



# THE EUROPEAN GEOPOLITICAL FORUM

## **Securing Energy and Building Regional Security: EU-Turkey Cooperation in the Black and Caspian Seas Basin**

### **EGF Policy Briefing**

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#### **Turkey's importance to the EU should not be underestimated**

Turkey's unique geopolitical position, straddling both Europe and Asia (encompassing its proximity in the Middle East, Caucasus, Balkans, and Black & Caspian Sea regions specifically), has placed the country into a very advantageous position amongst all actors that are involved in any of these areas. Its longstanding membership in NATO and the Council of Europe, in addition to its historical military partnership with Israel, further underscores the fact that Turkey has long been, and continues to be, a partner of strategic importance to the West. Furthermore, with no end in sight to Europe's reliance on imported Eurasian and Russian gas supplies, Turkey's territory is the crossroads for the planned NABUCCO gas pipeline, which intends to decrease European reliance on Russian gas. With regard to the Balkans, Turkey has a more personal interest in the Muslim communities there that were offshoots of the Ottoman Empire, and its influence on Turkish and Muslim populations in Europe (Germany, Ukraine, Greece) should not be discounted. Its role as mediator in the Nagorno-Karabakh is central to that conflict eventually being resolved along with the cooperation of the other major power in the region, Russia.

Turkey's relations with Russia are better now than at any time in recent memory, with both Ankara and Moscow cooperating on a number of initiatives. The leaders of both states have conducted reciprocal visits to each other's nations, and though there is competition in the energy markets (namely pipelines), it seems both have seen that cooperation and competition in business is more profitable than in the security arena. In addition, Turkey's military power and membership in NATO provides it a unique position to check Russian adventurism in the Black & Caspian Sea regions if Moscow oversteps its bounds. Though



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there is a partnership between the two countries, Turkey will not be subservient, and with the changing global order is now re-establishing itself as a dominant regional player.

Turkey's domestic political institutions remain stable, despite continued investigation of the Ergenekon conspiracy, an alleged plot perceived to come from within the Turkish military, which aims to overthrow the current government in Ankara. The domestic political threat coming from the Turkish 'Deep State' (of reactionary military and secular forces that in the history of the Republic have been involved in numerous coups of elected governments) has been effectively checked by Prime Minister's Recep Tayyip Erdogan's ruling AKP (Justice and Development Party). The more open form of government under the AKP since 2002 has led to a more Islamist but less reactionary form of government.

This was evident in the surprisingly mild response from Ankara regarding the U.S. Congress' recognition of the Armenian Genocide. Furthermore, Turkey's Prime Minister has called on the Turkish Cypriot government to continue to work with its Greek Cypriot counterpart, and has been actively involved in working on a solution with Armenia to normalize relations between the two estranged neighbours. Turkey's participation in a agreement with Iran to swap 1200kg of 3.5% enriched uranium to Turkey has been hailed as a significant step global matters, and a sign of its increased standing as a stabilizing force in that region.

## **Turkey's strengths based on its internal development**

The current Turkish government adheres to the 1982 constitution, which was written following the 1980 military coup, the third such military intervention in three decades. The purpose of the document at the time was intended to severely limit the possibility of an Islamist government from coming to power. However, although the Islamist Refah Party's government coalition collapsed in 1997, just one year after coming to power, its successor, the AKP under Tayyip Erdogan, has succeeded despite the odds. Its high approval ratings have shown that a moderate Islamist governing style is possible, proving that it must rule from the center of a society that is both secular at one end and Islamic at the other. Although the AKP is accused by its critics in both Turkey and the West of seeking to establish an Islamic government (in Turkey), the reality does not seem to reflect such assertions.



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The political process in Turkey is more open than it ever has been, which in turn has created a stability in which investment and business interests inside and out of the country are at higher levels than ever before. This has only helped the traditionally West leaning business elites that view commerce with Europe as more profitable in the long term. The success of this may ease fears in other countries around the Middle East of their own Islamist parties that tend to be popular with local populations and more moderate than many of the current regimes there.

