

Turkey's Evolving Dynamics

Strategic Choices for U.S.-Turkey Relations

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March 2009



Final Report of the
CSIS U.S.-Turkey Strategic Initiative
Türk-Amerikan Stratejik Girişimi

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Former U.S. senator Sam Nunn became chairman of the CSIS Board of Trustees in 1999, and John J. Hamre has led CSIS as its president and chief executive officer since 2000.

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FOREWORD

Senior Advisory Group of the U.S.-Turkey Strategic Initiative

Relations between the United States and Turkey stand at a critical juncture. Turkey is a key ally in the advancement of U.S. interests vis-à-vis the Middle East, Eurasia, and global energy diversification. Turkey still sees the United States as its closest ally and wants to be a partner in advancing mutual interests, particularly in its immediate environs. This confluence of interests gives revitalization of bilateral ties greater urgency. Yet the relationship remains somewhat strained and lacks the strategic character it once enjoyed. The two governments have made steady progress during the past few years to repair the damage done by differences over the Iraq War and the handling of its turbulent consequences. The visits by President Barack Obama and Secretary of State Hillary Rodham Clinton during the first few months of the administration suggest a commitment to further strengthening relations. However, much remains to be done.

The first 40 years of the U.S.-Turkish relationship centered heavily on military cooperation. Today the complexity of the relationship has outpaced the capacity of routine diplomatic contacts and existing consultative mechanisms. The Obama administration has an opportunity to energize this relationship and set it on a sound, long-term footing. This will require sustained, high-level political engagement, close consultations, and carefully managed policy coordination owing to the differing geostrategic positions and policy priorities of the two governments. Both countries, however, will be better able to realize their mutual goals and prevent lesser disputes from disrupting this cooperation if such an endeavor is initiated.

U.S.-Turkey relations should focus on strategic issues of mutual concern. Close U.S.-Turkish cooperation will be crucial to the long-term stability and economic recovery of Iraq, as well as to President Obama's commitment to remove all combat forces from Iraq responsibly in 2011. Turkey will remain a key logistics hub for operations in both Iraq and Afghanistan. Turkey's new diplomatic activism, from its efforts to promote cooperation in the Caucasus and its evolving role as a mediator among longtime rivals in the Middle East, should be embraced by the United States and Europe as an opportunity. As members of the Group of Twenty (G-20), both the United States and Turkey should continue their cooperation to address the global economic crisis and find ways to deepen and diversify bilateral trade and investment.

Turkey has been buffeted in recent years by turmoil in its neighborhood, beginning with the consequences of the Iraq war, then again with the Russian invasion of Georgia in the summer of 2008. Turkish leaders will continue to pursue policies that seek to avoid such regional instability, and they expect understanding from Washington on this score. Washington, too, has the right to expect that Ankara will behave as a loyal ally when mutual interests are threatened.

This report, prepared by seven senior CSIS scholars and two colleagues from other institutions, offers a comprehensive and balanced assessment of the uncertain state of Turkey's domestic political and social dynamics and the complexity of its relations with its neighbors. It reflects extensive field research in Turkey and neighboring countries as well as consultations with a wide

range of officials, scholars, journalists, and leaders of business and trade associations. The CSIS team also maintained a dialog with scholars from the Ankara-based research institute Türkiye Ekonomi Politikaları Araştırma Vakfı (TEPAV) who are undertaking a parallel review examining the relationship from the Turkish perspective. Their review will be complete in April 2009.

This report considers the implications of these developments within Turkey and in Turkish foreign policy for relations with the United States and Europe. Grounded in this analysis, it outlines a concrete agenda for U.S.-Turkish cooperation and a detailed framework for managing this relationship. Major challenges lie ahead both in the bilateral relationship and with respect to Turkey's future course. The United States can and should play a constructive role.

The Senior Advisory Group to the U.S.-Strategic Initiative met four times during the course of the past year to offer its counsel and candid feedback on the work undertaken by the CSIS scholars. The group did not exercise editorial control over the content. It is united in its belief that the U.S.-Turkish relationship is vitally important to U.S. national interests and to peace and stability in the world.

