

FROM THE DESK OF THE EDITOR

We are proud to present our readers with this special issue of TPQ, published in collaboration with Atlantic Council IN TURKEY, which revolves around energy dynamics in Turkey and its neighborhood, in the context of a shifting geopolitical landscape. This issue's authors evaluate key trends and drivers that are shaping the regional energy landscape—from the Caspian to the Mediterranean—and their wider implications for stability and prosperity. Our authors also share their insights on the choices ahead for Ankara's policymakers as Turkey continues to advance a sustainable energy transition and attempts to reach its energy and climate targets.

In his article, the Deputy Minister of Energy and Natural Resources of Turkey, Alparslan Bayraktar, assesses milestones and challenges in the country's energy transition and lays out the vision that is driving Turkey's future energy policies. In an effort to reduce the country's reliance on imports and meet increasing domestic demand, Turkey started implementing major market reforms during a period stretching from 2002 to 2017, which the Deputy Minister calls "Transition 1.0." During this period, Turkey's energy sector underwent a considerable transformation, asserts Bayraktar, including developing a competitive market model in parallel with privatizing generation and distribution assets. These efforts provided an important foundation for "Transition 2.0," which began in 2017 with the introduction of a new comprehensive policy called the National Energy and Mining Policy (NEMP), explains the Deputy Minister. Through NEMP, Turkey is pursuing policies surrounding security of supply, localization, and predictability in the markets—together which will make markets more competitive, incentivize renewable energy investment, and reduce overall carbon emissions. The Deputy Minister underscores that through a variety of interlinked measures, Turkey is advancing towards meeting its ambitious energy and climate goals ahead of the 2023 centenary of the Republic.

In her article, Sandra Oudkirk, Deputy Assistant Secretary for the US Department of State's Bureau of Energy Resources, provides an overview of the US approach to energy security and diplomacy, highlighting that energy has traditionally occupied a central role in American foreign policy. Elaborating on the three goals of the Trump administration's international energy policy—export promotion, energy access, and energy security—Oudkirk opines that in each of these areas, the US is broadening the "economic and social benefits of free, fair, and transparent energy markets" and thereby promoting global peace, prosperity, and development. With regard to export promotion, Oudkirk draws attention to the fact that the US is a leader in producing, consuming, innovating, and exporting energy, which in turn strengthens the energy security of its allies and partners. The author highlights the important role of US LNG,

which is projected to grow in export capacity by 2020. There is significant impetus to achieve the second goal, energy access, due to the fact 1.1 billion people lack access to electricity, points out Oudkirk. Thirdly, the US is committed to bolstering energy security to protect global energy infrastructure from cyber and physical threats, as well as the diversification of energy sources, supplies, and routes, underscores Oudkirk. Together, these priority areas comprise a holistic energy policy which recognizes the centrality of energy in America and its allies' future.

In an exclusive interview conducted by Ellen Scholl, Deputy Director of Atlantic Council's Global Energy Center, Ambassador Richard Morningstar reflects on US energy diplomacy, the legacy of the Southern Gas Corridor, and the project's long-term impact on energy security. Morningstar, the Founding Chairman of the Global Energy Center and a Board Director at the Atlantic Council, meditates on the energy dialogue that dominated the 1990s, which was focused on diversifying sources of oil supply and routes from Russia and the development of Caspian resources. In his capacity as special adviser to the president and secretary of state for Caspian Basin energy diplomacy, Morningstar was instrumental in facilitating the construction of the Baku-Tbilisi-Ceyhan pipeline through diplomacy with Azerbaijan, Georgia, and Turkey. Commenting on the Southern Gas Corridor, Morningstar underlines the fact that the project contributes to the diversity of gas supply sources and transit routes to Europe, which renders it critical to European energy security on a whole. However, for the project to reach its full potential in the long-term, it will need to expand to include additional gas supplies from other sources including additional Azeri gas, KRG gas, Eastern med gas, and perhaps gas from Turkmenistan, argues Morningstar. The author emphasizes Turkey's critical role in the Trans-Anatolian Natural Gas Pipeline (TANAP) of the SGC and opines that the US-Turkey energy relationship is durable despite frictions in other areas. Finally, Morningstar comments on the successful completion of TAP, asserting that while progress has been stymied by political developments, he is confident that Shah Deniz gas will arrive on schedule.

In his second contribution to TPQ, the Ambassador of Azerbaijan to Turkey, Ibrahim Khazar, discusses the importance of TANAP, which was officially inaugurated in the summer of 2018. The Ambassador explains that as a key link in the Southern Gas Corridor, TANAP will deliver 6 billion cubic meters of gas from Azerbaijan to Turkey and 10 billion to Europe per year, and as such will contribute significantly to European energy security. Likewise, TANAP's influence will extend beyond the sphere of energy, opines the Ambassador, to impact trade, regional security, and predictability of the international system. The Ambassador emphasizes that the fruition of the pipeline owes to the endurance of the Turkey-Azerbaijan relationship, which involves a multi-faceted energy partnership. As co-investors in the project, both Azerbaijan and

Turkey have underscored their willingness to play larger roles in the regional energy scene. Very crucially as well, with TANAP, Turkey's ambitions of becoming a natural gas hub are coming into closer focus, argues the Ambassador.

