

The Turkey and Black Sea Near Abroad

Turkey's growing influence in its surrounding countries has become a new geopolitical reality for the United States. Ankara is searching for a new, independent foreign policy as its ties with Europe are fraying. The West needs Turkey to cooperate with it on the turbulent changes in the Middle East. Yet, as its economic strength grows, so does its neo-Ottoman hubris. Turkey attempted to befriend almost every actor in a region, often with disappointing results.

Picking Sides in the Western Balkans

The view of Turkey in the Western Balkans is divided along the lines of pro-Turkish Muslims, and pro-EU Christians. Turkey has taken note of this and has concentrated its economic investments in areas with major Muslim populations. Yet, Turkish business will not turn down a lucrative opportunity.

Major Turkish investments in Serbia include that of Turkcell Communications, which bought Telekom Srbija, and Turkish construction companies, which secured a contract to build 445 km of highway linking Belgrade with Bar in Montenegro. Additionally, the two countries signed a Free Trade agreement in June 2009.

In Bosnia, Turkish companies are the fourth largest investors following Austria, Slovenia, and Germany. In the last quarter of 2008, 49% of the Bosnian national carrier, BH Airlines, was bought by Turkish

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The recommendations presented in this issue brief were drawn from a Council workshop on December 14 and 15, 2011 in Washington, DC. Sponsored by the US Army War College and the Institute for Turkish Studies at Georgetown, the workshop brought together 60 top US, European and Turkish experts and policymakers to discuss Turkey's relations with the European Union (EU) and the United States, and the changing strategic context among them. We are grateful for the insights of the workshop participants, but they bear no responsibility for the content of this paper. The findings and conclusions presented in this paper are solely the views of the author.

Airlines. The Turkish company LIMAK received concessions to run Pristina International Airport for the next 20 years. Turkey is also the third largest investor in Albania, following Italy and Greece.

Ankara's real strength in the region lies in its soft power. The Turks are busy restoring Ottoman monuments throughout the Balkans, which may just as well be an innocuous historic preservation activity. However, these actions are fueling suspicions that Turkish Prime Minister Recep Tayyip Erdoğan is looking for an Ottoman revival in the region. Turkish schools and universities now educate several thousand students annually in Muslim regions of the Balkans. Perhaps most importantly, Turkish soap operas have overtaken Latin American soap operas in popularity throughout the region.

It seems that Turkey's Balkan 'cousins' are hesitant to get too close for fear of being marginalized by the EU. They don't want to be associated with the losing side, or the 'EU Losers Club', so to speak. Despite this, there is no doubt that Turkey will benefit from a more politically stable Serbia. Stability in Serbia will calm the whole region and make projects like the gas pipelines easier to implement.

EU countries still generally top Turkish investment in the Balkan region, but Ankara is gaining. Turkey can be found third or fourth from the top of the list in terms of actual monetary investment in most Balkan nations, but that does not tell the whole story. Turkey's soft power is seeping into the population of its smaller neighbors, it is becoming a bona fide regional power, and its geographic location is of paramount importance to the region.

On November 28, 2011, the Turkish Parliament convened the first multinational conference on the topic of Turkey and the Balkans. The conference drew Turkish diplomats, as well as Balkan origin

politicians, and representatives from 156 associations and NGOs. This is a good start, but it will take time for Turkey to gain the trust of its neighbors.

Long Road to Trust

Boosting its profile through conflict mediation is important for Ankara. Turkey is trying hard to be accepted as an honest broker in regional conflicts, but at this point, old rivalries and xenophobic tensions stand in the way of Turkey settling disputes that would truly make a difference.

Where the Turks are surely not trusted as an "honest broker" is the dispute over the Nagorno-Karabakh. In 2009, Turkey and Armenia signed two protocols normalizing ties following secret talks mediated by Switzerland and blessed by the United States; Ankara should have used this development to ease tensions with Armenia. Turkey backed out of the protocols, following strong opposition from Azerbaijan to any deals made between Ankara and Yerevan, while the Karabakh issue hangs in the air. The Armenian Supreme Court also criticized the protocols.

Turkey is under pressure from abroad to mend ties with Armenia. The United States has been urging Ankara for a resolution because of the strong Armenian Diaspora applying pressure to Washington, up to and including ambassadorial nominations.

In 2008-2009, Turkey failed to mediate negotiations between Israel and Syria revolving around the Golan Heights, which led to Israel declining Turkey status as an "honest broker" in later disputes. This is an example where Ankara's ambition to be a world or regional player has outgrown its skill.

