

Turkey's Eurasian Agenda

In the last two decades, Eurasia has emerged as an area of growing strategic importance for Turkey. Much media attention has been driven by Turkish foreign policy in the Middle East, with Turkey's rapprochement with Iran and Syria, its close ties to Hamas, and the growing strains in Ankara's relations with Israel prompting concerns in various Western capitals, including Washington, that Turkey is reorienting its ties away from the West and toward the East.¹ Yet, Turkey has also pursued important foreign policy initiatives toward Central Asia and the Caucasus.

Ankara's engagement in these regions represents an important departure in Turkish foreign policy. Mustafa Kemal Atatürk, the founder of the Turkish Republic, had consciously eschewed efforts to cultivate contacts with the Turkic and Muslim populations beyond Turkey's borders. The closed nature of the Soviet political regime and Moscow's sensitivity regarding its control over non-Russian nationalities also made any communication with Central Asia and the Caucasus difficult. As a result, after the founding of the Turkish Republic in 1923, Turkey had little contact with the people of those regions.

The collapse of the Soviet Union, however, created new opportunities—and new challenges—for Turkish policy, as a previously closed “Turkic world” was opened up. Turkish politicians, especially former President Turgut Özal, saw Central Asia as a new field for expanding Turkish influence and enhancing Turkey's strategic importance to the West. Along with the expansion of ties to the Middle East, the opening to Central Asia and the Caucasus was seen as a way to offset Turkey's difficulties with Europe.

Turkey's engagement in Eurasia has also involved a dramatic improvement in Ankara's relations with Moscow, especially in the economic field. Russia is today

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Eurasia has emerged as an area of growing strategic importance for Turkey.

Turkey's largest trading partner and supplies nearly two-thirds of its natural gas,² as Turkey is emerging as a key transit route for Caspian oil and gas. Ankara's goal is to become the main transit hub between the oil and gas producing regions and European markets. If this strategy succeeds, Turkey could become a critical cog in a Southern energy corridor linking the Caspian region and Europe.

Turkey's growing engagement with Eurasia raises important issues for U.S. policy and Turkey's relations with the West. The key question is whether Ankara's new activism in Eurasia complements, or conflicts with, Western efforts to stabilize the region. Does the intensification of Turkey's ties to Russia represent a natural attempt to exploit the new diplomatic flexibility afforded by the end of the Cold War? Or are these ties part of a new strategic realignment of Turkish foreign policy? Ankara's initiatives in Central Asia and the South Caucasus raise similar concerns: do they enhance Western efforts to strengthen the sovereignty and independence of the countries in the regions, as Turkish officials claim? Or are they part of a broader "anti-Western" reorientation of Turkish foreign policy, as some critics charge?³

Central Asia: Grand Ambitions, Disappointed Hopes

Turkey's opening to Central Asia and the Caucasus began well before the current ruling Justice and Development Party (AKP) came to power in November 2002. In the first few years after the collapse of the Soviet Union, Turkey, under the dynamic leadership of President Turgut Özal, launched a concerted campaign to expand relations with the newly independent states of Central Asia. Ankara opened up cultural centers in the Central Asian republics, established extensive scholarship programs to allow Central Asian students to study in Turkey, and expanded its television broadcasts in an effort to extend its cultural influence in Central Asia.

These initial forays into Central Asia met with mixed results, however, for several reasons. First, Turkey lacked the financial means and resources to play a substantial economic and political role in the region. Ankara also overestimated the economic benefits from its involvement in Central Asia. With the exception of oil and gas, the countries of Central Asia export few goods of great interest to Turkey. As a result, trade was largely a one-way street and did not expand as rapidly or as significantly as Turkish officials had expected.

Second, the "Turkish model," with its emphasis on democracy and the creation of a viable market economy, was not received with great enthusiasm by

rulers in Central Asia, most of whom were Soviet-era autocrats more interested in maintaining their own personal power than expanding political democracy. In the last decade, with the exception of Kyrgyzstan, the regimes in the region have generally been characterized by authoritarian rule rather than gravitating toward greater democracy and political pluralism.

The growing threat from radical Islamic groups has reinforced this trend, prompting many of the leaders in the region to tighten political and social controls.

Third, Turkish officials initially tended to take a rather patronizing approach to relations with the countries of Central Asia, often acting as the “big brother” who knew best. This attitude did not sit well with many Central Asian officials. Having just emerged from 70 years of Soviet domination, the Central Asian elites did not want to replace one big brother with another. Turkish officials also often displayed a poor understanding of the social and political realities in the Central Asian countries.

