri, Turkmen and Middle East gas that would run through Turkey. As such, it becomes important to evaluate the position of each Middle Eastern country vis-à-vis Nabucco.

Turkey’s Energy Relations with The Middle East: A Lever to Break the Chains of Dependency?

Particularly within the past two decades, an increase in the use of natural gas in power generation has resulted “in greater interdependence of the gas and electricity markets.”⁴⁹ Within the last decade, Turkish electricity demand has increased by 63 percent,⁵⁰ and as the primary energy demand has increased so has dependence to Russia. The Middle East is a region in which Turkey can create room for maneuver in order to decrease this dependency. These new close relations, established during the period of the Justice and Development Party government, might be expected to increase Turkey’s leverage with respect to its energy strategy. Analysis of developments from this perspective is the subject of the following sections.

Iran and Turkey: A Full and By Relationship

After Russia, Iran is Turkey’s second largest energy supplier and the largest in the Middle East. However, it has not proved to be an easy partner. Promises and guarantees from 2006 onward have not halted repeated disruptions of the gas supply.⁵¹ Surges in domestic demand spurred by low local prices, the pressure of oil production,

and technical difficulties are frequent reasons for Iranian gas disruptions.⁵² Iran is also Turkey's most expensive gas supplier.⁵³ However, there have also been claims that at least some of the disruption may have been political in nature.⁵⁴ Furthermore, unlike Russia, Iran possesses neither sufficient infrastructure, nor sufficient funds available to upgrade it, due to the sanctions regime. Neither does it seem able or willing to prioritize exports to Turkey. The only existing pipeline, Tabriz-Erzurum-Ankara, has never been utilized at its full capacity of 10 bcm. The quality of gas has been an issue: even though Iranian gas is shipped to Turkey directly, i.e. without transit fees added, the "take or pay" contracts, similar to those in effect with Russia, cost Ankara a total of USD 1.354 billion for 2008 and 2009 for unused gas.⁵⁵ On the other hand, the very same re-export constraints that are in place with Russia, which are a serious obstacle to Turkey becoming a strategic player, apply to Iranian gas too. These re-export constraints prohibit Turkey to re-sell a portion of the gas that is transited through its soil to third parties with a premium created by the pricing mechanism, enabling it to gain extra profits from it and position itself somehow as a supplier in its own right.

The two MoUs signed with Iran in July 2007 and November 2008 created high hopes on energy cooperation between the two countries, including development rights for Turkey in the South Pars Field.⁵⁶ However, in the wake of the international sanctions, Iranian foot-dragging and US resistance, these plans have not been carried out.⁵⁷ The number of deals, and prospective projects involving various countries, that Iran is a party to seems to suggest that Iran is also "pragmatic" in its energy policy, and that it may be over-committing itself.⁵⁸ Despite repeated statements of interest by Iran⁵⁹ and tacit acceptance by Europe⁶⁰ the inclusion of Iran in the Nabucco Project remains a distant possibility. Iran also plays a role in Turkmenistan's participation to Nabucco. However, whether or not it can successfully be a facilitator remains uncertain.⁶¹ Russian concerns are also a factor, particularly on the last issue.

According to some commentators, Turkey's accommodative approach to the Iranian nuclear program is a realistic consequence of its thirst for energy and regional aspirations.⁶² There is truth in these analyzes. That said, the political and commercial limitations of strengthening energy partnerships with Iran are real and present. Despite Erdoğan's declaration that Turkey "will think of its interests,"⁶³ following the 2007 Memorandum and the MoU of 2008, the process has been dragging. After the "No" vote on sanctions in the UN Security Council, and Erdoğan's earlier reservations against furthering sanctions on Iranian gas deals, Davutoğlu confirmed that Turkey will abide by the sanctions regime.⁶⁴ Turkey further acceded to NATO's Lisbon Summit decisions.

In sum, Turkey is caught between a rock and a hard place in the form of Iran and Russia, as opposed to being able to use Iran as leverage to create "strategic depth" and break its dependency on the latter.