One conflict where Turkey could leverage its unique position would be secessionist Abkhazia. Ankara has gained the confidence of both Moscow and Tbilisi. If it is able to leverage these relationships to mediate the situation, and come to a mutually agreeable solution, Turkey may well gain the reputation of an “honest broker” in the rest of the Caucasus.

In the fall of 2011, Turkey agreed to host a US radar on its soil as part of a NATO-backed missile defense system. Turkey attempted to assuage Iran’s concerns, by lobbying NATO to keep Iran from ever being mentioned as a threat, and keeping all information gathered by the radar from Iran’s mortal enemy, Israel. NATO does avoid mentioning any country as a threat; however, the later has not been addressed. This failed to impress Iranian officials, who have stated that they will hit Turkey if Iran is attacked by US or Israeli forces.

Turkeys View on the EU

Less than a decade ago, Prime Minister Recep Tayyip Erdoğan ran on an EU accession platform. However, now that the Turkish economy is in overdrive, Greece is in a meltdown, and the Europeans are trying to save the teetering Euro, Ankara is having second thoughts, especially as the ruling AKP is cautiously advancing a de-secularizing Islamic agenda.

A number of European leaders stated publically that they are opposed to Turkey entering the EU, and their actions speak for themselves. The Europeans have been stringing the Turks along. Today, it looks more unlikely than ten years ago that Turkey would join the EU on the AKP’s watch.

Since Erdoğan took power, the country’s sentiment has been increasingly anti-western, anti-European, and anti-American. Europe’s indecision, latent racism, and militant secularism has led many

traditionalist Turks to believe that they do not need closer ties to Europe, but that in the current economic climate Europe needs their support.

Certainly, economic growth increases Turkish clout in the neighborhood and vis-à-vis the EU. When the Ottoman Empire was crumbling a century ago, Turkey gained the nickname of the “sick man of Europe.” Now Turkey’s economy is projected to grow by 7.5 percent in 2012, while Europe is sputtering on the brink of economic collapse.

Ankara will continue to court the Western Balkans for geopolitical and economic reasons, but there is no need for ill will. As far as Turkey is concerned, it is Europe’s loss, and diplomatic efforts will be better spent closer to home.

In spite of this, there are clear signs that the Turkish economy is overheating. The current account deficit amounts to 10 percent of GDP as of this writing. Still, the debt burden is 40 percent of GDP and the budget is running at a 2.5 percent deficit, although the Maastricht Criteria were 60 percent and 3 percent respectively. However, Europe has too much to deal with to start admitting more countries into the union, and until the current economic crisis is resolved there will be no significant progress on this front.

A particularly interesting development has been England linking arms with Turkey. After December’s EU meeting, England is the odd one out who will not submit to the conditions laid out by the other Euro zone countries. London has nothing but praise for the Turkish government, seeing themselves both as outsiders.

A European Union Perspective

The EU’s efforts to expand energy supply through diversification are being undermined by its very own foreign policy towards Turkey. Rather than bring the country into its orbit, the EU has

alienated Ankara through false promises and neglect.

Turkey is commonly referred to as the West's bridge to the Muslim world. This is doubly true when the discussion turns to energy. Turkey is crucial as a transit country for energy to flow to Europe, rather than as an energy producer in and of itself. Earlier this year Turkey's natural gas reserves were estimated at roughly six billion cubic meters, nearly all of which is undeveloped. For comparison, a single gas discovery in September by the French oil giant Total, off the coast of Azerbaijan in the Caspian Sea, amounted to 350 billion cubic meters of natural gas.

An important project for diversifying Europe's energy supply is the Nabucco Pipeline, which aims to bring Azeri, Turkmen, Iraqi, and possibly Egyptian gas to Europe via Turkey, Bulgaria, Romania, Hungary, and Austria. Nabucco and three other pipeline projects are competing for Azeri gas and results were expected in December. Azerbaijan has delayed, until March 2012, the decision on which bidder will get natural gas produced as part of the Shah Deniz field's second stage.

Europe's efforts to wean off Russian gas have been dealt a heavy blow by the current financial turmoil. Two of its planned pipelines, the ITGI and TAP, cross Greek territory. Nabucco itself is not a cheap project at a cost of more than ten billion Euros.

The South Stream Pipeline has been approved by Turkey, removing the last major obstacle to the project's implementation. The success of this project all but guarantees the continued dependence of Europe on Russia's hydrocarbons. There is just simply not enough gas to push through the Nabucco project, as well as South Stream Pipeline at present.

Merits of Regional Energy Cooperation

Turkey is getting fed up with Gazprom's bullying negotiations on gas prices, and is actively trying to develop alternatives. In this respect, the Greater Black Sea region is key. Countries with large gas and oil deposits in the region such as Azerbaijan and Kazakhstan are seeking to increase their exports to the west, which also benefits Turkey a great deal.

