



Turkey, Russia and the Caucasus: Common and Diverging Interests

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Russia and Eurasia Programme/Europe Programme | November 2009 | REP/EP BP 2009/01

Summary points

- Ankara's rapprochement with Moscow has come under question after the August 2008 Russo-Georgian conflict. Turkish officials had believed that they shared common interests in preserving the territorial integrity of states in the Caucasus.
- The effectiveness of Turkey's ruling Justice and Development Party's good-neighbourhood policy is being seriously tested. Turkish policy-makers have called for a Caucasus Stability and Cooperation Platform to be set up.
- The August 2008 conflict opened up possibilities for Turkey to normalize its relations with Armenia, although this could be at the expense of Ankara's close ties with Baku if progress is not made towards resolving the Nagorno-Karabakh dispute.
- Problems with Azerbaijan over gas pricing, re-export and transit issues may make it more difficult for Turkey to reduce its energy dependence on Russia and could endanger the Nabucco project.
- Turkey is striving to be acknowledged as a major regional power. Turkish officials will therefore not look favourably on any relationship with Russia in which they perceive that they are a junior partner.

Introduction

The Russo-Georgian conflict in August 2008 compelled decision-makers in Ankara to reassess their policies towards Russia and the Caucasus. Turkey had developed burgeoning economic and political ties with Russia and maintained close links with neighbouring Georgia. The conflict raised questions over whether Turkey would become a key energy transit state given the deteriorating security situation in the South Caucasus. Relations between Ankara and Moscow were challenged as both had previously stressed their common interests in preserving regional stability. However, the conflict opened up possibilities for Turkey to normalize relations with Armenia, although this could upset Ankara's close ties with Baku.

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Since the end of the Cold War, Turkey's strategic, political and economic concerns had led Ankara to bolster its links with Baku and Tbilisi. A fellow Turkic state, Azerbaijan was also important because of its potential as an energy exporter. Georgia was situated on a land corridor connecting Turkey with Azerbaijan and the Caspian region. Keen to maintain the status quo in the region, officials in Ankara called for the peaceful resolution of the ‘frozen’ conflicts in Nagorno-Karabakh, Abkhazia and South Ossetia while preserving the territorial integrity and sovereignty of states in the region. Warm relations with Azerbaijan, and problems with Armenia over Nagorno-Karabakh, the sensitive issue of 1915 when

atrocities were committed against Armenians in the Ottoman Empire, and the recognition of borders, prevented Ankara from establishing diplomatic ties with Yerevan. Concerning the North Caucasus, an initial sympathy in Turkey for the plight of the Chechens caused friction between Ankara and Moscow. Turkey was grouped with Azerbaijan and Georgia in a bloc supportive of the emerging interests of NATO and the EU in the South Caucasus and aligned against the policies of Armenia and Russia.

The deepening rapprochement between Ankara and Moscow, which actually began in the 1990s, has forced analysts to reconsider the strategic balance in the Caucasus. Turkey and Russia further developed their ties in the wake of 9/11 and Turkish opposition to the war in Iraq in 2003. Problems in relations with the United States, and the lack of progress in Turkey's efforts to secure membership of the EU, led commentators to speculate that Turkey and Russia could form an ‘axis of the excluded’ in Eurasia.¹ Turkish and Russian officials shared an interest in working together in the Black Sea neighbourhood and limiting the involvement of ‘outside’ powers such as the United States that could destabilize the region. The escalation of tensions in the Caucasus after August 2008, Turkey's improved relations with the Obama administration, and continuing negotiations with Brussels over EU accession, have dampened the prospects for the emergence of an axis of the excluded centred on Ankara and Moscow.

Turkey's foreign policy under the AKP

Traditionally, Turkish foreign policy was managed by the pro-Western, Kemalist Ministry of Foreign Affairs under the watchful gaze of the Turkish Armed Forces. The tendency was to pursue a cautious policy, reacting to developments rather than launching initiatives. In the democratizing Turkey of the 1990s, business groups and ethnic lobbies sought to influence foreign policy. Under the Justice and Development Party (AKP) government, in power since 2002, these groups have

¹ Fiona Hill and Omer Taspinar, ‘Turkey and Russia: Axis of the Excluded?’ *Survival*, vol. 48, no. 1 (Spring 2006), pp. 81–92.

continued to lobby policy-makers. The important role public opinion played before the Turkish parliament voted in March 2003 against Turkey's military involvement in the impending war in Iraq should be taken into account. Much attention has been given to the impact of the AKP's moderate Islamist credentials on Turkey's external relations. Certainly, Turkey has become much more engaged in the Middle East and the Gulf, but this has not been at the expense of relations with Europe and the United States. Under the AKP, Turkey has attempted to become a key regional power by pursuing a more active diplomacy and seeking to play a constructive role through its good-neighbourhood policy.

Ahmet Davutoğlu has been one of the prominent architects of the AKP's foreign policy. Originally a close adviser to Prime Minister Recep Tayyip Erdoğan, Davutoğlu was appointed foreign minister in early May 2009. Many of his ideas can be traced back to his book *Strategic Depth (Stratejik Derinlik)*, published in 2001.² Davutoğlu noted that Turkey could make use of its geography, history and culture to play a leading role in the Balkans, the Middle East and the Caucasus while maintaining close ties with Europe and the United States. Turkey could attempt to resolve disputes through intensive diplomacy ('rhythmic diplomacy') and an active participation in regional and international organizations ('multilateral diplomacy'), while aiming to be on good terms with all its neighbours. This would be especially difficult to realize in the Caucasus, where neighbouring states were at odds with one another and where Turkey had not established diplomatic relations with Armenia.