## **The essence of Turkey's new foreign policy direction**

Prime Minister Erdogan has deftly avoided the main issue facing the Refah Party in 1997, which was the failed Middle East tour of then Prime Minister Necmettin Erbakan, who was embarrassed by other Muslim leaders at various stops throughout the region. Erdogan's approach to the foreign policy arena is a distinctly Turkish theory called "strategic depth". It centers on the notion that Turkey sits between two "geo-cultural basins" of an Islamic Middle East and the West (Europe and the U.S.). By playing to both factions Erdogan intends to make Turkey the preeminent actor in the crossroads between the two camps, extending its influence into the Caucasus/Eurasian regions as *the* regional power. In this there is not mention of Russia, however, and the present cordialities between Moscow and Ankara should not be viewed as Turkey's realignment away from the West in the direction of Russia.

Simply put, though there are benefits to such a partnership, they simply do not account for those that Turkey retains by being a full partner of Europe and the United States. Russia's gas outputs have peaked and are in a marked decline, and the Iranian regime seeks to be the Middle East power, not one of a few. Turkey is in no danger of pulling out of NATO (an organization in which it retains the second largest military), and its EU accession talks will move forward with the increased political openness under the AKP. The Customs Union between Turkey and the EU has increased Turkey's export production while subsequently bringing in EU foreign investment. The EU is Turkey's largest market for exports, and this is yet another reason why it is hard to believe a break with the West for other partners is a realistic possibility.



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## **The wider environment I: the EU and the South Caucasus states**

The EU's new energy interest in the South Caucasus is determined by a twofold concern. In the first instance, after the accession of Bulgaria and Romania, the EU has become an integral part of the Black Sea region and is therefore interested in preserving security and stability around the Black Sea. In the second instance, the EU is interested in diversifying its sources of energy supply. Given the potential of the South Caucasian states as suppliers of natural gas and oil, the EU considers a priority to take steps in order to settle the frozen conflicts that still affect the region. For Brussels, resolution of such conflicts and the development of greater levels of energy cooperation with the South Caucasian states will go hand in hand.

The relations between the EU and the Caucasian states, namely Armenia, Azerbaijan and Georgia, are organized mainly in the framework of the European Neighbourhood Policy (ENP), which is meant to provide an opportunity for close, privileged relations, especially in political and economical terms. Other frameworks take place within the Black Sea Sinergy (BSS) and the the Eastern Partnership (EaP), which was given priority after the reopening of conflicts such as the 2008 war in South Ossetia.

## **The wider environment II: Turkey and the South Caucasus states**

Turkey shares a similar interest in the stabilization of the region. Turkey borders directly with the South Caucasian states and has therefore a primary interest in preserving stability for reasons of national security. As is the case with the EU, Turkey has also a strong interest in developing economic relations with the three Caucasian states, especially in terms of implementation of energy and transport projects such as the Baku – Ceyhan and Baku – Erzurum oil and gas pipelines.

As with the EU, Turkey has developed a framework of cooperation with the Republics under the Caucasus Stability and Cooperation Platform (CSCP). The latter is a forum for cooperation in the economic, energy and security sectors, in order to prevent a new



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escalation of conflicts in the region. The forum includes the three Caucasian states, Turkey and Russia. Ankara is furthermore involved in the activities of the OSCE Minsk Group that is working on the resolution of the Nagorno-Karabakh conflict between Azerbaijan and Armenia.

## **Turkey-EU cooperation driven by common interests in the region**

The Turkish and EU initiatives cover the same geographical area. Moreover, Turkey's progressive integration within the EU energy market requires a joint action in the South Caucasus in order to ensure security for the common energy projects. The need for coordination is therefore clear. This coordination can be facilitated by the following points:

- Turkish foreign policy's new approach highlights Turkey's importance as a soft power, compatible with EU foreign policy.
- As a candidate country Turkey is a strategic partner for the EU and can act as a bridge between the EU and the south Caucasus.

Turkey can play a role by promoting its own model of economic and political developments, especially in connection to its recent role of energy hub, while the EU can foster the spread of democratization, rule of law and human rights according to its usual foreign policy agenda.

## **Potential obstacles for EU-Turkish cooperation efforts**

Russia remains an enigmatic, highly unpredictable player. Moscow's participation in the CSCP might have been based on the will to maintain an influential position in the region and to re-establish control in its historic zone of influence. Russia has already been suspected to have supported the PKK attacks on the Baku – Ceyhan pipeline, while it is believed in certain circles that Moscow's energy concerns played an important role in the 2008 war with Georgia. The weight given by the Kremlin to its energy policy makes it quite unlikely that Russia will support either the strengthening of the cooperation between the three states of the South Caucasus or the establishment of Turkey as the main Eurasian power.

