

Turkey: New Policies in the Middle East

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IN THE 15TH CENTURY, Russian merchant Afanasy Nikitin driven by business interests traveled to the Arab East, Iran and India, a highly risky enterprise at that time. He went to “bring goods to the Russian land” but after three years of wandering had to admit with a great deal of bitterness: “There is no way from the Hormuz to Horasan; no way to Chagatai; no way to Baghdad; no way to Bahrain, no way to Yezd, no way to Arabia – everywhere the princes are fighting.”¹ This was written five centuries ago; the intrepid traveler is nearly forgotten, probably because of continued instability and the consistently failing attempts to bring peace to the region (instability was responsible for the failure of the first Russian commercial project in the Near and Middle East).

The Ottoman Déjà Vu in the Middle East

THE CHANGES of the late 20th century and the more recent geopolitical shifts have offered new possibilities and broadened the prospects of trade and economic cooperation with Turkey (which was out of the Middle East after World War I) as the most important factor behind these developments. There is a widely accepted opinion that Ankara’s policies (which the Turkish leaders compare with Ottoman policies²) are changing the balance of regional forces which are thus inspired to seek additional measures to strengthen regional confidence and push forward the relations across the Arabic Muslim world.

Turkey’s regional political initiatives of the last couple of years are well-known: looking for the ways to address the Iranian nuclear file; brokerage between Syria and Israel; a dialogue with HAMAS; active involvement in the Iraqi and Libyan developments, etc. As distinct from the other world powers, Ankara is firmly resolved, thanks to a considerable economic upsurge of the last three decades, to protect and realize its

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economic interests, which are gradually shifting eastward.

A poor and backward country in the 1970s pestered with numerous grave social ills, Turkey has become one of the most dynamically developing states with the GDP moving fast toward \$1 trillion. Unlike its Eastern, and Western for that matter, neighbors (Bulgaria, Greece and Rumania kept afloat by the European Union and the World Monetary Fund) Turkey is not just a harbor but a “haven” of economic tranquility.³

Statistics confirm the above: between 2003 and 2008, the GDP was growing by 7% every year; by the end of 2010, it is expected to reach the figure of about \$850 billion; per capita GDP (which back in 2000 barely reached \$2000) is \$12 thousand. With an annual population growth of 2 to 3% today there are 73 million living in Turkey. Foreign trade reached its peak of \$330 billion in 2008; the same figure is expected in 2010 with export accounting for \$110-115 billion. According to the IMF, by 2013, Turkey will join the group of top 15 powers where the GDP volume is concerned; in the 2020s, it may join the top ten.⁴

In the mid-2000s, these breakthroughs coupled with the highly favorable external context pushed Ankara toward more active presence in the adjacent Middle Eastern territories. The Soviet Union, which in the early 1990s had moved away from the region, left a large part of it (Iraq, Iran, Syria, and partly Lebanon) in a political and economic vacuum. Turkey which needed new markets and wider trading geography opted for closer and comprehensive political ties with the region. Never limited by narrow and short-term commercial considerations, Ankara which could by that time rely on its own resources, moved into the neighboring region with long-term cooperation programs.

In the last decade, Turkey demonstrated impressive progress in its relations with the Arab countries of the Middle East and Iran. Indeed, the volume of trade in absolute figures increased tens of times since 2000: from the initial level of several billion to over \$30 billion, while the share of the Middle East in Turkish export rose from 12.5 to 22.5%.⁵ Significantly, the share of Europe in Turkey’s trade statistics dropped below 50% for the first time in recent decades.⁶ This happened amid the global financial crisis when the Turkish business community not merely preserved but in 2008-2009 considerably increased (by over 25% – from \$15 to nearly \$20 billion) the volume of deliveries of goods to the Middle East.⁷ The figures for the first half of 2010 confirmed the trend at the 10-15% level.⁸

An analysis of trade and economic ties reveals that the bulk of the

money comes from large projects rather than trade. Turkish building and engineering companies, crediting and financial organizations, transport and energy enterprises have become known for their successful involvement in large-scale infrastructural objects and economic projects in Iraq, Iran, Syria, Jordan, Tunisia, and the Gulf countries.