Fourth, Russian influence in the region proved to be stronger and more durable than many Turks had anticipated. Under President Boris Yeltsin, Russia failed to develop a coherent policy toward Central Asia, providing Turkey with some leeway to make inroads in the region. This changed, however, after 2001. President Vladimir Putin skillfully exploited the struggle against international terrorism to strengthen Russia's ties to the states of Central Asia and reassert Russia's influence in the region. The Central Asian economies remain closely linked to the Russian economy, especially in the energy sector. Most of the key energy export pipelines run through Russia, making the Central Asian countries heavily dependent on Moscow for the transport of their energy resources. Moreover, culturally, the elites of Central Asia are highly Russified. Today, Russian remains the common language among the various Central Asian leaderships at regional meetings.

For all these reasons, Turkey found it difficult to expand its influence in Central Asia. Although the region—particularly the Caspian basin—remains an important focal point of Turkish policy, the initial euphoria that characterized the Özal period has dissipated since the late 1990s, and been replaced by a much more sober and realistic approach regarding the prospects for expanding Turkish influence in the region.

At the same time, the growing importance of energy issues has transformed the geopolitical map of Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) and the Caucasus (Armenia, Azerbaijan, and

Turkey could become a critical energy bridge linking the Caspian region and Europe.

Georgia). Although it is possible to treat the two areas as separate regions, Turkish leaders and officials, as well as officials elsewhere, increasingly regard the Caspian littoral states—including Russia and Iran—as one “Caspian region.” Today, as one of the best analysts regarding Turkey’s relations with Central Asia, Gareth Winthrow, has noted, the “Great Game” is being played not in Central Asia—as was the case in the 19th century—but in the Caspian region.⁴ As a result, in recent years Turkey has focused largely on intensifying its ties with the energy-rich countries of the Caspian basin, especially Turkmenistan, Azerbaijan, and Kazakhstan. Kyrgyzstan, Uzbekistan, and Tajikistan, which have few energy resources, have received far less attention.

The South Caucasus: New Regional Activism

Although the euphoria regarding Central Asia has declined since the late 1990s, Turkey’s policy in the South Caucasus has witnessed a new activism and dynamism recently. On the bilateral level, Turkey has sought to mend fences with Armenia, while on the multilateral level it has launched a regional initiative—the Caucasus Platform for Cooperation and Stability—designed to promote greater regional cooperation among Armenia, Azerbaijan, and Georgia.

Worries have risen that the United States is losing interest in the South Caucasus.

Both initiatives need to be seen against the backdrop of the five-day war between Russia and Georgia in August 2008. The war shattered the political status quo in the region and threatened to unleash a new wave of regional instability, exacerbating tensions between Russia and the West. Ankara saw these developments as damaging Turkey’s interest in promoting regional stability in the

South Caucasus. In the wake of the five-day war, Turkey undertook an intensive diplomatic effort aimed at limiting the political fallout from the invasion and enhancing regional stability in the South Caucasus.

Turkey’s increased regional activism has also been sparked by worries that the United States is losing interest in the South Caucasus. The Bush administration strongly supported Georgian President Mikheil Saakashvili’s pro-Western policy, especially Georgia’s bid for NATO membership. Along with Ukraine, Georgia was the poster child for the administration’s campaign to promote the process of democracy in the post-Soviet space. The Obama administration, by contrast, has been much more cautious and circumspect in its approach to Georgia. Although the door to Georgian membership in NATO has been kept open rhetorically, in practice membership for both Ukraine and Georgia has been put on the back

burner and subordinated to the effort to “reset” relations with Moscow. Washington has been reluctant to sell new weapons to Georgia to replace those destroyed in the five-day war in August 2008. Fearful that the United States is losing interest in the South Caucasus, Turkey has become more active diplomatically, pushing new bilateral and multilateral initiatives such as the Caucasus Platform for Cooperation and Stability.

False Hopes for Turkish–Armenian Conciliation

The most important manifestation of this increased Turkish activism and engagement in the South Caucasus has been Ankara's attempt to normalize relations with Armenia. In the immediate period after the collapse of the Soviet Union, Turkey worked to improve relations with Armenia, but this effort was cut short by Armenia's invasion and occupation in the early 1990s of Nagorno–Karabakh, which had a large Armenian population but was legally part of Azerbaijan. In an effort to demonstrate support for Azerbaijan—with whom Turkey had close ethnic and cultural ties—Ankara closed the Turkish–Armenian border in 1993 and made settling the Nagorno–Karabakh conflict a precondition for improving Turkish–Armenian relations. As a result, those relations essentially remained frozen for the next decade and a half.

Turkey's initiative to normalize relations with Armenia may even have increased mistrust.