Senior Advisory Group

Cochairs

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The Honorable John E. McLaughlin, Senior Fellow, Merrill Center for Strategic Studies,
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ACKNOWLEDGMENTS

CSIS president and CEO John Hamre has observed that Turkey is “the most undervalued ally.” This sobering assessment, and the recognition that a cooperative relationship between Turkey and the United States is instrumental to optimal advancement of the strategic interests of both countries, served as the inspiration for this initiative. During the past year, an interdisciplinary team of CSIS scholars has undertaken a systemic reevaluation of Turkey’s internal dynamics and relations with its neighbors and the United States. We began with a series of expert dialogues in Washington and a thorough review of the existing literature and reporting. This led to the June 2008 publication of *Turkey’s Shifting Dynamics: Implications for U.S.-Turkey Relations*, which sought to assess the state of bilateral relations and clarify the scope of subsequent research.

Next, scholars moved to primary and field research. They held more than two dozen roundtables with a wide range of experts and conducted more than 130 interviews with senior government officials and military officers, scholars, journalists, and leaders in business and civil society in the United States, Turkey, Europe, and the Middle East. CSIS scholars traveled throughout Turkey and to key neighboring countries. We sought to look at Turkey not just from a Washington-Ankara perspective but also from vantage points in Diyarbakır, Gaziantep, and Istanbul, and from Brussels, Paris, London, Moscow, Erbil, and Tel Aviv.

On four separate occasions, CSIS scholars met with a Senior Advisory Group, cochaired by Zbigniew Brzezinski and Brent Scowcroft and including several other distinguished former officials and military leaders (see the foreword from the Senior Advisory Group). We are grateful for their significant commitment of time and intellect. We benefited tremendously from their strategic vision, wisdom, and patience.

We are grateful to the hundreds of individuals who lent their expertise to further our understanding of Turkey, its neighbors, and the challenges and prospects for setting U.S.-Turkey relations on a strong footing for the next decade and beyond. We hope that they see some of their insights reflected in this report, or at the very least that it provokes them to contact us to further our education on these complex issues.

We especially wish to thank Minister of Foreign Affairs Ali Babacan, Under Secretary of Foreign Affairs Ertuğrul Apakan, and many senior officials in the Turkish Foreign Ministry, as well as Ambassador Nabi Şensoy and officers at the Turkish embassy in Washington, for engaging in a candid dialogue on bilateral, regional, and global issues. We are also grateful to the minister for European Union Affairs and Chief Negotiator, Egemen Bağış; the chairman of the Foreign Affairs Committee, Murat Mercan; and other members of the Turkish Grand National Assembly for sharing their perspectives and their interest in our work. Additionally, we wish to thank the deputy chief of the Turkish General Staff, General Hasan İğsız; the Washington office of the Turkish Defense Attaché; and the research organization, SAREM, of the Turkish General Staff for their openness to exchanging views with us on defense and regional security issues. CSIS also wishes to thank the Ankara-based research institute, Türkiye Ekonomi Politikaları Araştırma

Vakfı (TEPAV), which is linked to the Union of Chambers and Commodity Exchanges of Turkey (TOBB; Türkiye Odalar ve Borsalar Birliği), an ongoing partner of CSIS, whose parallel review examining the relationship from the Turkish perspective we look forward to reading in April. We also wish to thank our hosts in Diyarbakır, the Young Businessmen's Association from the Diyarbakır Province (DIGIAD).

We also wish to acknowledge the insights and hospitality of the U.S. embassy in Ankara, and the U.S. consulate general in Istanbul. Ambassador Ross Wilson and Ambassador James F. Jeffrey, as well as Consul General Sharon Wiener and their mission colleagues were most generous with their time, as were officers at the State Department's Turkey desk and the Office Southern European Affairs. We also thank Major General Eric J. Rosborg, USAF, and his staff at the Office of Defense Cooperation in Ankara for meeting with us. The daily commitment by these Americans to U.S.-Turkish diplomatic and military-to-military relations is vital to the health and strength of the alliance.