In practice, under the AKP, Turkey is seeking to be acknowledged as a major regional power in the Caucasus by pushing initiatives and by endeavouring to ensure that its policies and proposals are taken seriously into account by others in the region and beyond. Ankara's relations with Moscow need to be considered

within this context. Turkey's initiatives, however, could run counter to the interests of key allies or significant external players who may be seeking to exert their own influence in the Caucasus.

Turkish–Russian relations: an overview

The Ottoman Empire and Tsarist Russia competed for centuries for dominance in the Caucasus. Throughout the Cold War, Turkey served as a crucial front-line state for NATO, checking possible Soviet expansionism. Given this background, the rapidity and extent of the rapprochement between these traditional rivals have been dramatic. By the late 1990s, with the Islamic radicalization of the Chechen opposition to Moscow, Turkish officials had started to clamp down on the activities of groups sympathetic to the Chechens in Turkey, prompting the Kremlin to downgrade its support for Kurdish rebels opposed to Ankara. Cooperation against terrorism was enhanced after the events of 9/11. In November 2001 the Turkish and Russian foreign ministries agreed to a 'plan of action' to coordinate their policies and act as partners in Eurasia.

With the AKP in government, the diplomatic traffic between Ankara and Moscow has intensified. Erdoğan and Vladimir Putin have struck up a good working relationship. When Putin, as Russian President, was received in Ankara in December 2004, a Joint Declaration on the Deepening of Friendship and Multidimensional Partnership was announced. No longer suspicious of Turkey's purported Pan-Turkic ambitions, in February 2009 Moscow allowed Turkish President Abdullah Gül to make an official visit to the Russian republic of Tatarstan. When Putin, as Prime Minister, travelled to Ankara in August 2009, it was agreed that Turkey and Russia should organize regular high-level intergovernmental meetings to coordinate their 'multidimensional strategic cooperation' under

² Ahmet Davutoğlu, *Stratejik Derinlik: Türkiye'nin Uluslararası Konumu (Strategic Depth: Turkey's International Position)* (Istanbul: Küre Yayınları, 2001). For a useful summary of Davutoğlu's views in English, see Ahmet Davutoğlu, 'Turkey's Foreign Policy Vision: An Assessment of 2007', *Insight Turkey*, vol. 10, no. 1 (January–March 2008), pp. 77–96.

the chairmanship of the leaderships of both states. Ministers would also hold frequent meetings.³

Economic ties

Economic ties have expanded considerably: trade turnover has increased over tenfold since 1996 (see Table 1). Since 2006 Russia has become Turkey's largest source of imports with natural gas and crude oil figuring prominently. Although Turkey exports primarily textiles, machinery and vehicles, chemical goods and food to the Russian market, the trade balance is weighted heavily in Russia's favour. According to Turkey's Energy Minister, Taner Yıldız, trade turnover could climb to \$100 billion in the next four years.⁴ In the first half of 2009 it declined appreciably, however, as a result of the recession, the fall in energy prices, reduced natural gas imports, and the imposition of stricter inspection requirements for Turkish goods at Russian customs. Turkish companies involved in the construction, retail, beer, glass and electronics sectors in particular – the so-called 'Russian lobby' in Turkey – have invested heavily in the Russian market and are eager to secure new contracts in preparatory work for the 2014 Winter Olympic Games to be held at Sochi. Russian invest-

ments in Turkey are also on the rise with interest, for example, in the telecoms sector.

Turkey's trade turnover with Armenia, Azerbaijan and Georgia is substantially less than with Russia. Although the land border between Turkey and Armenia has been closed since 1993, Turkish goods reach Armenian consumers via land routes across Georgia and Iran. Although this is not recorded in Turkey's official trade statistics, it evidently exported goods worth approximately \$120 million in 2007, and once the border to road and rail traffic is opened, exports could increase to \$300 million.⁵ Turkey has become Georgia's main source of imports. Turkish businesses have invested heavily in the energy sector in Azerbaijan, and the State Oil Company of Azerbaijan (SOCAR) has acquired a 51 per cent stake in the Turkish petrochemicals company, Petkim. The projected opening of the Baku–Tbilisi–Kars railway in 2011 could boost trade and facilitate the transportation of goods from Central Asia to Turkey. This would enhance the strategic importance of Georgia for Turkey.

Social and cultural ties

There are extensive social and cultural contacts between Turkey and Russia. Putin's visit to Ankara in August 2009 led to a number of agreements on scientific, educational

Table 1: Turkey's trade turnover with Russia and states in the South Caucasus (\$ million)

		1996	2000	2002	2004	2006	2007	2008	2009 (Jan.–June)
Armenia	Exports								
	Imports					0.1	0.1	1.5	
Azerbaijan	Exports	239.9	230.4	231.4	403.9	695.3	1,047.7	1,667.5	626.9
	Imports	39.2	95.6	64.6	135.5	340.5	329.6	928.4	398.0
Georgia	Exports	110.3	131.8	103.2	199.7	408.0	646.1	997.8	361.2
	Imports	32.5	155.3	137.9	306.7	344.8	289.6	525.0	157.9
Russia	Exports	1,511.6	643.9	1,172.0	1,859.2	3,237.6	4,726.9	6,483.0	1,448.8
	Imports	1,921.1	3,886.6	3,891.7	9,033.1	17,806.2	23,508.5	31,364.5	8,762.6

Source: State Institute Statistics of Turkey

³ 'Erdoğan: Participation of Russia in Samsun-Ceyhan Crude Oil Pipeline Project is important', *Anatolia News Agency*, Ankara, 6 August 2009.

⁴ 'Yıldız: Turkey, Russia face historic moment', *Today's Zaman*, 6 August 2009.

