This article defines Turkey’s energy vision with regard to its foreign policy. It elaborates how the shift in Turkish foreign policy can be related to energy issues. The paper points to contradictions which would emerge from a mere political perspective that undermines the role played by energy. Turkey wants to take advantage of its geographic location, and is launching an energy agenda that requires new pipelines, regional relations and massive investments. As the article shows, the interaction between state strategy, regional cooperation and private sector involvement in the energy sector strongly affects the shift in Turkish foreign policy.

Mert Bilgin

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Energy, once again, is the most crucial item of national agendas. This is not simply related to depletion of resources as in the case of oil. Predicting the time of the oil peak is indeed a very contentious issue. It is, however, possible to conclude that the cheap oil era has already ended. High economic growth rates of developing countries has led to a significant increase in global energy demand, which in turn complicates the ways the countries look to secure their needs. This picture generates a competition for resources, and creates transitions to new energy types.

Which features will be most pronounced in the 21st century? The sharp rise in energy demand is a significant factor. According to the reference case of the International Energy Outlook 2010 (which reflects a scenario assuming that current laws and policies will remain unchanged throughout the projection period), world marketed energy consumption grows by 49 percent from 495 quadrillion British thermal units (Btu) in 2007 to 590 quadrillion Btu in 2020 and 739 quadrillion Btu in 2035.1 This is a tremendous growth which entails exclusive features when compared to previous eras. Energy demand in non-OECD countries will increase 84 percent, in contrast with a lower increase of 14 percent in OECD countries.2 The competition among net energy importers is likely to increase. Energy exporters are expected to boost their revenues, and consolidate their political power. Which countries will benefit from the energy transitions in the 21st century, and how? Those who control resources, who successfully manage environmental challenges, who benefit from energy trade; and those who have a good energy mix, advanced technology, as well as means to improve efficiency, savings and intensity.

Where is Turkey in this Picture?

Turkey’s primary energy consumption and production were respectively 108 million Ton Equivalent Petroleum (TEP) and 29 million TEP in 2008.3 Turkey’s energy demand is expected to grow 5.9 percent annually until 2025.4 Turkey needs to take timely measures in order to cope with growing energy consumption. This is not an easy task. First of all, Turkey, as shown in Table 1, does not have the appropriate reserves to cope with its increasing energy demand.5

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2 Ibid.
Table 1: Domestic energy resources in Turkey

<table>
<thead>
<tr>
<th>Source</th>
<th>Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methane from gas hydrates (million tons)</td>
<td>14,000,0</td>
</tr>
<tr>
<td>Lignite (million tons)</td>
<td>10,400,0</td>
</tr>
<tr>
<td>Hard coal (million tons)</td>
<td>1,300,0</td>
</tr>
<tr>
<td>Asphaltite (million tons)</td>
<td>82,0</td>
</tr>
<tr>
<td>Oil (million tons)</td>
<td>38,7</td>
</tr>
<tr>
<td>Natural gas (million cubic meters)</td>
<td>21,900,0</td>
</tr>
<tr>
<td>Thorium (million tons)</td>
<td>380,0</td>
</tr>
<tr>
<td>Uranium (million tons)</td>
<td>9,0</td>
</tr>
</tbody>
</table>


Another flaw stems from Turkey’s current energy mix which is extensively based on fossil fuels, and excludes alternatives such as renewable and nuclear energy. Turkey depends heavily on imports of oil (93 percent) and gas (97 percent). Turkey uses 55 percent of imported gas for electricity generation which is a very expensive way when compared to other alternatives including renewable and nuclear. It is not, however, very easy for Turkey to decrease the share of natural gas. Turkey barely coped with energy security challenges in the 1970s and 1980s, despite efforts to translate shared Muslim identity into energy cooperation with Middle Eastern oil exporters. The rapid growth of Turkish energy demand in the 1990s forced policymakers to benefit from the availability of Russian natural gas, rather than confronting the financial burden of massive investments in alternative energy. Accordingly, Turkey signed long-term agreements with Russia, Iran and Azerbaijan; the first one being the major supplier. Currently Turkey is very much concerned with shifting its energy mix, attributing shares to renewable and nuclear alongside carbon fuels. The strategy is not to decrease the volume of natural gas, but rather to increase electricity generation from alternative energy while channeling gas for cooking, heating and transport.