Among our CSIS family, present and past, we are indebted to CSIS vice president Craig Cohen for helping us shape our grant proposal and Andrew Gossett for his able assistance with grant reporting, as well as a group of young scholars for their tremendous research, deftly coordinated by Kaley Levitt: Elizabeth Morehouse, Daniel Brady, Eric Palomaa, Bryan Shea, and Cassandra Smith of the International Security Program; Seda Ciftci, Deni Koenhems, and Jessica Sims from the Turkey Project; Natalia Filipiak, Megan German, and Jamie Kraut of the Europe Program; Amy Beavin, Samantha Hryciuk, Anna Bryndza, and Matthew Malarkey of the Russia and Eurasia Program; and Killian Clarke of the Middle East Program. We also appreciate Jon Alterman, director of the CSIS Middle East Program, for his early contributions to our research.

We are most grateful to James Dunton, director of the CSIS Press, and his editorial team, as well as copy editor Mary Marik, for their meticulous efforts to ensure the expeditious completion of this manuscript for publication. Karina Marshall applied her enormous creativity to the design of an evocative cover.

This initiative was made possible, in part, by a grant from the Smith Richardson Foundation.

The improvements in U.S.-Turkey relations during the past two years were hard-won by the efforts of U.S. and Turkish political leaders, diplomats, members of the armed forces, and private citizens deeply committed to the challenge of managing ties between the two countries. We dedicate this report to them and hope it informs efforts to shape a vibrant new era in bilateral relations.

—Stephen J. Flanagan and Samuel J. Brannen



EXECUTIVE SUMMARY

U.S. and Turkish strategic interests remain largely convergent. Both countries have enduring interests in stability in the Middle East, countering terrorism and extremism, sustaining an open global economy, securing energy flows, advancing the stability and sovereignty of the states in the Caucasus and Central Asia, and maintaining productive relations with Europe. Mistrust and suspicion in recent years, however, much of it related to the war in Iraq and its aftermath, have clouded this convergence and complicated cooperation.

Fundamental changes in Turkey's domestic situation and neighborhood have altered how Turks perceive and pursue their interests. U.S. global and regional priorities have also shifted since 2001. These differing political and geostrategic situations will, on occasion, lead the two countries to pursue distinct and sometimes divergent policies, and relations may be somewhat unpredictable. Keeping the relationship on course will require careful management and high-level attention by both governments.

Ankara seeks fuller consultation from Washington on major U.S. policies and initiatives vis-à-vis the Middle East, Russia, and the Caucasus. It also wants to be treated as a trusted ally that shares many common values, even as it pursues distinct policies that advance Turkish interests.

Washington wants Ankara to be a reliable regional and global partner, at peace with its neighbors but not overly close to undemocratic regimes, and influential with its Muslim neighbors through its leadership and example. This role is best assured if Turkey deepens its democracy and pursues reforms required for European Union (EU) integration.

Energizing U.S.-Turkey Relations

The administration of President Barack Obama faces a number of challenges as it works with Turkey to advance bilateral relations and cooperation in various regions. It also has an opportunity, through sustained engagement and close consultation with Turkish officials, to energize this relationship and set it on a sound, long-term footing.

- An Obama administration initiative to engage the Turkish government in articulating a positive common agenda for strategic cooperation would be well received in Ankara. Establishing such a framework will require rebuilding trust and developing consensus on priorities and mechanisms to manage policy differences so that they do not undermine pursuit of overarching mutual interests.
 - This agenda should build on the Shared Vision and Structured Dialogue document that was developed by the two governments in 2006 and reaffirmed during Secretary of State Hillary Rodham Clinton's March 2009 visit to Ankara. This effort yielded some progress in policy coordination and fostering a shared understanding of evolving common interests.