The complex relationship between Turkey, Azerbaijan and Armenia is another potential source of concern. Turkey's efforts to improve relations with Armenia are biased by Azerbaijan's concerns that such rapprochement might downgrade its own relationship with Turkey. Therefore, any progress in the relationship between the three countries can stem



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only from a parallel normalization of the Turkish – Armenian relations and the Azeri – Armenian relationship (namely the resolution of the Nagorno-Karabakh conflict).

Turkey's ability to effectively lead the stabilization process of the South Caucasus is furthermore undermined by Ankara's conflict with the PKK, a Kurdish separatist rebel group which has been branded a terrorist organization internationally. Ankara's ongoing conflict with the PKK, and the unresolved Kurdish question, mirrors the Georgian intra - state wars in Ossetia and Abkhazia. This similarity prevents Turkey from appearing as a successful stabilization model to the Caucasian states and questions Ankara's ability to influence Tbilisi, Baku and Yerevan. In this sense, the PKK threat remains a key security priority for the Turkish national agenda. The resolution of the Kurdish question will allow Ankara to finally appear as a reliable and trustworthy energy partner to the West, and at the same time strengthen Turkey's image in its own neighbourhood, turning Ankara into an effective leader for the Caucasian stabilization process.



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## Appendix:

### Major oil and gas pipelines in the Black and Caspian Seas region

#### 1. PIPELINES WITH RUSSIAN INVOLVEMENT

##### **SOUTH STREAM (gas)**

- **Route:** from the Russian coast to the Bulgarian coast.
- **Capacity:** 63 billion cubic meters/year.
- **Benefits for the EU:** increases the energy supply security of the entire European continent and covers the future increase of demand (by 2025 the EU should need an additional demand of 200 bcm). Its bypass of Ukraine prevents any possible dispute between Russia and Ukraine itself from threatening the EU energy security.  
**Benefits for Russia:** it allows the Gazprom to increase the diversification of supply routes and ensures that Russia will continue playing a significant role in the EU energy regime.
- **Benefits for Turkey:** /
- **Challenges:** the South Stream has been criticized for being in competition with the EU project NABUCCO, which was conceived to lessen the European dependence on Russia. The South Stream appears to be reasserting Russian control over the European energy market. The pipeline does not decrease the EU reliance on Russian energy but simply channels it through a new route.

##### **BLUE STREAM (gas)**

- **Route:** from the Russian station of Beregovaya to the Turkish terminal of Durusu.
- **Capacity:** 16 billion cubic meters/year
- **Benefits for the EU:** Negative (see below)  
**Benefits for Turkey:** ensures reliable supplies of gas for the Turkish domestic consumption. It cements bilateral relations between Ankara and Moscow. Many Turkish and international analysts suggested however that there was insufficient demand of gas in Turkey to justify both the Blue Stream and the Trans – Caspian pipeline, so that when the Blue Stream agreement was signed, the ratification was widely discussed in both the Parliament and the National Security Council.
- **Challenges:** increases consistently Turkish dependence on Russian gas. Allows Russia to counter-balance the Western and Turkish efforts to diminish Russian dominance over the Central Asian energy market, and annihilates Turkey's efforts to become the leading Eurasian energy power through alternative projects such as NABUCCO. The pipeline is to be considered a Russian "Trojan Horse" in the heart of the EU, because the membership of the Italian ENI in the project annihilates the efforts of the EU itself to build a common energy policy free of Russian mediation and interference.



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## 2. PIPELINES THAT BYPASS RUSSIA

### **NABUCCO (gas)**

- **Route:** Turkey – Bulgaria – Romania – Hungary – Austria.
- **Capacity:** initial capacity of 13 billion cubic meters/year, to increase up to 31 by 2020
- **Benefits for the EU:** allows to purchase gas directly from Azerbaijan, without Russian mediation. Decreases therefore the dependence of the EU on the Russian market & transportation network. It is key to the EU efforts for diversification.  
**Benefits for Turkey:** Favours Turkey's leading role in Eurasia. Gives to Turkey a pivotal role in the connection & management of the energy network between Europe and Central Asia. Binds Ankara to Brussels in the place of Turkey's EU accession.
- **Challenges:** Russian former President Putin claimed that even if the EU manages to open this alternative route, the latter will still need to be supplied with Russian gas. Russia appears willing to take over the Azeri gas reserves and annihilate therefore the strategic significance of the NABUCCO.