“Many contradictions can emerge from a mere political perspective which undermines the role played by energy, and overemphasizes sociological and religious issues as the only factors that define Turkey’s foreign policy.”

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Turkey, in the meantime, presents itself as an emerging energy hub which is situated between the supply (Russian Federation, Caspian and the Middle East) and the demand (the European Union countries and world markets via Mediterranean).\(^7\) Turkey’s geographic location is advantageous as 72 percent of world hydrocarbons are reported to be located in its neighborhood. Energy transit projects and investment opportunities in Turkey can create a strategic synergy. Energy, in fact, plays a significant role in shaping Turkey’s regional initiatives to develop relations with countries in its neighborhood.\(^8\)

"Turkey does not want to forsake any energy opportunities offered by Iran. Otherwise it may become more dependent on Russia."

Iran and Syria. Many authors have been trying to understand the underlying reasons driving the shift in Turkish foreign policy by looking at some domestic and international political issues. They do this without incorporating the role of energy in the cases they examine.

On the one hand, Turkey’s current foreign policy has something to do with domestic political struggles, as indicated by Stephen J. Flanagan and Samuel J. Brannen.\(^9\) Many varied directions Turkey may take in the future (polarized Turkey, neo-nationalist Turkey, Islamist Turkey) may emerge from this perspective.\(^10\) Regarding the international aspect, it may seem as if Turkey is developing relations with Russia and Middle Eastern countries (mainly Syria, Lebanon and Iran) because of the double standards it is subject to in the EU accession process, or due to recent problems with Israel and disagreements with the U.S. government on thorny issues concerning the Kurds, Armenians and Israelis.\(^11\) Eric Walberg depicts the current state of Turkish foreign policy, much more from this perspective, and states:


\(^8\) F. Stephen Larrabee and Ian O. Lesser (eds.), *Turkish Foreign Policy in an Age of Uncertainty*, (Santa Monica: RAND, 2003), pp.107-112.


\(^10\) Ibid.

“For all intents and purposes, Turkey has given up on the European Union, recognising it as a bastion of Islamophobia and captive to US 
diktat. As Switzerland bans minarets and France moves to outlaw the
niqab, the popular Islamist government in Istanbul moves in the op-
posite direction – supporting the freedom to wear headscarfs, boldly
criticising Israel and building bridges with Syria. This is nothing less
than a fundamental realignment of Turkish politics towards Turkey’s
natural allies – the Arabs ... and the Russians.”

These approaches are relevant to a certain extent, yet fall short of explaining the
tangible rationale which lies behind Turkey’s comprehensive foreign policy. There
is a myriad of issues which cannot be fully understood from this perspective. Is this
the only reason for Turkey to try to help Syria and Lebanon normalize relations?
Can Turkey’s attempt to upgrade Iran’s international status and to come up with
a solution on its enriched uranium only be approached by this perspective? How
can we explain, then, Turkey’s good trade relations with the Kurdish Regional
Government (KRG) while there is a reported increase in attacks against the Turk-
ish army from the terrorists based in this region? Turkey, in the meantime, is at-
tempting to normalize relations with Armenia. However it proves to be extremely
cautious in ensuring no damage be done to its relations with Azerbaijan. Does this
arise only from the sympathy for Azerbaijan with whom it shares linguistic, cultural
and ethnic ties or rather is it highly related to significant energy agreements and
pipelines between the two countries?

Many contradictions can emerge from a mere political perspective which under-
mines the role played by energy, and overemphasizes sociological and religious
issues as the only factors that define Turkey’s foreign policy. It is true that Turkey
has been developing relations with many countries outside of the so-called West-
ern world. This does not only arise from political problems with its conventional
allies – the EU, the U.S. and Israel. Nor does this shift aim at redefining Turkey’s
relations with them. Turkey has strong interest and advantages in continuing its
strategic partnership with the West. However, it cannot undermine its propitious
geographic location especially when it comes to energy. This shift can be related
to three issues from the energy perspective:

• Foreign affairs, which is highly related to Turkey’s strategy to use
energy as a leverage to foster regional economic cooperation;

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12 Eric Walberg, “Russia, Turkey and the Great Game: Changing teams”, Global Research, 26 January 2010, http://www.globaire-
search.ca/index.php?context=va&aid=17215
• Turkey’s energy industry, which is related to the inability or unwillingness of its conventional allies to compensate for Turkey’s energy mix flaws or the opportunity cost Turkey would incur if it does not develop relations as much as it could with partners such Russia, Azerbaijan, Iran and Iraq;
• Geopolitical aspect, as Turkey would not want to miss a chance to build an energy transport system which would lead to cooperation among its neighbors including Russia, Azerbaijan, Georgia, Armenia, Iran, Iraq, Syria, Lebanon and Egypt.