Egypt, Syria and the Arab Gas Pipeline

At present, the Arab Gas Pipeline runs from Arish in Egypt to Homs in Syria. An extension of 323 km is planned from Homs to Kilis, in order to bring 2–4 bcm of

Egyptian natural gas to Turkey and export 2–6 bcm to Europe, presumably via Nabucco.⁶⁵ A political agreement ratified in February 2000 was followed by a contract in March 2001 between the Petroleum Pipeline Corporation (BOTAS) and the Eastern Mediterranean Gas Company.⁶⁶ However, so far there has been no progress on the project.

Although Egyptian Energy Minister Hasan Fehmi had asserted in 2006 that the line was called “Arab” rather than “Egypt” because “Syria, Iraq and Saudi Arabia will also be suppliers.”⁶⁷ There has been no solid confirmation of interest from these parties.⁶⁸ Given the political situation in Syria and the ongoing uncertainties in Egypt and Iraq, this remains a somewhat distant prospect. Exploration for hydrocarbons in the Eastern Mediterranean is another contentious issue between Greece, Turkey, Syria, Lebanon, Israel, Egypt and even the Palestinian Authority, with the potential to impact any energy project.⁶⁹ A pipeline from Iraq to Syria also has the potential to cannibalize Turkish energy interests in the former, as it would re-direct the export route of a considerable amount of Iraqi oil to Syria instead of the existing and prospected additional pipelines to and through Turkey. This was a risk implied in the statements of at least one Turkish oil executive operating in Iraq.⁷⁰ Such a situation will not only hamper Turkey’s plans to turn Ceyhan into an international energy center by depriving Turkey of the opportunity to control the transit routes of Northern Iraqi hydrocarbon resources, but also will weaken the strategic positioning of Turkish oil companies operating in the region.

Syrian–Turkish energy relations recently acquired another dimension. In June 2011, Turkish company *Aksa Elektrik* announced that it has started to export 500 MW of electricity per annum to Syria⁷¹ and in July 2011 the company has declared that it had experienced “no difficulties in receiving its payments” from Syria.⁷²

The Gulf: Is “Enough” Enough?

In a speech delivered at the Kuwait Chamber of Commerce, on the subject of Turks and Arabs, Erdoğan remarked: “All we need is each other,” denoting an exclusive, self-sufficient relationship based on religio-cultural, historical and “brotherhood” affinities.⁷³ Aware of relative advantages and Turkey’s needs, Erdoğan later elaborated on the complementarity of the relations as he envisaged them. His view was that while Turkey was strong in many fields “[Arabs] are strong in oil.”⁷⁴ However, despite the innuendo, Qatar and other energy-rich countries of the Gulf do not seem very interested in providing Turkey a strategic advantage to becoming an energy corridor.⁷⁵

The world’s largest LNG exporter, owning the top two LNG companies, Qatar’s investments includes the world’s largest LNG tanker fleet.⁷⁶ Qatar sells 38 percent of its gas to East Asian, and 20 percent to Middle Eastern customers, mainly to the UAE and Oman, through the Dolphin Gas Pipeline to the south.⁷⁷

Since the nuclear disaster in Fukushima, the security of nuclear energy has begun to be questioned, while the Chinese government has committed itself to substantially expanding the domestic use of gas.⁷⁸ From such developments, it can be assumed that

the direction of trade for Gulf energy will increasingly be to the East and Far East in the form of LNG. Considering the long-term nature of gas contracts and the expected surge in demand, a tight gas market should be expected in the Middle East. Currently, Kuwait is a net importer⁷⁹ and the UAE is emerging as a gas-trading state, while Oman is negotiating a subsea pipeline project with India.⁸⁰ Under the circumstances, the “dream” of a pipeline from the Gulf that will eventually connect to Nabucco seems to be destined to remain a dream.

Iraq: A Bundle of Risk and Opportunity

For Turkey, Iraq is definitely a “close source of energy for ... [an] energy-hungry state.”⁸¹ Issues pertaining to Kurdish separatism and PKK terror have long distorted Turkey's relations with Iraq, especially with respect to the Kurdish Regional Government (KRG). However, since 2008, relations have improved considerably. In a first-ever visit, Prime Minister Erdoğan traveled to Erbil, accompanied by the Ministers of Energy and Foreign Affairs. Given that in October 2007, following a string of PKK attacks, Turkey had considered cutting the supply of electricity to Northern Iraq, this is significant improvement.⁸²