Though the project budget for completion is 3.97 billion Euros, the European Commission has only allocated 272 million Euros so far. Germany appears moreover to favour the alternative Nord Stream pipelines sponsored by the Gazprom. The problematic nature of the negotiations for the EU membership of Turkey influences negatively the agreements over the NABUCCO. The project has already been delayed due to the bilateral problems between Turkey and Cyprus. An additional issue concerns the fact that Turkey is required to adapt to the EU regulations about the energy market, even though Turkey is not a member of the EU. Additionally, Germany has been one of the major critics of Turkish accession to the EU. The current opening of Turkey to the Middle East (Syria, Iran) suggests that the relationship between Ankara and Brussels could worsen, affecting negatively the agreements over the NABUCCO.

As any pipeline that crosses Turkey, the NABUCCO might also become a target for the PKK, whose attack could provoke losses for millions of dollars as well as shortages in the EU supply of gas. The gas suppliers for the NABUCCO will be Azerbaijan, Turkmenistan and Iraqi Kurdistan. The unstable political situation in Iraq, along with Turkey's own problems with the Kurdish guerrilla, is a major source of concern for the security of the pipeline.

The NABUCCO appears therefore as a project with great potential, undermined though by a wide number of threats and potential shortcomings that make it doubtful.





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## **TRANS – CASPIAN (gas)**

- **Route:** from Turkmenistan to Azerbaijan under the Caspian sea.
- **Capacity:** 30 billion cubic meters/year
- **Benefits for the EU:** if connected to the NABUCCO, as scheduled, it would concretize the EU goal for diversification. Nonetheless, the uncertain status of the NABUCCO itself is preventing the achievement of the whole project.
- **Benefits for Turkey:** as the Baku – Ceyhan oil pipeline, the Trans – Caspian was supported by Washington in order to foster the development of an alternative East – West corridor that would gradually deprive Russia of its centrality in the transportation network and give such role to Turkey. The pipeline was conceived to transport gas from Turkmenistan and Kazakhstan to Turkey, which would allow the latter to access the expanding European gas market.
- **Challenges:** plans stalled in 2001 due mainly to Russian opposition, given that the pipeline would deprive Gazprom of its monopoly over the gas market. Russia proposed to Turkey the alternative Blue Stream project, in partnership with the Italian ENI. Additional uncertainties on Turkmen commitment to supply gas determined the drop of the project. The project was resumed in 2006. The main current challenges concern both Russian and Iranian maneuvers to boycott the project, given their status of transit countries for Turkmen gas. Additional complications come from the uncertainties over the NABUCCO. A dead end for the latter would deprive the Trans – Caspian of its value for the EU and would diminish significantly its importance for Turkey.

## **BAKU – TBILISI – CEYHAN (oil)**

- **Route:** Azerbaijan – Georgia – Turkey
- **Capacity:** one million barrels/day
- **Benefits for the EU:** allows the EU to purchase oil without Russian mediation and decreases therefore the dependence of the EU on the Russian market & transportation network.
- **Benefits for Turkey:** Favours Turkey's leading role in Eurasia. Gives to Turkey a pivotal role in the connection & management of the energy network between Europe and Central Asia. The pipeline was sponsored by the Clinton administration in order to foster the development of an alternative East – West corridor that would gradually deprive Russia of its centrality in the transportation network and give such role to Turkey. Minimizes seaborne transportation of oil in the Black Sea and allows to bypass the navigation problems/environmental concerns in the Bosphorus.
- **Challenges:** the PKK has already attacked the pipeline. Plans for the BTC, which is the main channel of oil supply to the West, were first suspended in the Nineties due to the escalation of the conflict between the PKK and the Turkish Armed Forces, and could be resumed only after the capture of Abdullah Ocalan. The pipeline was attacked on the eve of the 2008 war in Georgia, with a loss of 20 million dollars and the block of the energy flow for 14 days. The 2008 war between Russian and Georgia has also threatened the destruction of the pipeline. It is likely that the PKK attack has been supported by Russia, given that the pipeline is damaging Russian ambitions for



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energy dominance in Eurasia. The Russian government is expected to cause more trouble in the Caucasus in order to undermine the Western reliance on the Baku – Ceyhan project and on Turkey in general. The pipeline appears therefore as source of instability, and its security remains uncertain, especially in the wake of the current new Turkish offensive against the PKK.