There are three oil pipelines which are shown in Table 2. Baku Tbilisi Ceyhan (BTC) has a capacity of one million barrels per day. Kirkuk Yumurtalık Twin Pipelines, with a total capacity of 1.65 million barrels per day, are frequently being sabotaged by insurgencies in the KRG. Turkey and Russia are planning to construct another oil pipeline from Samsun to Ceyhan to transport Russian and Kazakh oil from the Black Sea to the Mediterranean.

Table 2: Turkey’s Oil Pipelines

<table>
<thead>
<tr>
<th>Country Names</th>
<th>Pipeline Name</th>
<th>Capacity (million bbl/d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AZERBAIJAN – GEORGIA – TURKEY</td>
<td>Baku Tbilisi Ceyhan (BTC) Pipeline</td>
<td>1</td>
</tr>
<tr>
<td>IRAQ – TURKEY</td>
<td>Kirkuk Yumurtalık Twin Pipelines</td>
<td>1.65</td>
</tr>
<tr>
<td>RUSSIA – TURKEY</td>
<td>Samsun-Ceyhan Pipeline (planned)</td>
<td>1-1.40</td>
</tr>
</tbody>
</table>

Source: EU MOE, 2009.

Turkey’s encounter with energy geopolitics is more complicated when it comes to natural gas, which dominates its energy mix. Electricity generation from natural gas is an extravagant track that Turkey has followed for over one decade. Yet, natural gas provides Turkey a chance to foster regional cooperation between suppliers and transit countries that are situated in her neighborhood. As Table 3 shows; there are four import pipelines which transport gas from Russia, Azerbaijan and Iran.¹³

The Blue Stream pipeline (with a capacity of 20 bcm/year) passes through the Black Sea and connects Izobilnoe (in Russia) with Samsun (in Turkey).

The Western pipeline (22 bcm) enters Turkey from Bulgaria and then is interconnected with the domestic grid.

The South Caucasus Pipeline (16 bcm) transports Azeri gas from Baku to Erzurum via Tbilisi in Georgia.

The Tabriz-Erzurum pipeline (20 bcm) transports Iranian gas.

Turkey’s gas contracts with Russia (30 bcm), Azerbaijan (6.6 bcm) and Iran (ten bcm) are above Turkey’s annual consumption. Turkey’s LNG contracts with Algeria (four bcm) and Nigeria (1.2 bcm) are also quite noteworthy.

As for transit from Turkey to EU countries, the pipeline from Turkey to Greece (seven bcm) is critical. The capacity of this pipeline may be increased to ten bcm once the Greece-Italy interconnector is completed. The Nabucco project, in the meantime, is very significant for Turkey to become an energy transit country. This does not only arise from the great capacity of the Nabucco pipeline (30-33 bcm) but also stems from the necessity of making additional contracts with countries such as Turkmenistan, Iran and Iraq. In other words, the Nabucco pipeline may help Turkey channel new means of regional cooperation at the supply side, while improving energy relations with European counterparts. Furthermore, in regards to supply side cooperation: Turkey and its counterparts are considering additional pipelines such as the extension of the Arab Gas Pipeline, which currently creates energy connections between Egypt and Jordan, to Syria and Turkey. Furthermore,
the Turkish and Iraqi governments are considering another pipeline project from Iraq to Turkey. Finally, Turkey and Iran intend to increase gas trade, not only from Iran’s rapidly developing South Pars fields, but also concerning Turkmenistan gas which can be transported to Turkey via Iran.

It is now important to indicate and highlight the role played by energy in Turkey’s relations with particular countries.

"If domestic flaws take place with extreme dependence on Russia, this may turn Turkey into Russia’s energy satellite. This is exactly what Turkey is trying to avoid by establishing energy trade with countries in the Caspian and the Middle East."