As part of its broader effort to improve relations with its neighbors, however, the AKP government under Prime Minister Recep Tayyip Erdoğan embarked on an attempt to normalize relations with Armenia in 2008. Ankara's initiative was motivated by several factors. Turkish officials believed that normalizing relations with Armenia would enhance stability in the South Caucasus, which had been badly shattered by the August 2008 war between Russia and Georgia.⁵ The Erdoğan government also hoped that an improvement in Turkish–Armenian relations would defuse pressures in the U.S. Congress to pass the Armenian genocide resolution, which condemns the death and deportation of some 1.5 million Armenians by the Ottoman authorities in 1915, introduced in the House of Representatives in 2010. Finally, Turkish officials felt that a normalization of relations with Yerevan would improve Turkey's image in Brussels and give accession negotiations with the EU a new boost.

Turkish President Abdullah Gül's historic visit to Yerevan in September 2008 to attend a football match between Turkey and Armenia—the first ever visit to Armenia by a Turkish head of state—was an important watershed in the emerging rapprochement between Turkey and Armenia. The visit set off an

intensive round of diplomacy aimed at normalizing bilateral relations. This intensive diplomatic effort culminated in Zurich on October 10, 2009, when Turkey and Armenia signed two joint protocols on establishing diplomatic relations and the development of broader bilateral ties.

However, the attempt to normalize relations with Armenia produced serious strains in Turkey's relations with Azerbaijan. Baku feared that the normalization of Turkish–Armenian relations would reduce Yerevan's willingness to make concessions over Nagorno–Karabakh. The emerging rapprochement with Armenia quickly became a divisive issue in Turkish domestic politics, as the opposition parties in Turkey sought to exploit Azerbaijan's discontent by attacking the Erdoğan government for “betraying” a close ally.

In order to prevent a serious rupture of relations with Azerbaijan, Erdoğan reassured Baku that normalizing relations with Armenia would not be implemented without prior progress toward a settlement of the Nagorno–Karabakh conflict.⁶ This in effect established an explicit diplomatic link between the normalization of Turkish–Armenian relations and a settlement of the Nagorno–Karabakh dispute, thereby virtually ensuring that the process of normalization would fail.⁷

Armenia categorically rejected any formal linkage between normalizing relations with Turkey and settling the Nagorno–Karabakh conflict with Azerbaijan, contending that these were two separate issues. Armenian officials charged that the protocols signed in Zurich on October 10, 2009 made no reference to Nagorno–Karabakh. Armenia regarded the linkage to the settlement of the Nagorno–Karabakh dispute as a sign that Turkey had been negotiating in bad faith. As a result, the process of Turkish–Armenian reconciliation stalled and quickly began to unravel. When the Turkish parliament failed to ratify the protocols—a precondition for their entry into force—Armenia suspended its participation in the talks with Turkey at the end of April 2010.

In retrospect, Turkey appears to have made several miscalculations that undercut the effort to normalize relations with Armenia. First, the Erdoğan government seriously underestimated the Azeri reaction and its ability to mobilize the Turkish opposition against the opening to Armenia. Under pressure from the opposition parties, the government was forced to formally link the process of normalization with the settlement of the Nagorno–Karabakh dispute. This doomed the initiative, as it was clear from the start that Armenia would not accept any linkage between the two issues.

Second, Ankara underestimated the ability of the Armenian Diaspora to mobilize domestic opposition in Armenia to the normalization of Turkish–Armenian relations.⁸ Although the goals of the Armenian government in Yerevan do not entirely coincide with the goals of the Diaspora, because of its

desperate economic situation and political isolation, the Armenian government is heavily dependent on the political and financial support of the Diaspora. This gives the Diaspora considerable influence over Armenian domestic and foreign policy.

Third, Turkish leaders appear to have believed that Turkey's good relations with Russia would somehow induce the Kremlin to put pressure on Armenia to make concessions on Nagorno-Karabakh. However, although Moscow did not actively oppose the normalization of Turkish-Armenian relations, it was not prepared to pressure Armenia to make concessions to settle the Nagorno-Karabakh dispute. Moscow calculated that its interests were best served by keeping the conflict unresolved, assuring that Armenia remained dependent on Russia for its security. It also enabled the Kremlin to exploit Azerbaijan's discontent with Turkish (and U.S.) support for Turkish-Armenian normalization and play Azerbaijan off against Turkey and the United States.

As a result, what began as a promising initiative that could have led to an important breakthrough in Turkish-Armenian relations ended in failure. The process of normalization appears to be dead, at least in the short term. If anything, mistrust has increased, especially on the Armenian side. The Armenians see Turkey's attempt to link normalization of relations with a settlement of the Nagorno-Karabakh dispute as proof of Turkey's insincerity and a conscious ploy to undermine the normalization process. Consequently, Armenian domestic support for the rapprochement with Ankara, which was never very strong in the first place, has further declined.