Delving into the role of renewables in the Turkish energy sector, David Livingston, Deputy Director of Climate and Advanced Energy of the Atlantic Council's Global Energy Center, takes stock of the challenges facing the country in fully capitalizing on its renewable energy potential. Livingston underlines the fact that Turkey has an abundant and diversified renewable energy resource base, which endows the country with several baseline advantages. The government has already revised its renewable target to 50 percent of all electricity production by 2023 considering the country exceeded 30 percent renewable generation by mid 2018, highlights Livingston. In this regard, there is significant potential for rooftop solar, wind power, and the so far underexploited resource, geothermal development. However, Livingston argues that there are several limitations to the further development of renewable sources, including a still-evolving policy framework and balancing a desire for domestic value chains against prohibitive domestic content requirements. Overcoming these challenges will be crucial for maintaining growth in the renewable energy sector and achieving the country's 2023 targets.

Melanie Kenderdine, a nonresident Senior Fellow at the Atlantic Council's Global Energy Center and a Principal at the Energy Futures Initiative in D.C., evaluates Turkey's broader vision of becoming a regional energy hub, as well as policies the government should contemplate in line with this ambition. Establishing a robust hub hinges on the continued diversification of Turkey's natural gas supplies, the support for additional production from different sources in the region, the resolution of geopolitical tensions, and market liberalization, argues Kenderdine. While positive steps have been taken to privatize Turkey's electricity and gas markets, Kenderdine asserts that energy market reforms need to be deepened so as to allow for more competition in the Turkish market, which is currently controlled by state-owned oil and gas company Botaş. The author concludes that making structural changes in the country's energy sector and advancing towards being a natural gas hub will unlock numerous advantages to Turkey's national economy, as well as contribute to its energy security.

Matthew J. Bryza, a Non-Resident Fellow of the Atlantic Council, focuses on the Eastern Mediterranean as a principal theater in the effort to discover and harness new energy resources. Bryza points out that just as Azerbaijan, Georgia, and Turkey developed patterns of cooperation in the 1990s surrounding the exploitation of Caspian energy resources, so too is there a burgeoning strategic alignment emerging between Israel, Cyprus, and Egypt in response to hydrocarbon developments in the East Med

today. While Turkey is a key player, tensions between East Med littoral states and Ankara raise the risk of its exclusion from a regional cooperation framework, opines Bryza. He points out that the discovery of the massive Zohr natural gas field off Egypt's coast and the Calypso field in the Republic of Cyprus' Block 6 have positioned both Egypt and Cyprus to become energy hubs. While these discoveries have strengthened energy relationships between Cyprus, Israel, and Egypt, they have sharpened disputes with Turkey, which as Bryza explains, has taken an aggressive stance toward hydrocarbon exploration in Cypriot waters. Pragmatic leadership from Ankara and enhanced cooperation with Brussels is important if Turkey wants to prevent its exclusion from lucrative energy deals in the region, concludes Bryza.

Also taking stock of Eastern Mediterranean energy dynamics in her article is Dr. Brenda Shaffer, Senior Fellow at the Atlantic Council's Global Energy Center in Washington, D.C., and a visiting researcher and professor at Georgetown University. Shaffer, who is the author of *Energy Politics*, argues that rather than being an impetus for peace and the resolution of regional conflicts, hydrocarbon discoveries have in fact been a source of conflict—many of which involve Turkey—in the Eastern Mediterranean. Furthermore, Dr. Shaffer maintains while that key states in the region—including Turkey, Egypt, and Cyprus—are aspiring to become gas hubs, the distinction confers little geopolitical value, and in fact, brings economic risk. In the midst of continued regional competition, there are a few positive opportunities, maintains Shaffer. These include the game-changing impact of the Zohr gas field discovery off Egypt, potential for energy diplomacy between Turkey and Israel, and an Israel-Egypt gas export deal, which would enable gas from Israel's offshore to be piped to Egypt. Despite the optimism, geopolitics often acts as a spoiler, stresses Shaffer.

In his article, John M. Roberts, a Senior Fellow at the Atlantic Council's Eurasia Center and Global Energy Center, analyzes the economic ties between Turkey, federal Iraq, and the Kurdistan Region of Iraq (KRI). Set against the background of fierce regional conflicts and tension, Roberts argues that the energy relationship between Turkey and the KRI was extremely important for both countries, including the region at large. However, following the Kurdistan Regional Government's (KRG) referendum on independence in September 2017, relations between Erbil and Ankara have become strained, causing a major collapse of both KRI oil exports and revenues, as well as a rapid loss of the majority of the Kirkuk region and most of the Kirkuk oil field to Baghdad. Additionally, Roberts touches upon Russia's role in the KRI, highlighting that Russia's Rosneft stands to play an increasingly important role while Turkish investments continue to diminish. Lastly, Roberts highlights the growing power of the federal government in Baghdad, which will play a significant role in handling the revenues derived from the sale at Ceyhan of oil produced in the KRI, not to mention

the use of KRI infrastructure for Baghdad's own resumption of exports from Kirkuk to Ceyhan.

