

The EU and Turkey in Energy Diplomacy

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ABSTRACT

Since 2000, Turkey's Europeanisation process has affected the country's foreign policy both as a structural and a conjunctural factor. As a structural factor, the EU has had a good deal of influence on Turkey's political and security culture by introducing elements of "soft power" and by expanding the number of Turkey's foreign policymaking agents, particularly in the realm of "pipeline diplomacy." As a conjunctural factor, the EU has affected Turkey's foreign policy rhetoric by introducing new negotiating chips, and thus complicating the "bargaining" process. However, in order for Turkey's energy diplomacy to achieve its goals, Turkey's strategy towards the Middle East and the Caucasus must become coherent and its approach towards the EU, the US, and Russia, balanced. Most importantly, the question of whether Turkey perceives "pipeline diplomacy" as a means to achieve energy independence, thus enhancing its security, or as leverage to increase its power, thus leading to its recognition as a regional hegemon, remains open.

Since 2000, Turkey has engaged in a phase of political and economic reforms in order to become a full member of the European Union (EU). The process of "Europeanisation" has had an impact on Turkey's foreign policy both as a structural and as a conjunctural factor.

As a structural factor, the EU has affected Turkey's political and security culture by accommodating elements of "soft power" and by expanding the number of agents involved in foreign policy making. This became very evident after Professor Ahmet Davutoglu was appointed Foreign Minister in May 2009 and even more noticeable after the August 2008 Georgian-Russian war, a crisis that created an opportunity for Turkey to become more involved in the wider Black Sea region and the Caucasus.

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Additionally, the recent activity of Turkish foreign policy and the expanding use of “soft power” elements has had serious implications for so called “pipeline diplomacy.” On the one hand, the energy dimension in Turkish foreign policy has been upgraded, whereas on the other, business associations from the

energy market have been introduced into the game. Turkey’s aim to become an energy hub, in combination with the country’s commitment to apply the EU’s economic criteria, have led to the liberalization of its energy market.

Today, this liberalization ironically serves the interests of Russian investors. The opening of the market has set the basis for Gazprom’s dominance,¹ given that the Russian company shows a clear intention to increase its investments in Turkey: it has already signed a deal with Turkish Aksa Energy for the import and distribution of Russian gas, as well as for the construction of a terminal; it plans to increase its stakes in the gas distribution company Bosphorus Gas from 40 to 71 percent, and it is engaged in ongoing negotiations with BOTAS for the import of Russian gas.

As a conjunctural factor, the EU has had an impact on Turkish foreign policy rhetoric by introducing new negotiating chips and by rendering the “bargaining” process more complicated. Turkey’s goal to become an energy hub between Asia and Europe does not represent a shift eastwards; rather, by addressing European concerns regarding energy security and diversification, it aims at strengthening its negotiating chips towards the EU. Indeed, Turkish foreign policy makes an attempt to further enhance Turkey’s position in the West, given that by increasing its influence in a region which is highly important for the West, Turkey becomes an even more attractive partner for the EU and the United States. This allure is evident from the Enlargement Strategy Paper of 2009, which confirms the compatibility of EU interests with Turkey’s vision.²

A critical step towards the achievement of Turkey’s goal to become an energy hub is the completion of energy projects that would eventually connect the Caspian basin with Europe. The most important supplier for Turkey’s gas market is Russia, which serves Turkey’s energy demands through the Blue Stream pipeline and two other pipelines that pass through Bulgaria (parts of the Westward Pipeline). Turkey also imports gas from Azerbaijan through the Baku-Tbilisi-Erzurum pipeline, through which it exports it to Europe; and oil from Azerbaijan and Kazakhstan

through the Baku-Tbilisi-Ceyhan pipeline. Algeria and Nigeria – and to a much lesser extent, Egypt – are LNG suppliers for Turkey,³ whereas the Tebriz-Erzurum pipeline connects Turkey’s gas market with Iran. In 2007, part of the Interconnector Turkey-Greece-Italy, exporting gas from Turkey to Greece was completed; however, many questions remain with regard to the Nabucco and South Stream projects, which bring the West and Russia into competition. The Samsun-Ceyhan and Kirkuk-Yumurtalik oil pipelines, as well as Blue Stream II and the Kirkuk-Yumurtalik gas pipelines are still in a very preliminary stage.