Russia appears to be a strategic partner in energy. Trade relations between Turkey and Russia reached a historical peak in 2008, climbing to 36 billion dollars - most of which was constituted by oil and gas sales to Turkey. Turkey is Russia’s second major gas recipient after Germany. However while Russian gas constitutes 36 percent of German domestic gas consumption, it constitutes 64 percent of Turkish gas consumption. Turkey is thus much more dependent on Russian gas exports. Furthermore, Russia is the strongest candidate for massive investments such as the agreed nuclear power plant in Akkuyu and natural gas storage facilities in Salt Lake [Tuz Gölü]. Russian firms are looking for acquisitions and shares from Turkey’s domestic energy sector, including gas distribution and electricity generation. The two countries are also negotiating new oil and gas pipelines. Turkey’s extreme dependence on Russia is a significant challenge of its energy security. This is why Turkey’s energy relations with other major suppliers such as Azerbaijan, Iran, Turkmenistan, Iraq and Egypt have a special place in foreign policy.

Turkey’s energy relations with Azerbaijan developed rapidly by the help of BTC oil and BTE gas pipelines. Turkey and Azerbaijan agreed to develop this relationship further by engaging in new contracts on Shah Deniz gas. Turkey’s gas trade with Iran is likely to increase as Iran has been developing not only the South Pars field but also its domestic gas grid. Iran has a unique geopolitical meaning for Turkey. Iran, as a Caspian country, can allow Turkmenistan’s inclusion within the European energy grid without the necessity to resolve the Caspian’s legal status. And in fact, existing pipelines from Turkmenistan to Iran, and from Iran to Turkey, already allow this. Companies from these countries are also aware of the distinctive
neighborhood that these countries share. For example, Som Petrol (a Turkish energy company) has been attempting to get involved in a 1.3 billion dollar deal between Turkey and Iran, which involves building 660 kilometers of a second gas pipeline in addition to the existing one. The company, which has been operating in Turkmenistan for a while, is aware of the emerging opportunities which can unite Turkmenistan, Iran and Turkey. In essence, Turkey does not want to forsake any energy opportunities offered by Iran. Otherwise it may become more dependent on Russia, as Iran’s exclusion will also impede Turkmenistan’s inclusion within the Western energy grid.

Turkey has been pursuing good relations with other countries in the region not only to contribute to regional economic cooperation, but also to diversify routes and suppliers. Turkey’s improving relations with Syria (and its attempts to bring Lebanon into this mix) are highly related to the Arab Gas Pipeline which can include Egypt, Iraq, Lebanon, Jordan and Syria within the same gas transport system. There is an aspect of this foreign policy pertaining to improving the private sector, as well. Austria’s OMV and Hungary’s MOL, which are both partners in Nabucco, are part of a consortium led by Crescent Petroleum and Dana Gas of Sharjah of United Arab Emirates. This consortium has plans to extract Akkas gas and transport either directly to Turkey or by getting combined with Arab Gas Pipeline with an extension from Akkas region in Iraq to Syria. So, Turkey’s foreign relations, especially with its neighbors, involve improving several different levels in the energy playing field.

Turkey’s relations with Iraq and Kurds in Iraq can also be explained from an energy perspective with direct references to private sector involvement. Turkish company assets in the region controlled by the KRG are reported to have reached a volume of 621 million dollars in July 2010. A Turkish company (Genel Energy) has been exploring and producing oil in six sectors (including Tak Tak and Tavke) in the KRG. Another agreement between the KRG and Iraqi government will lead to 67 billion dollars of oil revenues being extracted from this region. Six billion dollars of this amount will be paid to Genel Energy and its Norwegian partner, DNO. Annual oil revenue is expected to reach 27 billion dollars in 2015 which will guarantee an annual payment of 1.5 billion dollars to Genel Energy and DNO.

15 Ibid.
17 Ibid.
19 Ibid.
These cases indicate the link between foreign policy on the one hand, the state investments and private sector involvement on the other. It is therefore possible to conclude that Turkey’s so-called shift in foreign policy has a sound basis with tangible characteristics from the energy perspective. However, Turkey’s ambition to become an energy hub seems vulnerable for at least upstream investments and energy transport projects would make less sense if the country’s energy mix remains unimproved. How can this confrontation be eased by Turkey?