In addition, Armenia and Russia have strengthened military ties. During Russian President Dmitri Medvedev's August 2010 visit to Yerevan, Armenia and Russia signed an agreement extending the lease of the Russian military base at Gyumri for an additional 24 years. The agreement also contained a provision committing Russia to guarantee Armenia's territorial integrity in its entirety—not just the border with Iran and Turkey, as was previously the case.⁹

The Armenian-Russian military agreement has three important implications. First, it increases Armenia's political and military dependence on Russia. Second, it represents an indirect warning to Baku that Moscow will not tolerate an attempt by the Azeri military to resolve the Nagorno-Karabakh dispute by military means. Third, it strengthens Russia's role as the real power broker in the region, and underscores that any significant efforts to alter the geopolitical status quo in the South Caucasus will need Moscow's blessing if they are to succeed.

The Multilateral Dimension

Turkey's drive to normalize relations with Armenia has been part of a broader effort by Ankara to enhance peace and stability in the Caucasus on a regional

level. The centerpiece of this effort has been the Erdoğan government's initiative for a Caucasus Platform for Cooperation and Stability. Launched in the immediate aftermath of the Russian invasion of Georgia, the platform is designed to enhance regional cooperation between Russia, Turkey, Georgia, Azerbaijan, and Armenia.

The initiative, however, appears to have been slapped together rather quickly with little effort to coordinate it with key Western allies. The platform is largely a remake of a similar proposal launched by former Turkish President Süleyman Demirel a few years earlier. Moreover, the Erdoğan plan has a number of weaknesses. First, unlike the proposal by Demirel, the Erdoğan initiative does not include the United States or the European Union, both of which are important actors in the Caucasus. Indeed, neither the United States nor the EU appears to have been consulted before the initiative was launched, and their support for it has been lukewarm at best.

The unresolved territorial conflict between Azerbaijan and Armenia over Nagorno-Karabakh poses a second important obstacle to the plan. Until there is significant progress toward resolving this issue, Azerbaijan is unlikely to show much interest in cooperation with Armenia. Third, having suffered a Russian military invasion, Georgia has little interest in joining a regional scheme that could enhance Russia's economic and political involvement in the Caucasus.

Russia's recognition of the independence of the Georgian breakaway regions of Abkhazia and South Ossetia poses a fourth and final important obstacle. The Russian action sets a precedent for separatism that few countries in the region are willing to legitimize. This is particularly true for Turkey, since recognition of the independence of Abkhazia and South Ossetia could encourage and legitimize separatism among the Kurds in Turkey. As long as Moscow pushes for recognition of Abkhazia and South Ossetia, few of the other regional actors see much prospect for enhancing regional cooperation.

For these four reasons, the initiative has failed to arouse much enthusiasm. However, Turkish authorities hope that it may help promote greater regional cooperation over the long run.

Russia: A New Strategic Partnership?

Central Asia and the South Caucasus are not the only areas in Eurasia where Turkey has pursued a more active policy. Turkey's relations with Russia have also undergone an important change. Historically, Turkey and Russia have been adversaries and rivals for influence in Central Asia and the Caucasus. This hostility resurfaced after World War II, when Stalin demanded a base on the Turkish Straits and raised claims against the regions of Kars and Ardahan, both of which had been ceded to Turkey by the Soviet Union in 1921. These demands

were one of the main reasons for Turkey's decision to align itself with the West and join NATO in 1952.

In the last decade, however, Turkey's relations with Russia have significantly improved, especially in the economic realm. Russia is Turkey's largest trade partner and an important market for the Turkish construction industry, but the trade relationship is heavily unbalanced in Russia's favor. In 2008, the trade volume was \$38 billion, but Turkish exports to Russia were only \$6.9 billion. Trade declined in 2009 to \$22 billion, due largely to the global economic recession.¹⁰ Energy has been an important driver of the recent intensification of ties between Ankara and Moscow, with Russia supplying nearly 65 percent of Turkey's natural-gas imports and 25 percent of its crude-oil imports. Russian investment in Turkey, especially in the energy, tourism, and telecommunication sectors, has also grown visibly in recent years.

Although participation in the EU-backed Nabucco pipeline project—which if constructed will run from Turkey up through Bulgaria, Romania, and Hungary to Austria (see next section for details)—is Turkey's top priority, Ankara has been careful to keep open the door to cooperation with Russia. In October 2009, the Erdoğan government granted the Russian energy conglomerate Gazprom permission to conduct exploratory work in Turkey's Black Sea exclusive economic zone in preparation for laying the seabed section for the South Stream pipeline, which targets many of the same countries as the Nabucco pipeline. In return, Russia agreed to support construction of the Samsun–Ceyhan pipeline, which will connect the oil terminal in Samsun on Turkey's Black Sea coast with the terminal in Ceyhan on its Mediterranean coast.¹¹ Construction of the pipeline will diminish tanker traffic through the Bosphorus, reducing the prospects of an accident that could cause significant environmental damage.