## **BAKU – TBILISI – ERZURUM (gas), also known as Southern Caucasus Pipeline (SCP)**

- **Route:** Azerbaijan – Georgia – Turkey
- **Capacity:** expected to reach 30 billion cubic meters/year.
- **Benefits for the EU:** It allows the EU to purchase oil without Russian mediation and decreases therefore the dependence of the EU on the Russian market & transportation network, as the Baku – Ceyhan pipeline.  
**Benefits for Turkey:** Favours Turkey's leading role in Eurasia. Gives to Turkey a pivotal role in the connection & management of the energy network between Europe and Central Asia.
- **Challenges:** the main threat concerns the general instability of the Caucasian states. The gas flow of the pipeline was closed for two days during the 2008 South Ossetia conflict. As for the Baku – Tbilisi – Ceyhan which runs parallel to the Baku – Erzurum, the PKK constitutes an additional challenge that questions the security of the project.

## **INTERCONNECTOR TURKEY – GREECE – ITALY (gas)**

- **Route:** Turkey – Greece – Italy
- **Capacity:** by 2012, it should reach the 11 billion cubic meters/year.
- **Benefits for the EU and Turkey:** the pipeline allows the direct linkage of the European network with the Turkish one, and is therefore of major importance to both the EU efforts of diversifications and the Turkish efforts to establish the country as the main transit territory for European energy. Once connected with the Poseidon pipeline between Greece and Italy, the project will allow the direct flow of Central Asian gas into the heart of Europe.
- **Challenges:** the project was conceived in the place of the Greek – Turkish reapproachment of the Post – Helsinki Era. As long as the cooperation between Athens and Ankara continues on this path, there should not be any major challenge for the ITGI pipeline.



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## 3. PIPELINES THAT BYPASS TURKEY

### **WHITE STREAM (gas)**

- **Route:** from Georgia to Romania OR to Crimea/Ukraina.
- **Capacity:** it is expected to grow from 8 billion cubic meters/year to 32 billion cubic meters/year.
- **Benefits for the EU:** allows the establishment of a direct route from the Caucasus to the European continent across the Black Sea. It involves a complete bypass of both Russia and Turkey and increases the EU ability to diversify its sources of supply. The project was conceived partially as a response to the problems that the NABUCCO is facing in the talks with Ankara and to the fears of a rising Turkish monopoly over the European energy security. It would allow the EU to remove basically any major transportation risk Westward of the Caucasus.  
**Benefits for Turkey:** Negative
- **Challenges:** The main threat comes from the vulnerability of Georgia. The country has been recently involved by a short war with Russia and is involved by two internal secessionist threats, supported by Moscow. The latter perceives Georgia's energy policy as a threat to Russian monopoly, and is likely to take further steps to reassert its control of the Central Asian distribution network.

### **BURGAS – ALEXANDROUPOLIS (oil)**

- **Route:** from the Bulgarian port of Burgas to the Greek port of Alexandroupolis.
- **Capacity:** 35 million metric tons/year
- **Benefits for the EU:** allows the establishment of a direct route from the Caucasus to the EU Balkan member states across the Black Sea. It involves a complete bypass of Turkey.  
**Benefits for Turkey:** Minimizes seaborne transportation of oil in the Black Sea and allows to bypass the navigation problems/environmental concerns in the Bosphorus.
- **Challenges:** The pipeline has been considered a Russian "Trojan Horse" in the heart of the EU, because it reasserts a direct role of Moscow in supplying oil to the EU. Moreover, the pipeline allows the Kremlin to strengthen its geopolitical influence in the Balkans in order to counter-balance the EU enlargement as well as the NATO presence. The current Greek financial crisis might offer to Moscow the opportunity of reinforcing its traditional ties with Greece.

### **AMBO (oil)**

- **Route:** Bulgaria – FYROM - Albania
- **Capacity:** 750,000 barrels/day
- **Benefits for the EU:** allows the establishment of a direct route from the Caucasus to the EU Balkan member states across the Black Sea. It involves a complete bypass of both Russia and Turkey.



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Offers development opportunities to the states of the Southern Balkans (Bulgaria, FYROM, Albania) and integration into the EU energy network.

**Benefits for Turkey:** Minimizes seaborne transportation of oil in the Black Sea and allows to bypass the navigation problems/environmental concerns in the Bosphorus

- **Challenges:** the relative instability of both the FYROM and Albania is the main threat to the project. The FYROM was involved by a civil war in 2000/2001, which required a conflict prevention operation by the NATO and the EU. However, the current developments in the Southern Balkans do not seem to pose a serious threat to the pipeline.