- This model could be expanded upon by the creation of a periodic high-level policy dialogue and an action agenda with timelines to advance cooperation and manage policy differences, supported by working groups charged with monitoring implementation of specific initiatives.
- The positive agenda could focus on long-term stabilization and development of Iraq, Afghanistan, and Pakistan; expansion of trade and investment; military-to-military cooperation; and promoting Turkey's EU membership.
- This agenda could also include cooperation on several issues of great impact where interests are broadly similar but important policy differences persist, sometimes exacerbated by difficult domestic political considerations. These issues include relations with Russia, Armenia, and Greece; development of the southern corridor routes for Caspian energy resources; fostering an Israeli-Palestinian settlement; and dealing with frozen conflicts in the Caucasus and Cyprus.
- Several Turkish-U.S. issues involve more fundamental or potential policy differences that will need to be carefully managed. These include dealing with Russian assertiveness in the Black Sea and the Caucasus, managing energy and trade relations with Iran, slowing Iran's nuclear program, and safeguarding democracy and the rule of law in Turkey.
- A Turkish-U.S. business dialogue, akin to the TransAtlantic Business Dialogue, could help bring together private companies and business associations interested in promoting lagging bilateral trade and investment. This could build on existing official efforts such as the Economic Cooperation Partnership Council (ECPC), the Trade and Investment Framework Agreement (TIFA), and the Turkey-United States Economic Partnership Commission (EPC).
- Bilateral defense relations, which have been managed through the annual meeting of the High Level Defense Group (HLDG), could be given a more strategic agenda. Discussion of the future of Iraq and plans for U.S. military disengagement would be a good place to start.
- There is scope for more robust U.S. soft-power initiatives to expand person-to-person contacts and cultural and educational exchanges with Turkey. In this context, Turkey should be seen as a priority country for these programs because it has a population with traditionally pro-American sentiments, but the popularity of the United States has recently plummeted there.
- Mutual understanding and strengthened domestic support for the alliance could also be bolstered by more regular exchanges between the Turkish Grand National Assembly and the U.S. Congress.
- A near-term uncertainty in the relationship is the "Armenian genocide resolution." If President Obama takes no action to prevent congressional enactment of the resolution (H. Res. 252), endorses the measure, or uses the word genocide himself, the Turkish response will be harsh and trigger a bitter breach in relations.
- Rather than seek to legislate history, the United States and the international community should provide maximum encouragement and support to the diplomatic rapprochement being pursued by the governments of Turkey and Armenia, as well as to emerging regional cooperation. Creation of a joint Turkish-Armenian commission to explore this painful chapter in history and its continued legacy could also be helpful to that process.

Turkey's Changing Dynamics

After a relatively long period of comparative stability, Turkish politics may be entering one of its transitional phases of uncertainty. Turkey's future course will be determined by the struggle between secularist and religious forces and by external variables, particularly the severity of the global financial crisis and decisions of EU leaders on Turkish accession.

Following six years of exceptional performance and growth, Turkey's economy is in for a very difficult period. The International Monetary Fund (IMF) predicts a contraction of 1.5 percent in 2009, the first since 2001. The unemployment rate has reached 12 percent in urban areas, the stock market has lost half its value, and short-term funds have fallen to levels that make it difficult to cover the deficit.

Turkey's Political Parties

The Justice and Development Party (Adalet ve Kalkınma Partisi [AKP]) is still the most popular political party in Turkey; but, under pressure from opponents, it is adopting increasingly nationalist and less tolerant positions. In the coming months, the AKP could lose some support as a result of the economic downturn and its inability to advance key elements of its agenda. Nonetheless, the AKP is expected to win the March 29, 2009, local elections, and the end of AKP domination is not imminent. However, both the Republican People's Party (Cumhuriyet Halk Partisi [CHP]) and Nationalist Action Party (Milliyetçi Hareket Partisi [MHP]) will almost certainly benefit from AKP's gradual loss of support, as will the Islamist-oriented Contentment Party (Saadet Partisi [SP]).

The AKP's domination of Turkish politics results, in part, from the weakness of other parties. Opposition parties currently lack effective leadership and mechanisms for renewal, leaving them unable to adjust to the evolving political landscape. The CHP shifted from social democratic views to an uneasy combination of opposition to the EU and the United States and vehement propagation of secular views. The MHP has failed to match Prime Minister Recep Tayyip Erdoğan's ability to tap into the recent surge of nationalism.

The AKP reflects the influence of a growing segment of the population that is religious and favors more tolerance of traditional interpretations of piety in public life. It has sought to advance this agenda and its fortunes by emphasizing solidarity with the wider Islamic world. With the ever-present threat of another Constitutional Court case to ban the party, the AKP is likely to move cautiously and to refrain from a major revision of the constitution.