Relations with Moscow received an important boost during President Medvedev's May 2010 visit to Ankara, resulting in 17 agreements being signed. At the meeting, the two sides reiterated their commitment to continue cooperation on the South Stream pipeline. Russia also expressed its readiness to commit \$3 billion toward the construction of the Samsun–Ceyhan oil pipeline.¹² The two sides also agreed to boost trade from its current level (\$40 billion per year) to \$100 billion within five years.

Russia also is playing a leading role in Turkey's development of nuclear power. During Medvedev's visit, the two sides signed an agreement that a consortium headed by the state-controlled Russian company AtomStroyExport would build and operate a \$20 billion, 4.8 gigawatt nuclear power plant in the Turkish coastal town of Akkuyu.¹³ The Akkuyu plant will be Turkey's first nuclear power plant and one of the largest in the world. The Russian company will not only build the plant, but also have controlling ownership of it.

The intensification of economic and energy ties has been accompanied by a warming of political ties. In December 2004, Putin became the first Russian head of state to visit Turkey in 32 years. The visit was crowned by a joint declaration on the “Deepening of Friendship and Multi-Dimensional Partnership,” which makes reference to a wide range of common interests and to the mutual trust and confidence that has developed between the two countries in recent years. Since then, high-level political contacts between Ankara and Moscow have visibly increased.

Turkey and Russia also share similar approaches regarding the question of maritime cooperation in the Black Sea. Although a member of NATO, Turkey, like Russia, is opposed to an expansion of either the NATO or U.S. military presence in the Black Sea. In 2006, Turkey blocked a U.S. initiative designed to increase the role of NATO’s Operation Active Endeavor in the area.¹⁴ Turkey’s opposition was motivated in part by the fact that the NATO initiative conflicted with Operation Black Sea Harmony, an initiative launched by the Turkish Navy in March 2004 designed to enhance naval cooperation in the Black Sea region. Turkey was also concerned that an increased U.S. or NATO military presence in the Black Sea would exacerbate tensions with Russia. Instead of increasing the U.S. or NATO military presence, Turkey advocates expanding the Black Sea Naval Cooperation Task Force (Blackseafor), a multinational naval task force that includes Turkey, Russia, Ukraine, Georgia, Bulgaria, and Romania.

These closer ties between Ankara and Moscow over the last decade, especially in the economic area, have made Turkey more sensitive to Russian concerns in the South Caucasus and Central Asia. However, a serious strategic realignment away from the West toward Russia is unlikely for several reasons. First, Turkish and Russian goals and ambitions conflict in a number of areas, particularly in the Caucasus (a region in which Turkey has deep and long-standing strategic interests). Moreover, Turkey is heavily dependent on Western military equipment for its defense. Its air force is almost entirely composed of U.S. planes. Switching to Russian-made weapons would be difficult and reduce Turkey’s ability to operate effectively with its NATO allies. Finally, realignment toward Russia would clash with the commitment to Westernization that has been the cornerstone of Turkish policy since the founding of the Turkish Republic by Atatürk in 1923. Such a radical departure from the fundamental principles of Kemalism would be anathema to the majority of Turks and, above all, to the Turkish military, which sees itself as the guardian of Atatürk’s legacy.

Although a serious reversal of alliances is unlikely, the improvement in Turkey’s relations with Russia is likely to make Ankara cautious about taking steps that could endanger these ties. Turkey has been wary about NATO’s plans to deploy a missile defense system in Europe, for instance, not only

because of the negative impact the deployment of such a system could have on its relations with Iran, but also because of the potential impact it could have on ties to Moscow. Indeed, missile defense could become a source of growing tension between Ankara and its NATO allies, especially the United States.

The Energy Dimension

Turkey's growing involvement in the Caucasus and Caspian region is heavily influenced by energy concerns. Turkey is playing an increasingly important role in the transit of oil supplies to Europe from Russia, the Caspian region, and the Middle East. The Baku–Tbilisi–Ceyhan pipeline, which was completed in 2006, is the only major export route for Caspian oil that does not pass through Russian territory and that bypasses the Bosphorus Straits. Turkey is also promoting the construction of the Samsun–Ceyhan pipeline, which will reduce traffic on the Bosphorus.

Turkey is becoming an increasingly important transit route for the transport of Caspian gas to Europe. With the completion of the Turkey–Greece interconnector pipeline in 2007, Turkey took a major step toward realizing its goal of becoming an energy bridge for gas supplies from the Caspian region to Europe. Turkey is positioned to play an even bigger role linking producers in the Caspian and Middle East to consumers in Europe with the planned construction of the Nabucco pipeline, which will transport Caspian gas to Europe via a pipeline that would run from Turkey up through Bulgaria, Romania, Hungary, and Austria. In July 2009, these four countries signed with Turkey an intergovernmental transit agreement, which is expected to give new impetus to Nabucco and enhance its credibility with suppliers.