The figures prove beyond doubt that over 43% of Turkish investments abroad go to the Middle East; more than that, in the last year, their volume increased by over 55%, to reach, in 2009, the figure of \$0.5 billion.⁹ Here is a more impressive figure: since 2002, the accumulated volume has

moved close to \$3 billion¹⁰ and continues to grow despite the diminishing interest of global investors. The Arabic business community and investors in the first place (whose investments in Turkish economy in the last five years topped the figure of \$6.2 billion¹¹) hail the interest of the Turkish capital in the region.

There is another important, or even central, aspect of Turkey's trade and monetary strategy: it moves to the untapped markets with high military-political risks. Indeed, over 50% percent of Turkish trade turnover in the Middle East (or about \$18 billion a year) is related to Iraq, Iran and Syria.¹² Since 2003, Iraq remains a de facto occupied country torn apart by a civilian conflict; throughout the last decades, Iran and Syria have been living under a constant political and economic pressure of the United States and its allies.

The above suggests that the Turkish business community supported by the state is more or less independent in what it is doing; it prefers to ignore the West and its responses while seeking the best strategic and economically promising positions. In this way, Ankara scores political points and gets a purchase on the region.

Significantly, the relations are going ahead amid serious unsettled foreign policy problems and security threats created by subversive activities of the Kurdistan Workers' Party; the still unresolved problems of the use of water of the Tigris and Euphrates; the border control issues and even

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territorial claims.

These troubles, however, pale into insignificance against the background of the highly negative international context: the Middle East conflict settlement; the Iranian nuclear file; the worsening situation in Iraq and Lebanon, and mounting Western pressure on Syria. The fact that Turkey has its own, fairly balanced position on these issues is very important. It rests on its political and economic interests in the region and its desire to consolidate regional security for the sake of development.

When dealing with its Middle Eastern neighbors Ankara invariably smoothes things over; it is consistently pursuing the principle of “zero problems” which presupposes developing economic cooperation with neighbors through institutionalization of ties.¹³ In the latter half of 2009 Turkey successfully realized this by setting up intergovernmental strategic cooperation councils with Syria and Iraq which serve the umbrella structures for scores of agreements in various spheres and the cornerstone of further rapprochement. In this way if not yet programmed, the relationships become maximally predictable. No wonder, having reached the agreements Ankara announced that it intended to increase its trade turnover with Baghdad and Damascus by 3 to 5 times by the year 2015.

Horizons of Regional Integration

THERE ARE ENOUGH INDICATIONS that Turkey does not limit itself to bilateral dividends; it is out for a much wider cooperation with the region. The Turkish leaders moved fast from impromptu and declarations to the press to concrete steps; they described an economic alliance of the Middle East as their aim. On 10 June 2010, foreign ministers of Turkey, Syria, Lebanon, and Jordan caught the annual Turkish-Arabian economic forum in Istanbul by surprise by announcing that the four countries had agreed to set up a High-Level Strategic Council Mechanism to create a zone of free movement of people, goods, capitals and services.¹⁴

Two months later, on 13 August 2010, the ministers of trade and economic development of the same states met in Istanbul to set up the Close Neighbors Economic and Trade Partnership Council¹⁵ which, according to Turkish State Minister Zafer Caglayan who chaired the meeting, was expected to promote economic integration between the sides. The government experts of the four countries were instructed to “sketch a road map” to be presented to the ministerial meeting in Damascus in December 2010.¹⁶ It was decided to set up in 2011 a regional bank to

handle the financial flows between the four states now handled by American and European banks.

The Turkish ambitions and horizons are breathtaking. In June 2010, Recep Tayyip Erdoğan, Ahmet Davutoğlu and other ministers informed the Turkish-Arabic forum mentioned above about their intention to push integration even further, “from Kars to the Maghreb and from Sinop to Sudan.” It was for the first time that top figures spoke about military-political forms of rapprochement up to a transnational “security belt” to guarantee stable and independent development of the Middle East and North Africa.