The movement led by Fethullah Gülen has a following and influence that parallels those of the AKP. Although the AKP and the Gülen Movement are allied in the effort to soften the harsher aspects of Turkish secularism, there are real differences between them. Unlike the AKP, which has sought and obtained direct political power, the Gülen Movement has widened its influence by gaining adherents within Turkey and abroad through a range of overtly and covertly affiliated businesses and nongovernmental organizations. The Gülen Movement is particularly influential in the education system, the police force, and the media, and it has significant financial resources.

Any party that seeks to unseat the AKP in the future will have to respond to the public's growing piety although a new national consensus on how greater religiosity and the secular state can coexist comfortably is not on the horizon. In the meanwhile, the ideology of Mustafa Kemal Atatürk, the founder of the Turkish republic, will remain the official dogma of the state and restrict the power of elected governments to act outside its principles. These strictures, often called Kemalism, maintained by the Constitutional Court and the Turkish General Staff (TGS), effectively prevent the emergence of an Islamist state in Turkey.

Civil-Military Relations

Relations between the governing AKP and allied religious movements and Turkey's secular system—guarded by the Constitutional Court and the TGS—remain contentious and potentially destabilizing. The military appears to have concluded that its reentry into a direct role in politics would involve a risky, direct challenge to a ruling party that obtained the support of almost half of the voters in the 2007 elections. The TGS has opted for a strategy of tempering the most troubling elements of AKP's agenda. Despite its record of intervention, it is becoming increasingly difficult to imagine a direct TGS intervention to change or overthrow an elected government.

Civil-military relations in Turkey are far from the Western model, and the military studiously insulates itself from civil society. The TGS retains great autonomy from effective civilian oversight and wields considerable influence far beyond national security issues.

A major economic downturn would likely stoke nationalist sentiments and could erode democracy. The TGS would not seek a role of policy leadership under these circumstances, but it could become even more influential. This would not mean the end of the U.S.-Turkish alliance as more limited cooperation on common interests could probably be sustained.

Kurdish Issues

The costly insurgency, marked by terrorist attacks, waged by the Kurdistan Workers' Party (PKK) during the past 25 years has taken advantage of Turkey's ethnic Kurds' sense of resentment over discrimination, marginalization, and economic hardship. This significant ethnic group is likely to continue to resist official efforts to promote assimilation. Increased prosperity alone would not overcome these root causes of the conflict. The government and the security forces know they cannot win by force alone. Erdoğan, like previous leaders, has tried to strike a balance between military action and addressing, within limits, citizens' political, cultural, and economic grievances. Erdoğan, however, has lately opted to align with the TGS on a hard-line approach, which may be eroding the AKP's gains among Kurdish voters to the benefit of the Democratic Society Party.

Turkey and Europe: A Widening Gap?

The EU and Turkey currently stand at a critical juncture. Although the two sides have reaffirmed their commitment to the accession process, progress has been fitful. Enlargement fatigue and concerns about Turkey's political and social direction have deepened an abiding reluctance among key European leaders and publics to press much further with negotiations. Growing frustration with the pace of the talks and doubts about Europe's willingness to ultimately offer EU membership have led to a diminished commitment by Turkish leaders and the public to undertake the necessary reforms.

The EU Calculation

Turkey is facing an EU deadline in late 2009 to open its airports and ports to the Republic of Cyprus in accordance with the 2005 Ankara Protocol. As Ankara has yet to indicate a new approach to Cyprus, it is possible some EU governments will push to suspend accession talks. This development would erode Turkey's commitment to deepening its democracy and completing the process of institutional integration into the Euro-Atlantic community.

While EU member governments are divided, with some quite supportive, Turkey has no clear champion for its membership. Although some European leaders tout the strategic value of Turkish

membership for energy security and relations with the Muslim world, backing for Turkey's EU bid has fallen among European publics, and the deepening global economic crisis will likely cause further erosion. "Privileged partnership," an ill-defined alternative to EU membership, would be seen as rejection by the Turks and would undermine support for reform and engagement with the West.