⁵ 'Turkey and Armenia: Opening Minds, Opening Borders', *International Crisis Group*, Europe Report no. 199 (14 April 2009), p. 28.

and cultural cooperation. About three million Russian tourists holiday annually in Turkey. There have also been attempts to foster closer ties between groups in Turkey and Russia interested in promoting a Eurasian Union. These groups have not received official backing from their governments. Alexander Dugin, and his International Eurasianist Movement, has established contacts in Turkey. It appears that Dugin's supporters have developed links with a network of ultra-nationalist bureaucrats and retired military officers in Turkey, known as Ergenekon, which has been accused of planning to seize power through a coup.⁶

Military and defence ties

There also seems to be sympathy for Russia among some high-ranking officers serving in the Turkish Armed Forces. Putin's speech at the Munich Security Conference in February 2007, in which he was highly critical of US foreign policy, was immediately translated and placed on the website of the Turkish General Staff. Commentators in Turkey speculated that there were alternative voices in the Turkish military increasingly disillusioned with the United States, NATO and the EU, and attracted by the anti-democratic nature of the Russian regime.⁷ Seeking to consolidate links with the Turkish military, Russia is keen to sell attack helicopters and provide a new air defence system for the Turkish Armed Forces. In 2008 the Russians had secured a contract worth \$80 million for the provision of anti-tank missiles. There evidently are elements in the Turkish military who have become less supportive of the United States since the war in Iraq and who are not enthusiastic about the adoption of EU-backed reforms, which would curb the role of the military in Turkey. Nevertheless, the majority of serving officers remain embedded in the pro-Western, Kemalist tradition, and many in the Turkish military were concerned at Russia's military action in Georgia.

Ties with other regional actors

Before the conflict in Georgia, relations between Turkey and Russia were not problem-free. Russia refused to designate the Kurdish rebel group, the Kurdistan Workers' Party (PKK), a terrorist organization, in spite of increased anti-terrorism cooperation between Ankara and Moscow. The Kremlin is eager to maintain working ties with Kurdish groups in northern Iraq given the continued uncertain future of the central government in Baghdad. And with its huge assets in offshore banks in Cyprus, Moscow has been reluctant to support the cause of the Turkish Cypriots. Because of the threat of a Russian veto, a report prepared by the then UN Secretary-General, Kofi Annan, which advocated ending the economic isolation of the Turkish Cypriots, was not taken up by the UN Security Council. Regarding the Caucasus, officials in Ankara were not pleased when in April 2005 the Russian State Duma approved a resolution declaring that the Ottomans had committed genocide against their Armenian subjects in 1915.

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Nevertheless, it has been argued that Turks and Russians feel closer because of a common history and shared understanding. There is a sense that unlike their

⁶ Emrullah Uslu, 'Ergenekon's Alliance with the Eurasia Movement in Russia', *Eurasia Daily Monitor* (Jamestown Foundation), vol. 5, no. 229, 2 December 2008.

⁷ 'Rusya'nın etki alanına girmiş askerler var' ('There are soldiers who are under Russia's influence'), interview by Neşe Düzel with Yasemin Congar, *Radikal*, 21 May 2007.

American and European counterparts, Russian officials show Turks ‘respect’.⁸ Both Turkey and Russia have presented themselves as key regional powers in the Caucasus seeking to cooperate to preserve stability, resolve disputes peacefully and maintain the territorial integrity of states. Both have opposed the involvement of external powers in the region out of a concern that this could destabilize the area. Ankara and Moscow objected to the extension of NATO’s Operation Active Endeavour – a counter-terrorist naval operation – from the Mediterranean to the Black Sea. Favouring stability even at the expense of democratic reform, Turkish and Russian officials did not openly welcome the European and US-backed Rose and Orange revolutions in Georgia and Ukraine.

The impact of the Russo-Georgian conflict

The conflict of August 2008 has had a dramatic impact on developments in the Caucasus. No longer perceived as a power in favour of the status quo, Russia recognized the independence of the breakaway territories of Abkhazia and South Ossetia. Turkish officials have been forced to respond to what many regard as an attempt by Moscow to reassert its dominance in the Caucasus. The AKP government’s emphasis on the importance of the need for harmonious relations with its neighbours has been severely tested. Turkey’s considerable dependence on Russia for energy imports restricted Ankara’s freedom of manoeuvre. Erdoğan accounted for Turkey’s reactions to the conflict – there was little criticism of the Russian military operation – by noting that the extent of Turkey’s energy dependence on Russia could not be ignored.⁹

In November 2008 it was announced that Moscow had information that Georgia had hired mercenaries from several countries, including Turkey, to fight in South Ossetia.¹⁰ This was quite possible given the earlier experience of Turkish volunteers fighting alongside the

Chechens. Russian officials also listed Turkey as one of the countries that had supplied military equipment to Georgia and hence were accomplices in the ‘genocide’ carried out by the Georgian armed forces in South Ossetia.¹¹ Clearly angry, Moscow further tightened restrictions on Turkish goods entering Russia.

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Certainly, Turkey provided considerable support to the armed forces of both Georgia and Azerbaijan, helping them adapt to NATO standards. The Turks founded military academies in Baku and Tbilisi and had modernized the airbase at Marneuli and the military base at Vaziani in Georgia. Georgian forces were offered pre-deployment training by the Turkish military before being despatched to Kosovo to serve with NATO, and the Turks trained Georgia’s Kojori Special Forces Brigade.