In fact, the energy trade with Iraq is a two-way street. While Turkey is pursuing opportunities in the oil and gas sectors, it is selling electricity, gasoline, LNG and diesel.⁸³ Indeed at one point, Turkish companies had even been awarded Pentagon contracts to supply American forces in Iraq.⁸⁴

On the other hand, the only functioning oil pipelines from the Middle East to Turkey run from Kirkuk to Ceyhan. The two parallel pipelines “reach to a total capacity of 71 million tons annually ... however [they] function under-capacity and are frequently disrupted by terrorist attacks.”⁸⁵ Although it has often been named a potential supplier to Nabucco, Iraq is not reported to be particularly rich in natural gas resources.⁸⁶ In a recent Nabucco signature ceremony, Yıldız confirmed the Turkish government is talking to both the central and KRGs,⁸⁷ but “Iraq is prioritizing [the needs of] its own people in gas” and it is not possible to “start the project by confiding in Iraqi gas.”⁸⁸

Apart from being a potential supplier, Iraq plays another role in Turkey's energy strategy. The MENR's Plan sets a target of 2014 for Turkey to increase its international production of natural gas and oil twofold,⁸⁹ and Turkish companies are positioned in Iraq to secure just that.

Initially, the state company Turkish Petroleum (TPAO) and its foreign exploration unit Turkish Petroleum International Co. (TPIC) were kept out of KRG contracts by the Turkish government. This move was political, purportedly having to do with Turkish concerns to legitimize the KRG and to strengthen its autonomy against the Iraqi central government.⁹⁰ It was also commercially motivated, with Turkey avoiding taking sides in the tug-of-war between the central government and the KRG on the Natural Resources Law in order not to provide the former any excuse to ban TPAO and TPIC from Iraqi oil contracts. Still, the duo was initially left off a shortlist of 35 companies chosen by the Iraqi authorities.⁹¹

Following intense negotiations TPAO is now included on the list. It is active with the Chinese CNOOC in *Maisan* with a 15 percent share; with a consortium including Russian Gazprom, Korean KOGAS, Malaysian Petronas in *Badra* with a 10 percent share; and, in the form of a signed MoU, with BOTAS and Shell to explore for gas in 2008.⁹² Recently, with Kuwait Energy and KOGAS, it has been awarded a contract for development, production and services in *Siba* and *Mansuriah*. TPAO owns 50 percent of this partnership.⁹³ As per an MoU signed in May 2006, TPIC also carried out a feasibility study on development for the *Qasab* oilfield during 2008 and 2009. TPIC has also been awarded a USD 318 million service contract to drill 45 wells in Iraq's supergiant Rumaila oilfield.⁹⁴

Private companies are also active in the KRG. Genel Energy, in partnership with Switzerland's Addax Petroleum, Pet Oil and Doğan Energy, has secured rights in twelve of 30 fields. The chairman of one of these companies called upon the Turkish state for support, arguing that Turkey was losing opportunities because TPAO is not active in the Kurdish Region, and offering to serve as a proxy.⁹⁵ Another declared confidently that his company was on the way to becoming one of the largest oil companies in the world, thanks to regional reserves they were tapping.⁹⁶ KRG Energy Envoy Ashti Hawram declared that 40 companies from seventeen countries were active in the region, and the first oil export would be realized by a Turkish company.⁹⁷

In sum, Iraq represents the best opportunity for Turkey to realize its new strategy. The Iraqi example stands out as a somehow successful case of the integration of not only the policies of MFA and MNRE, but also an example of Turkish private investments leveraging such policies. However, the level of coordination and integration, between state and private enterprise in particular, is questionable. Instead, these relations have had more of an *ad hoc* nature, albeit one that has worked so far. Understandably, the critical issue concerning Iraq is the nature and sustainability of political stability. Though the Turkish state and its companies seem to have developed successful relations with various parties of the Iraqi political landscape, the increase in political tensions in Iraq may hinder these relations. The repercussions of a US and/or Israeli military intervention into Iran would largely hinder energy projects in Iraq. Kurdish separatism and the PKK issue are always factors to be wary of when forecasting Turkish–Iraqi relations.