The Turkish government has had limited success in leveraging its role as an alternative energy transit route in its dealings with the EU. Following several disruptions of natural gas deliveries caused by disputes between Russia and Ukraine, EU governments have grown more interested in finding alternatives, including the southern corridor lines that would bring Caspian gas to western Europe via Turkey independent of Russian control. Turkey and the EU could benefit a great deal from cooperation in the energy field. Enduring differences among EU leaders on energy strategy, uncertainty about the commercial viability of various pipelines, the need for reforms in Turkey's energy sector, and political complications related to the accession talks have constrained Ankara's leverage.

If accession negotiations fail at this critical juncture, the consequences would be severe and widespread. Europe would lose the support of a critical ally in a region vital to its national and energy security. Failure would likely accelerate the growth of nationalist and illiberal political forces in Turkey counter to U.S. interests and trigger even more obstructionist policies concerning NATO-EU cooperation and within NATO itself. Relations with the United States could also be damaged, and Turkey's efforts to deepen ties with other international partners, including Russia and states in the Middle East and Asia, would likely accelerate.

If the accession process unravels during the next 10 to 15 years, the consequences might be less severe depending on the evolution of the EU itself. The development of a "multispeed Europe," with varied levels of political and economic integration, in the aftermath of the rejection of the Lisbon Treaty could provide a soft landing for a failed or truncated Turkish accession process.

Cyprus

Cyprus is arguably far less central to the strategic environment facing Turkey, Europe, and the United States than it was even a decade ago, although the situation on the island and the uncertain prospects for a settlement will still affect Turkish policy and Turkey's strategic position, with significant implications for U.S. and European policy. Today Cyprus is a political rather than a security issue for the key stakeholders, and dynamics on the island are now the leading variable shaping negotiations. The involvement of the Russian government with Greek Cypriot government, commercial, and criminal elements and Russia's traditional affinity for Greek interests could put Moscow at odds with Ankara over the future status of the island. The United States is unlikely to be the focal point for future Cyprus diplomacy, but there will still be scope for some useful policy initiatives. A solution to Cyprus bolsters Turkey's case for EU membership.

The current leaderships in the two Cypriot communities offer the best prospect for a settlement since the failure of the Annan Plan in 2004. After several months of talks, however, significant differences over power sharing and other issues persist, and the current favorable climate is unlikely to continue indefinitely. The renationalization of perspectives, changes in political leadership, or the deterioration of the wider security environment in the region could mean a return to stagnation and a slide toward permanent division.

If Turkey's prevailing détente with Greece were to erode, there is some potential for Cyprus to reemerge as an element in the regional military balance with Athens, as an asset for Turkish power projection in the Aegean, or as a liability in a future conflict.

Options for U.S. Policy

- Quiet but consistent U.S. diplomacy with European governments is the most effective way for Washington to support Turkey's accession discussions on EU membership.
- The most helpful near-term step Washington could take to advance Turkey's EU prospects and also overcome differences over the modalities of NATO-EU cooperation would be to lend its diplomatic resources and influence to help achieve a settlement of the Cyprus issue, including committing a senior official to work with the UN special envoy.
- Washington's diplomacy vis-à-vis Turkey should be coupled with firm pressure on the Greek Cypriot government to reach accommodation with the elected government of the Turkish Republic of Northern Cyprus (TRNC); on the EU to end the economic isolation of the TRNC; and on the Turkish government to make reciprocal gestures, consistent with its commitments to the EU, to normalize relations with Nicosia.

Turkey and the Middle East

Turkish leaders still see a largely European future for their country, but its interests remain intimately tied to its southern neighbors. Turkey's renewed activism in the Middle East became urgent after the turmoil caused by the 2003 Iraq War. Ankara is seeking to protect its interests by influencing rather than reacting to regional developments. The opening has also been prompted by economic opportunities in Middle Eastern markets. Middle Eastern countries have been generally receptive to Turkey's overtures and seek greater cooperation with Turkey to advance a number of their own interests. Turkey is seen as an attractive partner on a range of issues and often a welcome alternative to the United States or Iran.

As the United States rethinks its own approach to the Middle East, it needs to make space for an increasingly activist Turkish diplomacy in the region. The United States could benefit from Turkey's soft influence and efforts to stabilize the Middle East. How Ankara and Washington shape Turkey's resurgence in the region will likely affect the development of a broad range of common interests including Iraq's stability, Iran's pursuit of nuclear technology, and Arab-Israeli peace efforts.