As mentioned at the very beginning, Turkey’s problems are serious particularly in terms of the energy sector – there are remarkable flaws regarding energy efficiency, savings, external dependency and intensity. What’s more, when compared to those European countries that extensively benefit from nuclear energy and renewable to counter balance their dependence on carbon fuels, Turkey is quite behind on energy diversification and utility.

But the question that then arises is if Turkey has a coherent energy strategy which can facilitate regional integration by improving the domestic energy sector simultaneously? The answer to this question is of utmost significance, for it can at least explain the extent to which Turkey can overcome domestic problems in order to benefit more effectively from energy relations in its neighborhood. If it has such a plan, then it may be possible to conclude that Turkey’s actual foreign policy is not only linked to state investments and private sector involvement but also supported by the energy sector’s evolution.

Turkey’s 2010-2014 energy strategy, as published by Minister Taner Yıldız on 15 April 2010, gives some clues that may point to an answer. Turkey’s 2010-2014 energy strategy considers oil and gas transportation as one of the main pillars within its five strategic themes: energy supply security, Turkey’s regional and global efficiency in energy, environment, natural resources, and corporate development. The strategic channels and priorities are well defined, have been put in timetables and also budgeted. Do these themes, and the strategies built upon them, reflect a consistent energy policy which is responsive to world energy dynamics, domestic restraints and regional priorities? The energy plan acknowledges the significance of a balanced energy mix, environmental challenges and Turkey’s transit role, aiming to transform these pillars into strategic gains. However it does not define the conditions in which Turkey will become a transit country, a strategic hub, or an energy satellite.

21 ETKB, 2010.
A recent study clusters the minimum conditions for Turkey in terms of it being an energy transit country, strategic hub, or an energy center. Accordingly:

“Turkey as an energy transit corridor implies a variety of oil and gas pipelines, and other sorts of transportation, originating from Russia, Caspian and the Middle East not only for Turkish market, but also for Europe and other markets via Mediterranean. Turkey, in this scene, receives certain transit fees; however fails to put priority on domestic needs; is satisfied with average transit terms and conditions; and can not re-export considerable amount of oil and gas passing through its lands. Turkey as an energy hub indicates Turkey’s extensive influence on a web of oil and gas pipelines as well as LNG trade not only in terms of its ability to influence transit terms and conditions, but also to re-export some of hydrocarbons passing through this system. Compatibility between international agreements and domestic energy mix is of utmost significance to avoid negative impact of one on other and describes the level of success if Turkey appears as an energy hub. Turkey as an energy center refers to a situation in which Turkey’s energy hub features have been supported by massive investments such as nuclear power plants, renewable energy program and a comprehensive infrastructure composed of additional refineries, natural gas storage facilities, LNG trains, vessels, marine terminals and ports. Turkey as an energy center also requires her achievement of sufficient energy intensity and a sustainable energy mix.”

Turkey’s energy strategy and its link to foreign policy initiatives entails a “high risk, high gain” position. If domestic flaws take place with extreme dependence on Russia, this may turn Turkey into Russia’s energy satellite. This is exactly what Turkey is trying to avoid by establishing energy trade with countries in the Caspian and the Middle East. Turkey will take most of the advantage at the supply and transport sides by including additional oil and gas from the Caspian and the Middle East at beneficiary terms. In fact, Turkey’s growing relations with countries such as Azerbaijan, Iran, Iraq, Syria and Lebanon make sense from this energy outlook.

22 Mert Bilgin, “Turkey’s energy strategy: What difference does it make to become an energy transit corridor, hub or center?,” UNISCI Discussion Papers, No.23, May 2010, pp. 113-128.
23 Ibid.
Which scenario is more likely? This is not an easy question to answer. Other global and regional actors, such as the EU, the U.S. and Israel are concerned with the possible consequences of Turkey’s initiatives rather than looking at the motives. And it is not very clear to see to what extent Turkey can compel, convince or compensate them. It is however possible to conclude the minimum conditions for Turkey’s achievement of its goals. Turkey will be able to minimize the risks, keep good relations with its neighbors, and benefit even more effectively from its use of energy as strategic leverage so far as the link between state strategy, regional cooperation, and private sector involvement continues to function properly. In this case, the worst case scenario –in which motives are obscured because of the consequences expected by third parties– can be avoided.