Immediately after the conflict Moscow pressured Ankara over the passage of US ships, which were delivering ‘humanitarian aid’ to Georgia, through the Bosphorus. The Russians were concerned that these ships, which included a guided-missile destroyer, could be transferring military equipment. The Deputy Chief of the Russian Armed Forces declared that Russia would ‘hold Turkey responsible’ if US ships remained in the Black Sea for more than 21 days.¹² According to the Montreux Convention, no more than nine warships of non-Black Sea states, with a total tonnage of 45,000 tons, could be present at any one time in the Black Sea,

8 Suat Kiniklioğlu, ‘The Anatomy of Turkish-Russian Relations’, p. 9. Available at <http://www.gmfus.org/doc/KINIKLIOGLU%20-%20The%20Anatomy%20of%20Turkish-Russian%20Relations.pdf>. Kiniklioğlu is currently spokesman of the Foreign Affairs Committee of the Turkish parliament and AKP Deputy Chairman of External Affairs.

9 ‘Turkey cannot afford disruption in ties with Russia, says Erdoğan’, *Turkish Daily News*, 1 September 2008.

10 ‘Foreign traces in the strange war’, *Kommersant*, 25 November 2008.

11 Igor Torbakov, *The Georgian Crisis and Russia–Turkey Relations* (Washington, DC: Jamestown Foundation), 26 November 2008, p. 14.

12 Abbas Djavadi, ‘Russia turns up pressure on Turkey’, *Radio Free Europe/Radio Liberty Commentary*, 1 September 2008.

and these ships must leave within 21 days. Ankara had earlier referred to these provisions to prevent the deployment of NATO's Operation Active Endeavour in the Black Sea. Turkey abided strictly by the terms of Montreux and even reportedly denied access to two large US hospital ships.

The bolstering of Russia's military presence in the Caucasus after August 2008 must have caused alarm in Ankara, although neither Turkish politicians nor representatives of the Turkish Armed Forces voiced their concerns in public. In late August 2008 Russian President Dmitry Medvedev stated that Russia had 'privileged interests' in countries bordering Russia and beyond in Eurasia. In September 2009 Moscow signed defence agreements with Abkhazia and South Ossetia allowing Russian troops to remain based in these territories for the long term. The Russian navy will also soon have access to facilities at Ochamchire in southern Abkhazia.

Russian recognition of Abkhaz independence created further complications for AKP officials. There may be as many as 500,000 Turkish citizens of Abkhaz ethnic origin. The Caucasus–Abkhazia Solidarity Committee is a well-organized pressure group in Turkey. In the past, Ankara had unsuccessfully attempted to mediate between Tbilisi and the Abkhaz separatists by making use of its Abkhaz lobby and its close ties with the central Georgian government. After Russian diplomatic recognition of Abkhazia, the Caucasus–Abkhazia Solidarity Committee has pressed for Turkey to follow likewise. The Abkhaz diaspora in Turkey ships fuel and other goods to Abkhazia in return for scrap metal. Turkish officials have turned a blind eye to this commerce even though the Georgian authorities have imposed a trade blockade against Abkhazia. Tensions in the region may escalate as ships from the Turkish port of Trabzon are continuing to run the blockade. The seizure of Turkish crews and the confiscation of their goods by the Georgian coastguard have not only caused problems in relations between

Ankara and Tbilisi. The Abkhaz leader Sergei Bagapsh has threatened to destroy any Georgian vessel entering Abkhaz 'territorial waters', and in September 2009 the deputy head of Russia's border service declared that Russia would seize any Georgian ship off the Abkhaz coast.¹³ In the same month a high-ranking Turkish diplomat visited Abkhazia and was received by the Abkhaz foreign minister. This prompted speculation that to prevent Abkhazia from possibly uniting with Russia, Ankara may be pushing Tbilisi to allow a 'controlled relationship' between Turkey and Abkhazia, in which trade could be permitted between Trabzon and Sukhumi.¹⁴

Turkey's immediate reaction to the Russo-Georgian conflict was to call for the formation of a Caucasus Stability and Cooperation Platform (CSCP). Within days Erdoğan visited Russia, Georgia and Azerbaijan to promote the CSCP. The government in Yerevan also expressed an interest in it, as it was concerned about the damage to the Armenian economy caused by the Russian blockade of Georgian ports at the time of the conflict.

In an article published in September 2008, Ali Babacan, then Turkey's foreign minister, observed that the CSCP aimed to complement other regional institutions and mechanisms, provide 'a framework to develop stability, confidence and cooperation' and become 'a forum for dialogue'.¹⁵ After the deputy foreign ministers of Turkey, Russia and the three states of the South Caucasus held a meeting in Helsinki in December 2008 on the fringe of an OSCE gathering, officials from the five states have met on other occasions to discuss the prospects for the CSCP. At the time of writing, however, the principles, decision-making mechanisms and structure of the CSCP remained to be worked out and it was unclear whether the CSCP would actually be realized.

Originally, Georgian officials declared that they could not be a party to the CSCP until Russian troops withdrew from Abkhazia and South Ossetia. After backtracking from this position, in March 2009 President

13 'Moscow signs Defense Pacts with breakaway Georgian Regions', *Radio Free Europe/Radio Liberty News*, 18 September 2009.

14 Emrullah Uslu, 'Turkey considers the status of Abkhazia', *Eurasia Daily Monitor* (Jamestown Foundation), vol. 6, no. 182, 5 October 2009.

15 Ali Babacan, 'Turkish initiatives: calming the Caucasus', *International Herald Tribune*, 26 September 2008.

Mikhail Saakashvili argued that the initiative was not well formulated and that the EU and other key regional players should be included.¹⁶ Speaking in Istanbul in January 2009, the Azerbaijani Deputy Foreign Minister Arag Azimov stated that it would be impossible to implement the CSCP without a resolution of the Nagorno-Karabakh dispute.¹⁷ The Armenian authorities remain interested in the CSCP in line with moves towards normalization of relations with Turkey (discussed below). Russian Foreign Minister Sergei Lavrov has backed the Turkish proposal with its 'key principle' that states in the region should be responsible for resolving their own problems.¹⁸ It seems that Moscow is supportive of an initiative which has no room for the United States, NATO and the EU, and which enables Russia to continue to hold discussions with Turkey without making any immediate promises or commitments. Certainly, US officials were surprised by Turkey's call for the formation of a CSCP, as they had not been informed in advance.