If built, the pipeline will make Turkey a key cog in Europe's effort to achieve energy independence. However, Nabucco faces a number of obstacles that raise serious questions about its viability. The most serious problem is finding sufficient gas to make the pipeline commercially viable. To date, only Azerbaijan has committed to supplying gas, but Baku can supply only a fraction of the pipeline's capacity, about 8 billion cubic meters (bcm). To be commercially viable, Nabucco needs to find other suppliers that will contribute toward its annual transport capacity of 31 bcm. Three potential suppliers stand out, all of which have distinct problems.

Iraq has offered to supply 15 bcm of gas—nearly half the gas needed for full capacity. However, many energy experts question whether Iraq can be considered a reliable supplier, given its disputes with the Kurdistan Regional Government (KRG) over sharing energy resources and revenue. If tensions between the KRG

and the central government in Baghdad escalate, the Iraqi government could find it difficult to make good on its offer.

Turkmenistan has also offered to ship some of its gas via Nabucco in the second stage, but it is also far from being a reliable supplier. In the last several years, Turkmenistan has consciously sought to diversify its export options. However, its export strategy has shown a clear preference for deals with China and has displayed little interest in companies associated with Nabucco.¹⁵ Turkmenistan also has important export commitments to Russia, which until recently was its most important customer. Thus, it is by no means clear that Nabucco can count on receiving significant amounts of Turkmen gas.

Iran is a third potential supplier, with 29.61 trillion cubic meters of recoverable gas reserves, or 16 percent of the world's proven reserves. However, most of the country's gas currently is used for domestic consumption, leaving very little for export. Unless Iran can secure foreign assistance to develop the South Pars fields, it has no gas to supply Nabucco or any other pipeline. As long as the nuclear issue with Iran remains unresolved, chances are slim that their hydrocarbon fields can be developed. Thus, for the near future, Iranian gas does not appear to be a viable option for Nabucco.

Finding financing for Nabucco poses another problem. In March 2010, the European Commission agreed to allocate €200 million (\$273 million) to finance its construction.¹⁶ This was the first time that the Commission had offered money for the construction phase of a gas pipeline. However, €200 million is only a small fraction of the estimated €8 billion cost to build the pipeline. Key EU leaders, such as German Chancellor Angela Merkel, argue that the project should be funded by private companies, not governments or the EU.

Turkey's own actions and policy have also contributed to delays in the Nabucco project, with Ankara having sought to use the transit issue as leverage in its broader relationship with the EU. In addition, differences between Turkey and Azerbaijan over transit terms for the transport of Azeri gas across Turkish territory to European markets also hindered progress. Negotiations dragged on for more than 18 months before being finally settled in June 2010.¹⁷ The June agreement removed an important impediment to moving forward with construction, which is expected to begin in early 2011.

Azeri gas is important for starting the initial phase of Nabucco. However, the Azeris have become increasingly frustrated by the delays in initiating construction and have intensified efforts to open other export routes for its gas. In October 2009, the Azerbaijan's State Oil Company signed an agreement with Gazprom to sell 500 million cubic meters of Azerbaijani gas annually to Russia for five years, beginning in 2010, for Russian domestic consumption. Although the amount of gas to be sold to Russia is small, the agreement with

Gazprom is a sharp reminder that Azerbaijan has other options if construction of Nabucco is delayed much longer.

Russia's proposal to build the South Stream pipeline is another obstacle. The pipeline would connect Russia's Black Sea coast with Bulgaria, and then split into two pipelines supplying south and central Europe. South Stream would supply the same markets targeted by Nabucco. Serious questions exist about the upstream investment in Russia, however, and about gas availability for South Stream as well as the cost of constructing the pipeline. Some estimates put the construction cost as high as €19-24 billion—nearly three times the cost of Nabucco.

Turkish officials claim that the two pipelines are complementary rather than rivals. However, both pipelines target the same markets. Many energy analysts argue that it is unrealistic to expect international financial institutions to provide €30-35 billion for two pipelines which will target the same markets, especially at a time when there is a gas glut and European consumption is expected to decline for the next few years.¹⁸

Implications for U.S. Policy

What does this all mean for the United States? Does Turkey's stepped up engagement in Eurasia mean that Ankara is moving in an anti-Western direction, or that its policy is becoming "Islamized," as some critics suggest? Does Turkey's activism in Eurasia complement or conflict with U.S. policy objectives? How can U.S. and Turkish policy objectives best be harmonized?