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Arguably, an important component of Turkey’s energy aspirations is the realization of Nabucco. The agreement was signed in Ankara on July 13, 2009, but the project’s construction remains an open question due to lack of both supply and funding. Still, the Nabucco project is one of the most valuable negotiating chips for Turkey in its overtures towards the EU. As José Manuel Barroso, President of the European Commission, noted, the agreement over the terms of the 31 billion cubic-meter pipeline would lead to a “new age in relations between Turkey and the European Union.” Being in a privileged bargaining position, Turkey has – in the past – demanded rights to 15 percent of the pipeline’s gas at a cheaper price for domestic use and has repeatedly asked the EU to “compensate” its support of the Nabucco project by opening the energy chapter in the EU-Turkey negotiations, overcoming in this way other impediments, such as reforms in the field of freedom of speech and the opening of Turkish ports to Cypriot vessels.⁴

In addition to Nabucco, on August 6, 2009, Turkey signed an energy deal with Russia allowing feasibility studies for the construction of the South Stream project to be carried out in Turkey’s Exclusive Economic Zone in the Black Sea, and the construction of the pipeline through its territorial waters. In the beginning, the South Stream project was seen as competitive with Nabucco, because it seeks to supply European markets with Russian gas. In their formal statements, however, both the EU and Turkey reject this idea, claiming that they are complementary, given that they both contribute to Europe’s energy security and diversification.⁵ Despite these assurances, analysts such as Zeyno Baran claim that South Stream could indeed harm the viability of Nabucco, as it would transfer Russian gas from the Caspian fields. Moreover, it would downgrade the political significance of Nabucco, because it would preserve the dependence of the countries of Central Asia and the Caucasus on Russia. If, for example, Azerbaijan exports gas to Russia, it will mortgage Georgia’s dependence.⁶

The challenge of energy security cannot be answered through the diversification of transfer routes, but mainly through the diversification of resources

The intensification of Turkish-Russian talks and the signing of energy agreements in 2002 have brought to light the construction of the Blue Stream II gas pipeline. The first plan was for the pipeline to pass under the Black Sea carrying up to 16 b.c.m. of natural gas to Turkey. In 2009, during his visit to Turkey,

Vladimir Putin proposed another version of the same project, according to which the pipeline would pass under the Black Sea and continue southwards, traversing Turkey's territory to the south coast, in order to transfer Russian gas to Syria, Lebanon, and Israel *inter alia*.⁷ The viability of this pipeline is also currently in question, given the lack of funding and demand from the countries of the Eastern Mediterranean, which import gas from Egypt.⁸

Apart from the viability of the pipeline projects, which still remain a wild card in Turkey's quest to realize its geopolitical ambitions and for its "pipeline diplomacy" to achieve its goals, a number of limitations should be taken into consideration by Turkish policy-makers. First, the challenge of energy security cannot be answered through the diversification of transfer routes, but mainly through the diversification of resources. In addition, Turkey has to join the Energy Community Treaty (ECT) as part of its pre-accession process, something it has thus far refused to do, in reaction to the Greek-Cypriot veto on the opening of the energy chapter.⁹ Another set of restrictions derives from the fact that Turkey's strategy is dependent on the US-Russia equation in the wider Black Sea region. Turkey will be able to achieve its goals and be recognized as an energy hub only to the extent that its success will not harm American or Russian interests.

Second, the ongoing rapprochement between Russia and Ukraine could conceivably make some of the Turkish-Russian pipeline priorities unviable as these had been predicated upon bypassing Ukraine's energy infrastructure. The question for analysts to consider is whether the pro-western and hostile-to-Moscow government that has been in power in Kyiv since 2004 is likely to maintain its orientation in the short- to mid-term.

A third interesting development is the ongoing shift in Moscow's relations with the European Union toward a more symbiotic relationship. This shift is based upon Russia's recognition of its need to modernize its industrial base, in particular its energy-related one. The recent appearance of a Russian Foreign Ministry document calling for a kinder and gentler foreign policy seems to confirm a westward



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trend on the part of Moscow. This is in great part related to the need to modernize Russia's underdeveloped economy, especially its energy sector with up to date western technology which such rising powers such as China and Brazil, among others, cannot provide. The recent announcement of a "Partnership for Modernization" between the EU and Russia is a case in point.¹⁰

Given the strategic realignment in relations between Russia and the West towards an interest-based relationship since Barrack Obama came to power, and given the importance that relations with Russia hold for major European powers like Germany, Italy and France, EU-Turkey energy ties might well be in for a rough time should the EU-Russia energy relationship regain its momentum. In this context, Russo-Turkish relations, despite their exponential progress in recent years, would be dwarfed by the potential of budding relations between Russia and the EU. The facts that the need for new capital in the Russian-energy sector has been estimated at rising to between €560 and €650 billion by the year 2020, and that the trade volume between Russia and the EU is three times greater than that between Turkey and the EU, should not be taken lightly.