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In order for the CSCP to be actualized a number of serious challenges must be confronted. The disputes between Russia and Georgia, and Armenia and Azerbaijan, need to be addressed, and relations between Turkey and Armenia should be normalized. Abkhazia and South Ossetia may press to be included.

The AKP government remains committed to the idea of a CSCP. There are plans to set up specialized committees where officials from the five states can discuss certain issues. One danger is that Moscow may make the Turkish initiative become in effect a mere talking shop exclusive to states in the Caucasus, in which Ankara may feel satisfied that discussions are at least being held, even though in reality little is being achieved.

In the aftermath of the Russo-Georgian conflict the argument that Turkey and Russia share common interests in the region as status quo powers no longer holds. The AKP government has been seeking to recalibrate its relations with Moscow but Ankara has little room for manoeuvre given the situation on the ground in the Caucasus and bearing in mind the extent of Turkey's energy dependence on Russia. The proposed CSCP is an attempt at damage limitation, but at present Turkish and Russian interests in the region are diverging rather than converging. However, the Russo-Georgian conflict has created an opportunity for Turkey and Armenia to develop their relations.

Armenia, Azerbaijan and Nagorno-Karabakh

The August 2008 conflict had a serious short-term negative impact on the Armenian economy. Approximately 70 per cent of Armenia's imports arrive via Georgia, but with the war crippling Georgia's Black Sea ports Yerevan was suddenly confronted with a shortage of fuel and grain. At the time it was noted that if Turkey could reopen its rail link with Armenia, closed since 1993 because of war in Nagorno-Karabakh, this would help both the Georgian and Armenian economies and help to improve ties between Ankara and Yerevan.¹⁹

Turkey's official position has been that the land frontier would only be reopened and diplomatic relations established with Yerevan after Armenia openly acknowledged

16 'Caucasus Platform not feasible yet', *Hürriyet Daily News*, 24 March 2009.

17 'Baku: Caucasus Platform implementation impossible, with Karabakh conflict unresolved', PanARMENIAN.Net, 28 January 2009. Available at <http://www.panarmenian.net/news/eng/?nid=28367>.

18 Torbakov, *The Georgian Crisis and Russia-Turkey Relations*, p. 23.

19 Amberin Zaman, 'Crisis in the South Caucasus: Turkey's Big Moment?' *The German Marshall Fund of the US, On Turkey Series*, 25 August 2008.

Turkey's borders, abandoned its international campaign for recognition of the events of 1915 as genocide, and resolved the conflict over Nagorno-Karabakh to the satisfaction of Azerbaijan. In effect, this indexed Turkey's foreign policy to that of Azerbaijan. With little prospect for a peaceful solution over Nagorno-Karabakh and feeling threatened by Baku, Yerevan has developed close economic, political and military ties with Moscow.

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After the events of August 2008 President Gül accepted an invitation from his Armenian counterpart, Serzh Sarkisian to attend a World Cup qualifying football match between the Turkish and Armenian national teams in Yerevan on 6 September. More open to normalizing relations with Turkey, President Sarkisian had earlier encouraged Armenian and Turkish diplomats to hold two rounds of meetings under Swiss auspices. The Russo-Georgian conflict gave an added impetus, and in the wake of Gül's visit there were a number of high-level contacts between Turkish and Armenian politicians. Ankara was also being pressured by the new Obama administration, which was seriously considering officially recognizing the events of 1915 as genocide. On 22 April 2009 it was announced that as a result of Swiss mediation Turkey and Armenia had agreed on a 'road map' for the normalization of their relations. President Obama was unwilling to disrupt the start of this process, and consequently decided not to use the term 'genocide' two days later in his statement commemorating the 1915 events.

After further Swiss mediation, on 31 August 2009 a statement was released noting that Ankara and Yerevan had initialled two Protocols to establish diplomatic relations, open the land border and develop bilateral relations. The intention was for both parties to complete internal political consultations within six weeks, sign the Protocols, and then submit them to their parliaments for ratification. According to an agreed timetable, the land border would be open within two months after the Protocols entered into force. Various sub-commissions would also then be formed to develop relations, including most controversially a sub-commission to work on the 'historical dimension'.²⁰ The two Protocols were signed by the Turkish and Armenian foreign ministers in Switzerland on 10 October and a few days later Sarkisian visited Turkey to attend the second match between the Turkish and Armenian national football teams. Expectations have been raised that relations between Turkey and Armenia will be fully normalized in the next months. Both the EU and the United States have warmly welcomed this turn of events.

At the time of writing it was open to question whether the process toward the full normalization of relations would move smoothly. Even the signing of the Protocols proved problematic and was only possible after both sides agreed not to issue statements. Although the governing parties in both states enjoyed large majorities in their parliaments, officials still needed to win over hostile nationalist public opinions. Many Armenians were suspicious that the sub-commission working on the 'historical dimension' would call into question Yerevan's interpretation of the events of 1915. The lack of a direct reference in the Protocols to the situation in Nagorno-Karabakh has prompted many in Turkey to suspect that Ankara was about to abandon its support for Baku.