Typically enough, the Turkish public caught the Middle Eastern “fever”; so far, the “brain trusts” of Ankara and Istanbul have more questions than answers on their agendas. The scenarios of Turkish penetration into the region are being discussed. Recently, in particular, there has been a lot of talk about a three-axis policy.

Here is what Sedat Laçiner,¹⁷ one of the leading and internationally respected Turkish expert on the Middle East and Iran, has to say.

Ankara will concentrate at regional integration lines starting from Turkey. “The first integration corridor may include Turkey-Syria-Lebanon-Egypt and may be called the North-South line.” According to the local strategists the line should ensure free movement of the basic factors of production as well as integrate “transportation lines such as electricity, internet, highways, and banking... the success of the corridor may even go beyond the Mediterranean to the Atlantic (Morocco).”

Those who support the idea are convinced that the Turkish-Arabic economic alliance will sooner or later bring the Middle Eastern settlement closer. It is expected that economic prosperity will pull out the social roots of radicalism in the Arab world while Israel will recognize its involvement in the integration format as the only option; peace between the Jewish state and its Arab neighbors will be thus ensured.

“The second important corridor to unite the region,” writes Sedat Laçiner, “is the Turkey-Iran-Pakistan corridor. We may call it the West-East line. The total population of these three countries is about 300 million... these countries have the capacity to affect many other countries.” They intend to develop industrial production oriented at human resources, to turn West Asia into a production facility the products of which will be sold on the Middle Eastern, Central Asian and South Caucasian markets.

“The third Turkey-oriented line in the integration of the region could be the Turkey-Iraq-Basra (Persian) Gulf line.” An interest in the fuel-rich

region is natural – each of the above initiative will require a lot of power. Since 1990, Turkey has increased its consumption of natural gas by over 800% (or 35 billion cu m a year) to meet the needs of its economy. ¹⁸ Egyptian economy with a more or less comparable potential (\$450 billion-worth of goods and services a year which is two times less than Turkey's) consumes about 40 billion cu m of gas every year. ¹⁹

According to experts, economic integration and the very much needed pulling up of the Arab countries' economies to the Turkish standards will increase energy consumption in the Mashriq region (Egypt, Jordan, Lebanon, and Syria); the present level being assessed at 40 billion cu m a year. ²⁰ The emerging union of Turkey, Egypt, Jordan, Syria and Lebanon and the Turkish plans to replace oil with natural gas will create a huge market with the annual capacity of 100 billion cu m ²¹ and an annual potential growth of 5 to 10%. To develop dynamically this alliance will need sustainable supply of energy fuels from neighboring Iraq and the Gulf countries.

The European Partners of Economic Expansion

FOR OBVIOUS REASONS, the three integration plans cannot be realized simultaneously; Ankara is fully aware that Turkey will never cope with the task single-handedly; it will depend on its West European partners, which in 2009 accounted for 47% of its export (\$47 billion) and 45% of its import (\$56 billion). ²² Turkey's deficit balance of payments depends on EU investments: in the last five years, Turkey received over 60% of direct foreign investments (\$47.5 billion in 2005-2009). ²³ Their importance cannot be overestimated: they bring in technologies and create jobs.

No wonder, the Germans, the Turks' time-tested partners, were the first to appreciate Ankara's new course. At the political level, Germany repeatedly encouraged Turkey's recent activity in the Middle East. As distinct from many other issues on the bilateral agenda, this is practically the only one on which any of the German Cabinets agrees. Former Foreign Minister of Germany Frank-Walter Steinmeier or Guido Westerwelle who replaced him used the same formula to describe the role of Turkey and its active involvement in the region: "Turkey is a bridge to the Middle East." ²⁴

At the turn of 2010, the business communities of both countries finally heard the call. Big German companies initiated representative investment forums in Berlin and Istanbul to discuss not so much as before bilat-

eral ties but joint projects in Iraq, Syria and the rest of the Middle East (in transport, power engineering and infrastructure in the first place). The Germans are very open about their intention to use Turkey's territory, workforce and business interest in the region to cement their own positions on the Iraqi and Syrian markets and move further, toward the Middle Eastern countries and the Arabian Peninsula.

