

## Key Points:

- *The Nabucco pipeline received several pieces of good news in January, but there is little sign of any movement towards commencement of construction works. Further, Italy's ENI has rejected any possible suggestions that Nabucco could merge with Russia's South Stream.*
- *Turkish Prime Minister, Recep Erdogan, has responded to criticisms that new laws advocating the restrictions of alcohol reflect an infringement on personal freedoms of Turkish citizens.*
- *The widely discussed "conspiracy" of the Sledgehammer coup plot is once again in the lime light, as prosecutors allege plans by the plotters to bomb two Istanbul mosques.*
- *Following the release of 5 members of the banned (Turkish) Hizbullah organisation in January, a fiery security-political debate has erupted as to whether there is a link between the AKP government and the outlawed group.*
- *While Istanbul hosts talks between the P5 +1 and Iran over the latter's nuclear ambitions, Turkey sits out the meeting. A settlement on Cyprus appears impossible after Turkey and the EU sit out January talks in Geneva, with some critics saying this is the end for Turkey's own EU accession negotiations.*
- *A day after Saudi Arabia halted its efforts in support of the formation of a new government in Lebanon, the joint Turkish/Qatari mission followed suit, claiming that the disputing Lebanese factions indicated reservations with external proposals to help broker a deal.*

### **Caspian Energy and the Pipeline Scramble**

The New Year saw a flurry of news regarding the Nabucco pipeline, with the project's Turkey Director General, Erdal Tuzunoglu, stating that the Nabucco Consortium plans to complete construction on the project by 2015. Tuzunoglu indicated that the construction phase would start sometime in 2012, and if deadlines would be met, construction could be finished within three years. With a budget of \$10.44 billion dollars, the proposed Nabucco pipeline project has yet to materialise into anything more than a talking point amongst energy professionals and decision makers, but the statement from the nation that is seen as the hinge for the entire project is welcome news for those seeking its fulfilment.

Azerbaijan's President, Ilham Aliyev, has alluded to Baku's further support for Nabucco after talks with European Commission President, Jose Manuel Barroso, on January 13. Stating his nation's enduring support for the concept of the Southern Corridor, President Aliyev reaffirmed his nation's commitment to diversifying Europe's energy supplies.

Furthermore, an agreement between two key political parties in Bulgaria has also allowed the Bulgarian government to pledge its support for Nabucco by issuing state guarantees for loans designated by the project. Bulgaria's state owned bank will underwrite those loans to fund the Bulgarian section of the pipeline, and the government has backed those for a cost of 400 million euros.

Finally, ENI Chief Executive Officer, Paolo Scaroni, has denied that the Nabucco and South Stream pipelines could ever converge, citing the lack of any construction plans for the former to justify his position. Scaroni was speaking in response to US ambassador to Italy, David Thorne's, recent comments where it was suggested that the US would endorse such a proposal.

### **Domestic Politics**

Turkish Prime Minister, Recep Tayyip Erdogan, has responded to critics claiming that the AKP (Turkey's ruling party) is intruding in the personal lives of Turkish citizens. The prime minister has denied that his government interferes with citizens' personal choices – this in the light of the significant rise on the taxing of alcohol – claiming that regardless of his personal views on such matters, as a member of a democratic society he must respect the beliefs and actions of the entirety of his fellow citizens. With the incidence of attacks on patrons of events and restaurants serving alcohol and employing women waiters deemed to be rising, many secular Turks feel their own personal rights are being eroded. Erdogan, in this context, compared liquor laws banning the sale of alcohol to young people in his country to those in force in the US and the EU countries.

After a brief respite, the Sledgehammer case has resurfaced with increased intensity, as prosecutors once again bring forth evidence of an alleged plot by Turkish Naval officers. The persons under investigation are suspected of intending to blow up two Istanbul mosques in order to ferment unrest and overthrow the democratically elected government in a military putsch. The 200 accused plotters are all former or active members of the Turkish military, and claim that Sledgehammer was nothing more than a war games plan that was legally verified and is now being used as a political tool to prosecute the secular military establishment.

Five members of Turkey's outlawed violent group, Hizbullah, were released in January due to the lack of sufficient evidence to convict them during a period spanning some 10 years. The released men included two of the outlawed organisation's leading figures. Turkey's Hizbullah, which has no direct link to the Lebanese organisation, is deemed responsible for hundreds of killings in Turkey. Turkey's main opposition group, the Republican People's Party (CHP), has accused the ruling AKP of reviving outlawed terrorist groups (such as the Kurdish separatist PKK) and duly suspects links between the AKP and Hizbullah. Local sources suggest that such developments will likely spur a greater role for Hizbullah in Turkey's political landscape, with both a resort to violence as well as greater

parliamentary participation (from Hizbullah) being possible scenarios. Further, Hizbullah and the PKK have conflicting interests in similar regions of the country, which could lead to conflict between the two groups.

### **Foreign Affairs**

Istanbul played host in late January to the P5 + 1 talks with Iran regarding its nuclear program. Turkey itself was not invited as a participant to the talks, and while members of the US delegation said they were not looking for a breakthrough, Iranian officials stated their uranium enrichment program was not up for discussion.

The upcoming meeting between Turkish and Greek Cypriot factions will go on without any official participation of Turkey or the EU, likely dooming the talks intended to give a further boost to uniting the divided island before they even begin. The current round of talks was scheduled to take place in Geneva, Switzerland at the end of January. Some critics have called the absence of both Brussels and Ankara from the Geneva talks as the final nail in the coffin of Turkey's accession talks for membership to the EU, with political will and public morale seemingly at a low point throughout. The settlement for Cyprus itself looks equally as bleak, with Turkey not attending due to its government's claim that while it has accepted the 2004 Annan Plan, the Greek Cypriots rejected it and are not showing signs of any further concessions.

A month long effort at reaching a settlement with various factions in Lebanon to form a new government has failed, with the joint Qatari-Turkish delegations returning home largely empty handed. Foreign Minister Ahmet Davutoglu negotiated for Turkey but stated that in the end, it is the Lebanese who must solve the problem themselves, with many factions expressing reservations to proposals put forth in the joint declaration driven by external negotiators.

The sidelining of Turkey in the Iranian talks, along with failure to make progress on the Cyprus issue, EU accession and obtaining a settlement in Lebanon have all capped off a difficult month for Turkish interests in foreign affairs. While the country still remains a powerful international actor, the lack of progress in any of these areas appears to indicate that Ankara simply does not wield the type of influence that many have suggested it might. This would seem to put to rest any notions of a neo-Ottoman foreign policy re-emerging out of Ankara – despite the vigorous nature of its international diplomacy and the gregarious leadership of the AKP. With the increasing popularity of a resurgent CHP evident in the months prior to Turkey's upcoming general elections, pragmatism at home as well as abroad appear to represent the surest political strategy for the government of Prime Minister Erdogan.

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