In a speech to the parliament in Baku on 14 May 2009, Erdoğan assured his hosts that the Turkish-Armenian land border would only be opened after the full liberation of all Azerbaijani territories occupied by Armenian

20 For the text of the Protocol on the Development of Relations between Turkey and Armenia, see <http://www.mfa.gov.tr/protocol-on-development-of-relations-between-the-republic-of-turkey-and-the-republic-of-armenia.en.mfa>.

forces.²¹ The Turkish Prime Minister made similar statements after the release of the two Protocols. It appears that the Turkish authorities are hoping for swift movement towards a peaceful resolution of the Nagorno-Karabakh conflict in order for parliamentary ratification of the Protocols to proceed smoothly. But the American, French and Russian co-Chairs of the Minsk Group, tasked to help resolve the dispute, were making little progress.

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Without movement on Nagorno-Karabakh, the normalization of relations between Turkey and Armenia could jeopardize Ankara’s close ties with Baku. The AKP’s good-neighbourhood policy and its plans for the CSCP would be placed under considerable strain. Moscow has not attempted to hinder a rapprochement between Ankara and Yerevan as this could isolate Georgia. The opening of the Turkish-Armenian border would lead to increased outside – including Turkish – investment and thus allow Russia to reduce its heavy subsidization of the Armenian economy. Moscow would most probably have to accept a greater American commercial presence in Armenia. But a possible realignment of forces in the Caucasus, with Russia distancing itself from Armenia and embracing Azerbaijan, and Baku cooling its rela-

tions with Turkey, does not seem likely, given the deep-rooted nature of the links between Ankara and Baku. Public opinion in Turkey would vehemently oppose any deterioration in relations with Azerbaijan. The importance of Azerbaijan as a supplier of natural gas and crude oil to the Turkish market must also be considered.

Given this background, it is possible that the Turkish parliament may delay ratifying the Protocols until Azerbaijan is convinced that progress is being made towards resolving the Nagorno-Karabakh dispute. Bearing in mind the apparently intractable nature of this dispute, a delay in ratification could be prolonged. This could have serious consequences as the Armenian authorities have threatened to abandon the normalization process if ratification is stalled. On the other hand, Yerevan may perhaps think twice before unilaterally withdrawing from the process given that Ankara’s recent diplomacy has attracted support from the US and the EU. This could enable Turkey to delay ratification until at least some movement is made over Nagorno-Karabakh – such as, for example, a partial withdrawal of Armenian troops.

Energy issues

Policy-makers in Ankara have repeatedly argued that Turkey is destined to become a major energy hub for the transportation of natural gas from the Caspian region, the Middle East and the Gulf to the European market. They hope that this will boost the prospects for Turkey’s accession to the EU. As an energy hub, Turkey would secure transit revenues and taxes and Turkish consumers could tap into some of this gas, thereby possibly reducing Turkey’s dependence on Russian natural gas imports. With the construction of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, Turkey has already become a key transit state for the movement of significant volumes of crude, especially from Azerbaijan. Much attention is now being given to the possibility of realizing the Nabucco project, which would entail the building of a €7.9 billion gas pipeline

21 ‘Prime Minister Erdoğan puts Baku’s Armenia concerns to rest’, *Today’s Zaman*, 14 May 2009.

to Austria from Turkey's borders with Iran and Georgia, and which would have an annual capacity of 31 billion cubic metres (bcm/y). This could enable Europe to be less dependent on Russian natural gas imports and on transportation routes through Russian territory. Plans are also afoot to connect Turkey with Italy by means of the 12 bcm/y Interconnector Turkey–Greece–Italy (ITGI) and a possible 20 bcm/y Trans-Adriatic Pipeline. The first leg of the ITGI – the Interconnector Turkey–Greece (ITG) – was inaugurated in November 2007 and carries small volumes of Azerbaijani gas from the Shah Deniz gas field to Greece through the Baku–Tbilisi–Erzurum gas pipeline crossing Georgia and Turkey.

Continued tensions between Russia and Georgia may damage the prospects for Turkey to become a key energy hub, although one must question whether Moscow would want to jeopardize its ties with important consumers in Europe and Turkey by targeting pipelines in Georgia.

Prior to the Russo-Georgian conflict, concerns were voiced about the security of pipelines in Turkey. The PKK targeted gas pipelines in the southeast, and immediately before the August 2008 war the Kurdish rebels claimed responsibility for an attack on the BTC oil pipeline in northeast Turkey. There were also fears that renewed fighting over Nagorno-Karabakh could result in Armenian strikes against the nearby above-ground pumping facilities and compressor stations of the BTC

oil pipeline and the Baku–Tbilisi–Erzurum gas pipeline. In the August 2008 war the Baku–Tbilisi–Erzurum pipeline was closed, and Russian targeting of bridges and the blockade of Georgian ports seriously restricted oil deliveries. Although Moscow denied that it had aimed to sabotage the pipeline network in Georgia, real concerns were expressed at the time about the security of pipeline routes in the Caucasus. Continued tensions between Russia and Georgia may damage the prospects for Turkey to become a key energy hub, although one must question whether Moscow would want to jeopardize its ties with important consumers in Europe and Turkey by targeting pipelines in Georgia.

Certainly, there has been rivalry between Turkey and Russia in the past over pipeline issues. Moscow opposed the construction of the BTC, which would become the first main oil pipeline in the region bypassing Russia. Similar opposition is now being voiced against the Nabucco project, with questions raised concerning cost and throughput volumes. Moscow is pushing for the alternative South Stream project, which would entail the construction of a €24 billion, 63 bcm/y gas pipeline running across the Black Sea to Bulgaria before separating into two lines which would extend to Italy and Austria. Commentators have argued that Nabucco and South Stream are rival projects competing for the same sources of gas in the Caspian region and targeting the same markets in Europe.²²

It is important to bear in mind the extent of Turkey's energy dependence on Russia, which, as noted, influenced Turkish policy in the immediate aftermath of the Russo-Georgian conflict. Turkey is not a major energy producer, importing approximately two-thirds of its natural gas from Russia's Gazprom. This is significant, as 50 per cent of Turkey's electricity is generated by natural gas. Almost 40 per cent of its oil imports originate from Russia and substantial amounts of Russian coal are exported to the Turkish market. There are also

²² For example, Zeyno Baran, 'Oil, Oligarchs and Opportunity: Energy from Central Asia to Europe' Testimony to the US Senate, Committee on Foreign Relations, Washington, DC, 12 June 2008. Available at <http://foreign.senate.gov/testimony/2008/BaranTestimony080612p.pdf>.

plans for Russia to build the first nuclear power plant in Turkey.