Assessing the Turkey-EU energy relationship in his article, Simone Tagliapietra, a Research Fellow at Bruegel and an Adjunct Professor of Global Energy Fundamentals at the Johns Hopkins University SAIS Europe, argues that while bilateral relations have been beset with political difficulties, climate and energy relations constitute a bright spot. Tagliapietra, who is also a Senior Researcher at the Fondazione Eni Enrico Mattei research institution, weighs the benefits for both Turkey and the EU of refocusing the bilateral cooperation on elements of the "Positive Agenda," which include renewable energy, energy efficiency, nuclear energy, and carbon markets. EU-Turkey cooperation on nuclear energy can be further developed through integrating Turkey into the framework of the European Atomic Energy Community (Euratom), points out Tagliapietra. On carbon markets, the EU can offer unique institutional support to Turkey. And in the field of renewables, cooperation could be deepened beyond European financial support for renewable energy projects in Turkey given the potential but still limited development of this energy source, argues Tagliapietra.

In his article, Luciano Poli, the Area President for Turkey, India, Middle East and North Africa at the Dow Chemical Company, stresses the importance of inclusiveness, efficiency, and competitiveness in Turkey's energy future, while providing a perspective from a major global actor in the energy industry, Dow Chemical Company. According to Poli, conservation of energy, diversity of energy consumption, and growth in renewable energy production are important pillars of a sustainable energy future for the world. The author also notes Turkey's efforts for diversifying its energy supply through hydro, wind, and solar power alternatives as well as geothermal and biomass power productions. While meeting growing demand in Turkey's energy market and focusing on sustainability at the same time is a challenging task, Turkey has the potential to reach its designated energy goals for 2050 through continued investments, steady policies, and a qualified workforce, the author concludes.

In her piece, Dr. Ellen Wald, a Senior Fellow at the Atlantic Council's Global Energy Center, takes stock of energy cooperation between Turkey and Iran within the context of the Western sanctions regime. Wald explains that Turkey and Iran have a history of prioritizing their economic relations over political divergences, which is reflected by the fact Turkey continues to buy large amounts of oil and gas from Iran to meet growing domestic energy needs and diversify its resources. By providing Iran with much-needed investment, Turkey has helped lessen the economic pressure of Western sanctions. Wald argues that Iran and Turkey will continue to cooperate as both countries' currencies have been devalued against the dollar so it benefits them financially

to avoid the use of the dollar in energy trade. Likewise, it is in Turkey's best interest to continue to import Iranian oil as breaking contracts with Iran would impose great expenses on Turkey. Furthermore, Iran and Turkey's large Kurdish population and geographic proximity mean that it could potentially use Turkish currency within its own borders.

This fall, TPQ organized two roundtables held in Istanbul. On 9 October 2018, we held a roundtable discussion titled "Differing Visions for Turkey-EU Engagement" at the Palais de Hollande, which was supported by the Consulate General of the Kingdom of the Netherlands. The newly appointed Ambassador of the Netherlands to Turkey, Marjanne de Kwaasteniet, provided opening remarks. Following TPQ's Spring 2018 issue on the same topic, the conversation revolved around the prospect of a reset of relations between Turkey and the EU and the trajectory of the bilateral relationship. Topics discussed by the panel included the prospect of Customs Union reform, security cooperation dynamics, structural problems of the accession process, and the implications of Turkey's economic crisis for its relationship with the EU.

On 5 November 2018, TPQ held a roundtable discussion titled "Combating Disinformation and the Cyber Threat," which was supported by NATO's Public Diplomacy Division. The Friedrich Naumann Foundation and the Israeli Consulate in Istanbul were partners. After an opening speech by the US Consul General in Istanbul, Jennifer L. Davis, the conversation revolved around the proliferation of digital information, its toxicity for democracies, and the challenges facing policymakers in identifying and mitigating disinformation campaigns.

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On an editorial note, I would like to thank our publisher, TPQ's advisory board, editorial team, and staff, for supporting me in my role as Editor in Chief. My thanks also go to all the contributors of TPQ whom I have had the privilege of working with. I will be transitioning into an advisory role for the next issue of TPQ, and look forward to continuing to play an active role in the journal and its future direction.

A very special acknowledgment goes to our long-standing media partner, Hürriyet Daily News, for the outreach they continue to provide.

As always, we are indebted to the authors of this issue for sharing their expertise and opinions. As our readers, please share your feedback.

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