Economic gains are not the only advantage expected from the German-Turkish partnership in the region; in the long run it will create strategic advantages, too. A lot is said, so far in general terms yet with a great deal of interest, about reviving the trans-continental arteries commissioned late in the 19th century (including the Istanbul-Baghdad and Istanbul-Hejas railways). Their strategic importance is obvious: for the first time after World War I, the locomotive of European economics will acquire direct land access to the rich markets of the Middle East and the Gulf.

Germany and Turkey pay particular attention to the "Southern corridor" through which oil and gas from Northern Iraq (and later from the Gulf) will reach the EU across the Turkish territory. At some point (if and when the Iranian nuclear problem is settled), Ankara and Berlin will probably see eye to eye on bringing Iranian fuel to Europe, which might transform Nabucco from an "avoid Russia" project (seen as such because of the vehement propaganda campaign) into a pipeline with enough natural gas for its realization.

Obviously, the strategic nature of Turkey's involvement in the Middle East and Ankara's multivectoral efforts to consolidate its position at the crossroads of Europe and the Arab-Muslim world are conducive to a new geopolitical reality in the system of international relations. The Turkish Republic, the absence of which from the region looked final, presents itself in a new political and economic role. Today it is doing a lot to create a paradigm of regionally motivated economic stimuli which relies on the potentials Turkey has accumulated in the last few decades and on the interests of Europe and the Middle East. Long-term forecasts are notoriously unreliable but one can expect this scenario to transform Turkey's desire to join the EU into a new form of full-scale cooperation.

Russia and the Turkish Factor in the Middle East

SO FAR, THE RUSSIAN CAPITAL and Russia tied to the Middle East by the traditions of cultural and humanitarian contacts going back into history, are so far keeping away from these processes. As distinct from the

Soviet Union in the past, the present Russia is concentrating at bilateral contacts which, in view of the far from simple international dynamics around the Middle East and the even much more complicated inter-Arabic relations, can be described as more or less justified.

This, however, keeps Russia at a distance from the region; there are no integrated ideas about it and no consistent regional strategy. The situation looks alarmingly more like a reality show than anything else: no wonder our partners in the region with a wide choice offered by the post-bipolar world frequently ignore Russia and its interests.

Meanwhile, Russia can offer a lot to the Middle East and Turkey as well as to Europe which is carefully assessing both. The Soviet capital of political, military, economic and humanitarian ties and the fundamental political approaches to the key regional problems coupled with extensive economic offers can be invested into challenging large-scale trans-border projects, which can be shouldered only by superpowers.

I have in mind Russian advanced aircraft; the GLONASS navigation systems; nuclear power production, and international transportation projects including fuel supplies. The very scope of these projects which exceed the national borders of any of the Middle Eastern states suggests that we should abandon our fragmented approach to the region for the sake of a long-term strategy and military-political stability.

This approach can serve Russia's economic interests and, in equal measure, add to stability and encourage development in the Middle East as well as minimize the risk of destabilization and reduce tension. The chronic conflicts (the Arab-Israeli in the first place) can be hardly promptly resolved; in the past, the concerted efforts of the Soviet Union and the United States in this sphere ended in a failure. Today, however, concerted efforts on a broad scale applied in the practical sphere of cooperation designed to stimulate economic development might give the region a chance to play a role worthy of it on the world scene. It seems that the strategic nature of the relationships with Germany and Turkey recommends them as Russia's best partners in this far from easy but very important mission.

Guessing about the future is hardly profitable; it is next to impossible to predict Middle Eastern developments, yet the "Turkish bridge" might give Russia a chance to fully realize, this time without ideology and on the long-term basis Afanasy Nikitin's trade and economic plans, by establishing peace, security and stability for the sake of the region's productive development.