The starting point for addressing these questions is to understand the broader forces and trends driving Turkey's foreign policy. Turkey's new activism in Eurasia and elsewhere is largely a response to broader changes in Turkey's security environment since the end of the Cold War. The disappearance of the Soviet threat reduced Turkey's dependence on the United States for its security. At the same time, the collapse of the Soviet Union opened up new opportunities in regions that had been off-limits or neglected by Turkish policy, particularly the Middle East and Eurasia. Turkey has sought to exploit this new flexibility to broaden and diversify its foreign policy.

This does not, however, mean that Turkey is turning it back on the West. Ankara still wants strong security and defense ties to the West, especially the United States. But the terms of engagement have changed. Economically vibrant and politically self-confident, Ankara today is no longer content to play the role of junior partner when U.S. policy conflicts with its own regional and national interests.

The days are gone when U.S. officials could fly into Ankara, see two generals and pay a courtesy call on a minister to resolve issues. The democratization of

Turkish politics in the last several decades has changed the dynamics of Turkish foreign policymaking, reducing the influence of the military in Turkish politics. Although it remains influential, the military does not have the political clout it enjoyed a decade ago and is subject to much stronger civilian control. Today, there is a vibrant and diffuse foreign policy debate, with a diversity of actors striving to influence it. This has made foreign policy much more difficult for the traditional Kemalist elite to control, and also made U.S.–Turkish relations more difficult to manage.

In Eurasia, U.S. and Turkish interests largely overlap or closely coincide. Turkey's effort to become a crossroads for the transport of Caspian energy to

Europe, for instance, is very much in the interest of the United States. It would enable Europe to reduce its dependence on Russian energy, especially gas—a move which the United States has strongly encouraged.¹⁹

Turkey's growing energy ties with Russia, however, bear close monitoring. Turkey today imports nearly two-thirds of its natural gas from Moscow. This heavy dependence on Russian gas does not mean that Turkey is likely to leave NATO or form a new strategic alliance with Moscow. But it does affect how Turkey calculates its interests. It could make

The democratization of Turkish politics has made U.S. relations more difficult to manage.

Ankara more willing to accommodate Russian policy on certain issues—as Ankara's meek response to Moscow's invasion of Georgia in August 2008 demonstrates—and make it more difficult to forge a common Western strategy on energy security and missile defense. Indeed, as noted, missile defense could become a more contentious issue between Ankara and Washington.

The normalization of Turkish–Armenian relations is also in the interest of the United States. It would enable Armenia to reduce its economic and political dependence on Russia, as well as Iran, and open the possibility of involving Armenia in key regional energy projects from which it has been excluded to date. Although at the moment prospects for a significant improvement in ties between Turkey and Armenia are not particularly good, Washington should encourage Ankara to continue to seek ways to improve relations with Yerevan and keep open lines of communication to Armenian leadership.

U.S. support for the normalization of Turkish–Armenian relations, however, needs to be complemented by a stronger diplomatic push to resolve the conflict over Nagorno–Karabakh. The Nagorno–Karabakh negotiations are deadlocked and desperately need to be reinvigorated. Cynicism about the peace process has reached dangerous levels and threatens to lead to a new outbreak of violence.²⁰

If a settlement is to be achieved, the negotiations need to be given higher priority by the key international actors, particularly the Minsk Group co-chairmen (France, Russia, and the United States).

Any stable settlement will also need the support of the Armenian and Azerbaijani populations, including the Karabakhis. The lack of a process involving civil society, especially the two Karabakh communities, is an important weakness. As Thomas de Waal, one of the best-informed specialists on the Caucasus region, has noted, as long as the Karabakhis (Azeris and Armenians) are excluded from the negotiations, they will regard the peace process as aimed against them, rather than working for them.²¹ Thus, finding a way to involve the Karabakhis in the peace process—perhaps through inclusion in a Track-Two process—could be an important first step in paving the way for their eventual direct inclusion in the negotiations.

At the same time, Washington needs to reassure Baku that its interests will not be neglected. A rapprochement between Turkey and Armenia that alienates Azerbaijan and drives Baku into the arms of Moscow makes little strategic sense and could undermine efforts to promote greater energy security in the Caspian region. Azerbaijan's support and participation is critical for the development of a Southern Energy Corridor. Without Azeri gas, Nabucco is unlikely to be commercially viable.

Azerbaijan also provides an important transit route for supplying U.S. and coalition troops in Afghanistan. Last year, most of those troops flew over Azerbaijan to reach or leave the war zone. Over-flight rights and access to Azerbaijani facilities could become more important in the future, given the political instability in Kyrgyzstan and uncertainty regarding whether the United States will be able to continue to use the Kyrgyz air base at Manas to transport troops and supplies to Afghanistan.