Putin's trip to Turkey on 6 August 2009 resulted in the signing of a number of energy-related agreements. Most importantly, with regard to South Stream, permission was given for Russia to conduct seismic and environmental studies in Turkey's exclusive economic zone in the Black Sea.²³ This could enable Gazprom to avoid laying the pipeline across the exclusive economic zone of Russia's problematic neighbour, Ukraine. Putin is seeking to prevent further disputes with Ukraine over gas sales and transit issues, which led to the prolonged suspension of Russian gas deliveries to Europe via Ukraine in January 2009, and is hoping that Turkey will eventually replace Ukraine as Russia's main transit route for gas exports to Europe.²⁴ While Putin was in Ankara, preliminary agreements were concluded on other energy issues. The feasibility of the so-called Blue Stream 2 project would be studied. This project would involve the expansion and extension of the pipeline network in the Black Sea connecting Russia with Turkey to enable natural gas to be transported to Israel, Lebanon, Syria and Cyprus. Putin also expressed interest in providing a throughput guarantee for the planned Samsun–Ceyhan oil pipeline by allowing Russian and Kazakh crude (transiting Russia) to fill the pipeline. Other deals raised the prospects of Gazprom's involvement in building gas storage depots and power plants in Turkey, and a plant to liquefy natural gas in Ceyhan. Gazprom is also interested in participating in the tenders for the privatization of part of the gas distribution grids in Ankara and Istanbul.

Since 2007 the Turkish market has been receiving increasing amounts of gas from the first phase of production at Azerbaijan's Shah Deniz gas field, with Turkey

contracted to import 6.6 bcm in 2009. In 2008 Turkey's total gas imports amounted to around 38 bcm. Further gas imports from Azerbaijan would slightly alleviate Turkey's dependence on Russia. However, Baku is no longer prepared to provide Turkey with gas at a discounted price. SOCAR is hoping to launch in 2016 the second phase of production at Shah Deniz where an additional 16 bcm/y will come on stream. Certain volumes here could be offered to Nabucco and possibly the ITGI or Trans-Adriatic Pipeline. But Turkish energy officials have been pressing to import a further 4 bcm/y at a discounted price with the right to re-export an additional 4 bcm/y to other markets at a higher price.²⁵

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Aware of the friction between Turkey and Azerbaijan, Gazprom proposed to purchase all of the gas produced in the second phase of Shah Deniz at the European market price.²⁶ Since Baku is at odds with Ankara over gas pricing and re-export issues and is concerned that Turkey may be shifting its traditional position over Nagorno-Karabakh, it may allow Gazprom to purchase a significant portion of future gas production at Shah Deniz in return for a more supportive stance from Moscow on Nagorno-Karabakh.

23 'Russia gets Turkey's support for South Stream Gas Pipeline', *Hürriyet Daily News*, 6 August 2009.

24 Putin made mention of this at the meeting of the Valdai Club in September 2009. See Anatoly Medetsky, 'Putin weighs War, US and 2012', *The Moscow Times*, Novo-Ogaryovo, 14 September 2009.

25 'Nükleer'de kararın bir ay içinde çıkması bekleniyor' ('A Decision on Nuclear Energy is expected within a month'), *Dünya Online*, Ankara, 10 August 2009. Available at <http://www.dunyagazetesi.com.tr/haber.asp?id=56740&cDate>.

26 'Gazprom Delegation pays visit to Azerbaijan', *OAO Gazprom Information Division*, 2 June 2008. Available at <http://www.gazprom.com/eng/news/2008/06/28912.shtml>.

But one must seriously question whether the Azerbaijani authorities would be prepared to jettison what has been a cordial relationship with Turkey. On the other hand, major European energy companies participating in the consortium working at Shah Deniz are prepared to sell gas to Gazprom if the price is appropriate.

There has been mounting speculation that Turkey and Russia are aiming to conclude a mutually satisfactory 'Grand Bargain' across a range of energy issues. The various agreements announced when Putin visited Ankara in August 2009 could be considered from this perspective. However, one may contend that the package of deals weighed heavily in Moscow's favour. Eager to secure re-export rights for Russian gas delivered to the Turkish market, Ankara was only able to obtain non-binding promises of support for Blue Stream 2, while Turkish officials pledged to allow studies with regard to South Stream to commence in its exclusive economic zone. But in October 2009, Turkish, Russian and Italian officials agreed to lend support to construct the Samsun–Ceyhan oil pipeline, and the Russian companies Transneft and Rosneft signed a memorandum of understanding with the Turkish Çalık Group and the Italian firm ENI which are involved in the project.²⁷

Ankara may be in danger of overplaying its hand with Brussels with regard to claims that Turkey is destined to be a key energy hub of critical importance to the EU for the transportation of natural gas from non-Russian sources along routes bypassing Russian territory. Although Turkish officials repeatedly argue that Nabucco and South Stream are complementary and not rival projects, Ankara's sudden enhanced interest in the latter may tip the balance, given that Nabucco has been encountering serious problems over financing and finding gas volumes to fill the proposed pipeline. Such a turn of events would not go down well in Brussels, especially following the much-trumpeted signing of an intergovernmental agreement on Nabucco in Ankara in July 2009.