Nevertheless, Turkey's recognition as a regional "soft power" should add significant value to the country's identification as an energy hub. In the realm of soft power, the future of Turkish-Armenian relations, the resolution of the Kurdish and the Cyprus issues, as well as the way the government will deal with its domestic checks and balances, the energy game and the issue of illegal migration,

which has - of late - become an issue that troubles EU-Turkey relations, all remain important considerations.

Limitations still exist due to a number of other open questions too, such as the issue of further EU enlargement, the future of EU policies in the Black Sea region, and the outcome of the EU-Turkey negotiations process.¹¹ Some claim that economic and energy matters will not be enough to secure Turkey's accession in the EU, and that political and security issues will prevail in the final decision.¹² Analysts also claim that if this card is overplayed, it could harm Turkey's image in the West.¹³ Western analysts say that the idea that "the EU needs Turkey more than Turkey needs the EU" is counterproductive and that the way Turkey has chosen to promote its goal to become an energy hub independently of its EU accession sends the wrong signals about its future orientation.¹⁴

It is thus essential that the government of the Justice and Development Party (AK Party) successfully implement Foreign Minister Davutoglu's theory of "Strategic Depth." In other words, there is a need for the strategy towards the Middle East and the Caucasus to be coherent, and the approach towards the US, Russia and the EU to be balanced. Most importantly, the question of whether Turkey perceives "pipeline diplomacy" as a means to achieve energy interdependence, thus contributing to security; or as leverage to increase its power, thus leading to its recognition as a regional hegemon, remains open. For this question to be answered, the country's stance towards the negotiation process with the EU is of critical importance.

Endnotes

1. Saban Kardas, "Liberalization of the Turkish Energy Market Sparks Russian and European Interest," *Eurasia Daily Monitor*, Vol. 6, No. 176, September 25, 2009.

2. Emrullah Uslu, "E.U. Comments on Ankara's Policy in the South Caucasus," *Eurasia Daily Monitor*, Vol. 6, No. 194, October 22, 2009.

3. BP, *BP Statistical Review of World Energy - June 2009* (London: BP, 2009), p. 30.

4. "If we are faced with a situation where the energy chapter remains blocked, we would of course rethink our position [on Nabucco]," Erdogan told a European Policy Centre (EPC) conference. See "Turkey Plays Energy Card in Stalled EU Accession Talks," *EurActiv.com*, January 20, 2009. See also Ibon Villedabeitia, "Turkey Sees Energy Deals Helping Its EU Ambitions," *Reuters*, May 18, 2009; "Turkey Gives in on Energy Demands but Wants EU Favours," *Reuters*, July 15, 2009.

5. As commission spokesman Martin Selmayr said at a press briefing in Brussels, "We consider [South Stream] a complementary initiative to our ongoing Nabucco efforts." See Valentina Pop, "Turkey Plays Double Game on EU Energy Security," *EU Observer*, August 7, 2009.

6. Pop, "Turkey Plays Double Game on EU Energy Security."

7. Saban Kardas, "Turkish-Russian Grand Bargain in Energy Cooperation," *Eurasia Daily Monitor*, Vol. 6, No. 152, August 7, 2009.

8. Vladimir Socor, "Gazprom, Turkey Revive and Reconfigure Blue Stream Two," *Eurasia Daily Monitor*, Vol. 6, No. 154, 11 August 2009.

9. Ibid.

10. See, for example, Andrew Rettman, "EU to help Russia modernise its economy," *EU Observer*, May 14, 2010.

11. Adam Szymanski, *South Caucasus – The Case for Joint Commitment of Turkey and the EU*, PISM Strategic Files 8 (Warsaw: The Polish Institute of International Affairs, June 2009), p. 4.

12. According to Fyodor Lukyanov, editor-in-chief of the Russia in Global Affairs quarterly, "Brussels will not change its policy to say 'yes' to Turkey for economic issues while saying 'no' for politics." See Yasar Niyazbayev, "Putin May Warn Turkey Not to Rely on Energy in its EU Relations," *Today's Zaman*, August 5, 2009.

13. According to Hugh Pope, "energy security has been one of the arguments to support Turkey, but Turkey still has to meet all the traditional criteria. But if Turkey gets muddled in the debate of whether it's just a transit country or a hub that buys gas at one price and sells it at another then it becomes less attractive to Europe." See Villeda, "Turkey Sees Energy Deals Helping its EU Ambitions."

14. Among others, see Villeda, "Turkey Sees Energy Deals Helping its EU Ambitions."



Democratization

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