NOTES

¹ Nikitin A. *Khozhenie za tri moria* // http://lib.ru/HISTORY/RUSSIA/afanasij_nikitin.txt

² It was confirmed that in 2009 the Turkish leaders were the first to start talking about the “Ottoman” course of their foreign policy. Premier Erdoğan pioneered with the statement to the effect that he was not merely head of state but a leader of the Ottoman descendants he made on 1 June 2009 when addressing his parliamentary faction. (See: <http://www.alarabiya.net/articles/2009/01/07/63738/html#>)

³ In its statement of March 2010 the OECD pointed out that prudent macroeconomic management helped consolidate internal and international confidence while greater transparency of fiscal and monetary policy is expected to confirm this trend. (See: http://www.oecd.org/document/0,3343,en_33873108_33873854_45270434_1_1_1_1,00.html)

⁴ Ministry of Foreign Affairs of Turkey, Economic Outlook of Turkey // <http://www.mfa.gov.tr>

⁵ Turkish Statistical Institute: Foreign Trade by Country Groups 1996-2010 // http://www.turkstat.gov.tr/PrelstatistikTablo.do?istab_id=626 and http://www.turkstat.gov.tr/PrelstatistikTablo.do?istab_id=627.

⁶ Ibid.

⁷ Ibid.

⁸ Turkish Daily News & Economic Review. Turkish Trade with neighbors on the rise, 28.06.2010.

⁹ Today’s Zaman. Turkish companies direct investments in the Middle East, 14.04.2010.

¹⁰ Ibid.

¹¹ Investment Support and Promotion Agency of the Prime Ministry of Turkey: FDI in Turkey // <http://www.invest.gov.tr>

¹² Turkish Statistical Institute: Foreign Trade by Countries 1996-2010 // http://www.turkstat.gov.tr/PrelstatistikTablo.do?istab_id=626 and http://www.turkstat.gov.tr/PrelstatistikTablo.do?istab_id=627.

¹³ Davutoglu A. *Foreign Policy. Turkey’s zero problems foreign policy*, 20.05.2010.

¹⁴ Al-Arabiya News Channel. Turkey Lebanon Jordan Syria OK a free zone. 10.06.2010 // <http://www.alarabiya.net/articles/2010/06/10/111004.html>

¹⁵ Today’s Zaman. First step taken to establish free trade zone among Turkey, Syria, Jordan and Lebanon, 13.08.2010

¹⁶ Ibid.

¹⁷ Laçiner S. *Uluslararası Stratejik Araştırmalar Kurumu: Turkey’s New Middle Eastern Approach*, 19.02.2009

¹⁸ Ministry of Energy and Natural Resources of Turkey, Natural Gas // <http://www.enerji.gov.tr>; and Energy Market Regulatory Agency of Turkey. Natural Gas Market Sector Report 2009; Today’s Zaman. Natural Gas Consumption Falls 4, 8 percent in 2009, 22.06.2010.

¹⁹ Egypt Natural Gas Holding Company: Local Gas Consumption // http://www.egas.com.eg/Egyptian_Natural_Gas/Local_Gas_Consumption.aspx

²⁰ Calculated from: Beides H., World Bank. ESMAP. Potential for Energy Integration in the Mashreq. April 2010 // <http://esmap.org/news/news.asp?id=160>

²¹ Ibid.

²² Turkish Statistical Institute, Foreign Trade, Foreign Trade Statistics, Foreign Trade by Country Groups 1996-2010 //<http://www.turkstat.gov.tr>

²³ Investment Support and Promotion Agency of the Prime Ministry of Turkey: FDI in Turkey //<http://www.invest.gov.tr>

²⁴ Compare the interview of Foreign Minister F.-W. Steinmeier to the *Hürriyet* newspaper 21.03.2009 (See: <http://www.auswaertiges-amt.de/diplo/en/Infoservice/Presse/Interview/2009/090321-BM-Huerriyet.html>) and the statements Foreign Minister G. Westerwelle made during January 2010 (See: <http://www.auswaertiges-amt.de/diplo/en/AAmt/BM-Reisen/2010/01-TuerkeiGolf/100108-TuerkeiIstanbul.html>).

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