The North Caucasus

In recent months the security situation in the North Caucasus has rapidly deteriorated. The insurgency operations of radical Islamic groups have spread from Chechnya, Dagestan and Ingushetia to the neighbouring Russian republics of Kabardino-Balkaria, Karachaevo-Cherkessia and even Adygeya to the north. Police brutality and abductions, corruption, clan politics, economic problems and high unemployment have encouraged the increase in Islamic militancy. The attempt to assassinate the President of Ingushetia in June 2009 attracted much attention.

There is public interest in Turkey in developments in the North Caucasus. A large Caucasian diaspora, estimated at between two and seven million, is organized in a number of associations that have acted as pressure groups on the Turkish government. The largest umbrella organization is the Federation of Caucasian Associations (KAFFED), established in July 2003, and responsible for coordinating the activities of 59 groupings.

In the 1990s organized Caucasian lobbies pressed for Turkey to play a leading role in the region. The activities of the Caucasus–Abkhazia Solidarity Committee, which remains influential after the Russo-Georgian war, have been noted. The Caucasus–Chechen Solidarity Committee enjoyed some sympathy in Ankara and was allowed to collect money and even despatch volunteers to Chechnya. Support for the Chechen cause diminished, though, after the events of 9/11 and the growth of Islamic radicalism and the improvement in relations between Ankara and Moscow. Organizations such as KAFFED still closely follow events in the North Caucasus, but, in practice, Caucasian associations based in Turkey appear to be more interested in protecting their culture and preserving their language.

In spite of the reduced influence of many of the Caucasian lobbies, Turkish officials remain careful not to upset Russian sensitivities. This may account for the apparently last-minute decision of policy-makers in

²⁷ 'Italy, Russia, Turkey sign Pipeline Deal', *Hürriyet Daily News*, 19 October 2009.

Ankara in April 2009 not to attend a conference to discuss Turkey's policy towards the Caucasus organized by the Caucasian Centre for Strategic Studies, a body affiliated with KAFFED. Nevertheless, AKP officials most probably are very uncomfortable with what seems to be a policy of the Russian Federal Security Service to assassinate Chechen insurgent leaders who have sought refuge in Turkey. The killing in February 2009 of Musa Ataev, a prominent figure of the Caucasus Emirate, was the third example of the targeted assassination of a Chechen opposition leader in Turkey within a five-month period.²⁸ These incidents have been downplayed by the authorities in Ankara, which are unwilling to antagonize Moscow and perhaps somewhat embarrassed by revelations that Turkey remains a sanctuary for radical Chechen insurgents. However, the moderate Islamist AKP is careful not to be seen as supportive of extremist Islamic groups active in the North Caucasus itself.

Conclusion

Because of Georgia's strategic location on an energy and transport corridor, Turkish officials will seek to remain on good terms with it, but tensions between Moscow and Tbilisi may escalate again, particularly if Saakashvili remains in power. It is unlikely that Ankara will recognize the independence of Abkhazia and South Ossetia in the foreseeable future. However, recent high-level diplomatic contacts with the regime in Sukhumi may lead Ankara to attempt to ease tensions between the Abkhazian and Georgian authorities. Relations between Ankara and Baku, and Ankara and Yerevan, are connected to the future of Nagorno-Karabakh. The failure of the international community to make headway in resolving this dispute would give decision-makers in Ankara an excuse to delay parliamentary ratification of the two protocols signed with Armenia. There is cause for hope that Turkey and Armenia will normalize their relations, but there is a possibility that a prolonged delay in the ratification of the protocols could cancel out recent positive developments. The AKP administration will continue to promote the CSCP, but this initiative

may become an ineffectual talking shop, given the problems between Russia and Georgia, and Moscow's efforts to reassert its influence in the region.

The rapprochement between Turkey and Russia will probably be strengthened, bearing in mind the close ties between Erdoğan and Putin and the extent of economic and political relations. But Moscow will not recognize the PKK as a terrorist organization while Ankara still provides refuge for Chechen radicals. Turkey may become too dependent on Russia for its energy needs and this could have a bearing on Turkish foreign policy, given the reaction of the AKP government to the Russo-Georgian conflict. Possible future

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difficulties in Turkey's relations with the United States over Iran, for example, and further problems in accession negotiations with Brussels, may encourage a Turkish government to work more closely with Russia in Eurasia. But, for now, Davutoğlu's policy does not run counter to the Kemalist tradition of maintaining good relations with Europe.

Until the Russo-Georgian conflict Turkey and Russia appeared to have shared interests in the Caucasus. Both were concerned to maintain the status quo and were wary of outside involvement in the region. These inter-

²⁸ Mairbek Vatchagaev, 'Dokha Umarov suffers setback in Turkey', *North Caucasus Analysis* (Jamestown Foundation), vol. 10, no. 9, 6 March 2009.

ests have diverged somewhat after Moscow demonstrated that it was no longer committed to the territorial integrity and sovereignty of Georgia. A possible escalation of tensions between Russia and Ukraine in the foreseeable future would create further problems for policy-makers in Ankara seeking to promote a good-neighbourhood policy. It would appear that Moscow is still in favour of working closely with Ankara in the Caucasus, hoping that this would keep the United States, in particular, at a distance from the

region. Russia has not opposed Turkey's moves towards rapprochement with Armenia, from which Moscow could secure some economic and political benefits. However, Turkish officials, wanting their country to be acknowledged as a major regional power, will not look favourably on any relationship with Russia in which they perceive that they are an obvious junior partner. And a possible renewed confrontation between Moscow and Tbilisi would pose serious problems for any government in Ankara.

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Chatham House is grateful to Akbank, one of Turkey's pre-eminent banks, for its support and partnership on the Turkey Project.

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