The United States, therefore, has strong economic and strategic reasons to maintain good ties to Azerbaijan. A broadening of the relationship would be welcomed by the Azeri leadership, which wants Azerbaijan to be more than just a transit route for U.S. troops and materiel to Afghanistan. High-level visits by Secretary of Defense Robert Gates and Secretary of State Hillary Clinton in 2010 have contributed to improving relations, but more needs to be done to strengthen ties to Baku. Washington should make clear that any attempt to retake Nagorno-Karabakh by force would jeopardize better ties with the United States.

Missile defense could become a more contentious issue between Ankara and Washington.

A stronger diplomatic push is needed to resolve the conflict over Nagorno–Karabakh.

Finally, U.S. policymakers will need to carefully manage the Armenian genocide issue. The resolution introduced in the House of Representatives in 2010 is a highly sensitive issue in Turkish and Armenian domestic politics. If mismanaged, the genocide issue has the potential to seriously damage bilateral ties with Ankara, possibly even leading to an effort to curtail access to Incirlik air base, which serves as an important hub for the transport of U.S. troops and material for the war in Afghanistan.

The House Foreign Affairs Committee passed the resolution by a one-vote margin in early March 2010. The Obama administration's failure to actively try to block passage of the resolution until the last second sparked a major diplomatic row with the Erdoğan government, which recalled its ambassador to emphasize its discontent with the administration's passivity. After the committee vote, the administration managed to persuade the House leadership not to bring the resolution to a floor vote.

However, the issue is far from dead. Turkey's vote against UN sanctions on Iran in June 2010 and its sharp attacks against Israel have hurt support for Turkey in Congress. A number of normally pro-Turkish congressmen, such as Mike Pence (R-IN), have warned that there will be costs if Turkey continues to strengthen ties to Iran and pursue an antagonistic policy toward Israel.²² One of the costs could be stronger support for the Armenian genocide resolution. Moreover, with the sharp downturn in Turkish–Israeli relations, Turkey can no longer count on the active support of the Israeli lobby, which in the past has supported Turkey and lobbied against the resolution.

The Obama administration therefore needs to take a much more proactive approach toward preventing the passage of the genocide resolution than it did in March 2010. It will have to reach out to gain the support of many of the newly-elected members of the House, many of them Republicans. Otherwise, the resolution could pass, prompting a crisis that could seriously damage U.S.–Turkish relations.

At the same time, Turkey should be encouraged to address the events of 1915 more openly and forthrightly, as it has begun to do in recent years. Such an effort would be an important sign of Turkey's political maturity and would enhance Turkey's international image, in the same way that Germany's readiness to face up to its historical responsibility for Nazi crimes increased its international prestige after World War II. Passage of the genocide resolution would spark a nationalist backlash that would inhibit this process.

In short, the United States has to deal with “a new Turkey”—one more self-confident, more independent, and more assertive in defining and defending its interests—not the more accommodating Turkey of the Cold War. This new Turkey is not a transient aberration associated with the particular party in power. Rather it reflects a deeper structural change in Turkey's geopolitical stature and outlook, and in the nature of the U.S.–Turkish relationship. It is not likely to fundamentally change if there is a change of government in Ankara. Indeed, on many issues, the Republican People's Party (CHP), the main opposition party, has adopted more nationalistic and “anti-American” positions than the AKP.

Turkey will therefore remain a difficult and prickly partner, no matter which party is in power. This does not mean that relations with Ankara are bound to deteriorate. Washington and Ankara still share many interests in common. But managing the relationship will require greater skill and patience, and a recognition of the degree to which Turkey and the nature of the relationship have changed.

The administration needs to be more proactive or the genocide resolution may actually pass.

Notes

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6. Emrullah Uslu, “Ankara–Yerevan Rapprochement Strains Turkey's Relations with Azerbaijan,” *Eurasia Daily Monitor* 6, no. 68 (April 9, 2009), [http://www.jamestown.org/programs/edm/single/?tx_ttnews\[tt_news\]=34835&tx_ttnews\[backPid\]=27&cHash=9f2b7ae03](http://www.jamestown.org/programs/edm/single/?tx_ttnews[tt_news]=34835&tx_ttnews[backPid]=27&cHash=9f2b7ae03); also see Barçın Yıncı, “Outreach to Armenia Prompts Azeri Threat,” *Hürriyet Daily News and Economic Review*, April 2, 2009.

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8. On the efforts of the Armenian Diaspora to discredit the rapprochement with Ankara, see Idiz, "The Turkish–Armenian Debacle."
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22. See Rowan Scarborough, "Turkey's shift spurs concern on Capitol Hill," *Washington Times*, June 13, 2010, <http://www.washingtontimes.com/news/2010/jun/13/turkeys-shift-spurs-concern-on-capitol-hill/>.