Yet again, for Iraq to re-emerge as a heavyweight hydrocarbons exporter, internal stability is a must. This is true for oil, where Iraq commands 8.3 percent of the world's proven reserves and even more so for its relatively small gas reserves.⁹⁸ Under the circumstances, Iraq is not in a position to participate in Nabucco and play the role of a potential supplier that can break Turkey and the EU of their dependency on Russian natural gas.

Conclusion

Turkey's geopolitical position provides it with ample opportunities, especially in connection with Middle-Eastern energy resources. However, it is not easy to say that

these opportunities are exploited to their full extent. Part of the reason for this is the larger geopolitical and political challenges presented by Middle-East politics, which extend beyond Turkey's capacity to control.

Still, energy policy in general is an area in which the level of Turkish foreign policy adaptation to post-Cold War circumstances "can be examined."⁹⁹ Considering the developments in Turkey's foreign policy during the 2000s, it may be argued that such adaptations should be particularly observable through relations with the Middle East. Energy issues, with their rather *realpolitik* and market-oriented nature, provide a fairly good test case. As Winrow points out "it is not possible to separate natural gas issues from sensitive political and geopolitical matters."¹⁰⁰ This is also true concerning the decisions and choices on the pipelines for gas and oil as well as development and exploration rights and privileges. As such regarding energy issues, political and geopolitical concerns take precedence and striking a fine balance between economic and political aspects becomes important. To that end, the results up to this point suggest that the success of Turkey's foreign policy strategy on energy is questionable.

On the other hand, Turkey's new foreign policy is frequently described as "pro-active." Turkey's energy strategy towards the Middle East, provided it also benefits from the positive effects of this foreign policy, provides an array of opportunities to showcase such pro-activeness. However, it is not easy to observe such a farsighted, pre-emptive approach. On the contrary, the style of Turkish energy diplomacy is opportunistic, and its efforts seem designed within a catch-as-catch-can scheme. Bilgin justifiably calls this strategy "retroactive" rather than proactive in nature.¹⁰¹

In fact, any claim to adaptation and proactivity should be confirmed by the ability of such policies and strategies to create an area of maneuver: a "strategic depth," in the parlance of Turkey's new foreign policy, in order to enable the country to balance its counterparts while reducing its dependency on Russia. Today no such power rests in Turkey's hands. With two oil pipelines (BTC and Kirkuk-Yumurtalık) and a limited-capacity out-bound gas line (ITG), Turkey is a terminal country at best. In the absence of its own resources, no secured Middle Eastern supplies or pipelines, a heavy dependency on Russia, and profound weaknesses in existing contracts, it may be hard to see the difference between the Ukraine and Turkey.

One should also not forget that Turkey's capacity to structure and finalize energy projects independently is questionable. For example, the BTC was realized thanks to international—mainly USA—support, and partly within the political context of the Turkish–Azerbaijani special relationship. Nabucco enjoys similar international support. However, Turkey has not been able to secure gas supplies through any Middle-Eastern resources, neither for Nabucco nor for any other pipeline that will enhance Turkey's position as an energy corridor. In the short- to mid-term, the general structure and balances of the international energy market do not seem favorable for Turkey either. Considering the long lead times of energy projects, this is a serious issue. In Turkey's case, as a resource poor country, a vertically integrated energy company with adequate financial resources might have proved to be leverage for the resilience of the energy strategy. However, TPAO has been stripped of its

“vertically integrated” structure, denying it the advantages brought by economies of scale as a result of being able to operate in all segments of the industry, and BOTAS is on the way to be deprived of its monopoly in the natural gas market.¹⁰²

Indeed, there seems to be some degree of confusion on the definition of the terms corridor/transit, hub/terminal/center, which are utilized to discuss these issues in Turkey. I would agree with Bilgin’s categorizations and definitions of these concepts,¹⁰³ and think that without such clear definitions, they should be used with caution. In the Middle East, neither the so-called adaptation nor proactiveness seems to have materialized any objective advantages for Turkey. Turkish foreign/energy policy might be pragmatic, even rational in its own right. However, how realistic these policies are and whether or not they constitute a coherent strategy remains to be seen. What may be said though is, until today, there is little evidence to suggest that Turkey’s current foreign policy and energy strategy achieved concrete results.

Notes

1. BP Statistical Review of World Energy, June 2011, pp. 6, 20.
2. *Ibid.*, pp. 22.
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