Turkey is steadily increasing its trade with partners who can supply the energy it needs. This has led to rapprochement with Tehran, and Turkey eyeing Iran's hydrocarbon exports to Europe. At present, Iran supplies Turkey with one third of its energy imports, primarily oil. Gazprom's behavior is leading Turkey to diversify gas supply to the Caspian Basin, Iran, and Iraq.

Turkish diplomats also see Iraqi Kurdistan as a source of energy to power their country's rapid economic growth. Ankara wants to buy natural gas from Kurdistan for power generation. Moreover, Turkey wants to consolidate Ceyhan as the predominant oil and gas port of the Eastern Mediterranean. The port is already the terminal of the Iraq-Turkey oil pipeline and the Baku-Tbilisi-Ceyhan pipeline. Ankara would like to see another oil pipeline – most likely to low-quality Kurdistan heavy oil – reaching the port. In addition, natural gas pipelines from Kurdistan and the Caspian could feed an LNG plant in Ceyhan. Ankara and Erbil even envisage that the Iraqi-Kurdistan could supply natural gas to the Nabucco pipeline.

The other major reason to collaborate with the Black Sea neighboring countries is Turkey's unique geographic position. Turkey straddles western Asia and Eastern Europe, providing the perfect pathway for energy supplies to travel between the two.

Turkey has seemingly downgraded Nabucco and has begun to concentrate on the Trans-Anatolian Gas Pipeline (TANAP). Socar, the Azeri state energy company, wants to sign the inter-governmental and host country agreements regarding the TANAP projects in March or April of 2012 according to the company chairman. The pipeline runs from Azerbaijan, through Turkey, and into Europe. The project has an estimated cost of five to seven billion dollars, and will pump gas from Azerbaijan's Shah Deniz II field. Its planned initial capacity is 30,000 billion cubic meters (bcm), but officials say that number may be doubled in the future. This is subject to a new source of natural gas available due to new technology – shale gas that can be exploited through fracking and horizontal drilling.

European countries that have shale gas reserves in abundance, such as Poland and Ukraine, are starting to develop them. As they will depend less on Russia and Turkey to satisfy energy needs, these countries will be able to pursue independent energy policies, become self-sufficient in gas, and possibly become Turkey's competitors.

Peering Over Each Other's Shoulders

Moscow and Ankara share an uneasy alliance hinging on a number of business and geopolitical interests. In general, they try to stay out of each other's way. This attitude is readily evident in Turkey's reaction to the Georgian War in 2008. It refused to take sides, delayed passing of the US aid ships through the Bosphorus, and chose to undermine the West's efforts by proposing cohabitation with Russia without consulting NATO or the United States.

In August 2009, Turkey signed on to Gazprom's South Stream Pipeline; a project that stands in direct competition with Europe's Nabucco Pipeline. It is evident both countries have a lot to gain geopolitically by not undermining each other.

As predicted by Gazprom Deputy Chairman, Alexander Medvedev, Turkey will give the OK for the South Stream Pipeline project, which will transport Russian natural gas to Europe by passing through Turkish territorial waters, by the end of 2011. He elaborated that the Turks have asked for no new concessions on the part of Russia, and they expect to begin transportation in 2015.

A sign of further cooperation between the Cold War rivals is Turkey's first nuclear power plant in the southern province of Mersin, which is to be built by Russian state-controlled company Atomstroyexport. The construction of the nuclear power plant is expected to take seven years. Russia will not only build the plant, but will also have a controlling stake in the company created to operate it.

Turkey and Russia have locked horns over the situation in Syria. As the Assad regime's massacre of innocent civilians continues, Turkey has called for a broad-based UN coalition that would include members of the UN Security Council as well as the Organization of the Islamic Conference and the Arab League. On the other hand, Russia and China vetoed UN resolutions twice to facilitate regime change in Damascus. Not only is Russia giving the Assad regime a lease on life, but it is shipping arms to Syria via Cyprus according to Turkish Foreign Ministry officials. This is not only a point of contention between Moscow and Ankara, but violates the European Arms Embargo against Damascus.

Turkey will run head-on into problems with Russia if it continues its "zero-conflict" policy. Turkey wants to become a transport hub for energy from Russia, Iran, Iraq, and the Caspian basin to Europe. This is a geopolitical impossibility. Russia still sees the Caspian region as within its "zone of privileged interests", and has no interest in Turkey having an independent presence in Central Asia or the

Caucasus. Finally, both nations have grand visions for their future spheres of influence in Eurasia, which naturally might come into conflict.

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