While Turkey's regional strategy and its "zero problems" approach to its neighbors may sometimes lead to policy differences with Washington, Turkey has shown it can be an effective diplomatic player and has potential to do more. Its mediation of indirect Israel-Syria talks and its work to promote the Iraqi Status of Forces Agreement with the United States are important precedents of successful Turkish mediation. Turkey has yet to prove that it can play a leading role in regional affairs, however; and it remains unclear how much influence it actually possesses over a range of actors in the region.

Iraq

Turkey, fearing a contagion among its own Kurdish population if the Kurdish region of Iraq were to gain formal independence, sees Iraq's stability and territorial integrity as vital to its own security. Iraq is also one of Turkey's most important trading partners and could potentially be a crucial source of energy in the future.

During the past few years, Ankara has sought a more active, positive role in Iraq, cultivating growing trade and investment opportunities as well as a network of political contacts, including tentative steps to increase engagement with the Iraqi Kurds. Though suspicious of Turkey because

of its historical legacy and its Sunni Muslim orientation, the Nuri Kamal al-Maliki government sees Turkey as an essential political ally, a capable partner in rebuilding Iraq's economy and infrastructure, and a secure transit route for its energy exports. Turkish trade and investment have been major factors in the stability and economic development of the Kurdish region of northern Iraq.

Turkey's cooperation with Iraq continues to be constrained by Ankara's concerns about Kurdish autonomy and PKK operations in northern Iraq. Turkey wants the Kurdistan Regional Government (KRG) in Erbil to take action to counter the PKK, to further guarantee Iraq's long-term territorial integrity, and to cease the quest to control Kirkuk. It remains to be seen how the relationship will develop after the U.S. withdrawal from Iraq, although it is certain that Turkey will hold the United States directly responsible for any insecurity that may emanate from Iraq in the coming decade.

Iran

Despite centuries of rivalry as former empires and decades of antagonism as ideologically opposed regimes, Turkey and Iran have strengthened political, economic, and counterterrorism cooperation in recent years. This trend is likely to continue. Ankara sees good relations and increasing trade ties with Iran as necessary for advancing its broader regional strategy, including becoming an energy bridge to Europe. Tehran welcomes this opening to ease its international isolation, bolster economic development, and dissuade Turkey from playing a role in any future Western actions against Iran.

Turkish leaders oppose Iranian development of nuclear weapons because it would alter the regional balance of power and undermine stability. The Turks do not see the Iranian nuclear program as an imminent threat, however, and they have assumed that international opposition and technological hurdles would prevent Iran from developing nuclear weapons. Ankara holds that diplomatic engagement with Tehran offers the best route to preventing proliferation, and Turkey will be reluctant to take further steps to isolate Iran absent clear evidence of a weapons program. Turkey is also constrained by Iran's track record of taking harsh, asymmetric, retaliatory measures against any states in the region that oppose it; thus, to some extent, Turkey's behavior is that of a state keeping a potential enemy close.

Although the Turkish government opposes military efforts to stop Iran's nuclear program, Turkey has explored the acquisition of missile defense systems. As Iran's nuclear program has progressed unchecked and doubts about NATO's extended deterrent have grown, some voices in Turkey's security elite have called for developing the basic infrastructure for a countervailing nuclear weapons capability.

Syria

Rapprochement with Syria has been a central component of Turkey's Middle East strategy. In response to Turkish military pressure in 1998, Syria agreed to cooperate in combating the PKK, and bilateral relations have improved markedly since. Trade and investment have expanded dramatically and tensions over water issues have been tempered while Ankara has opened doors with European governments and brokered indirect Israeli-Syrian talks. Damascus has welcomed friendlier relations with Ankara to eliminate a significant military threat on its border at a time of U.S. pressure and military action in neighboring Iraq and to strengthen its regional and international standing. In the medium term, Turkey seeks to pry Syria from its alignment with Iran and draw it closer to the West.

Israel

The strategic imperatives of Turkish-Israeli military, defense-industrial, and economic cooperation remain strong, but relations are increasingly strained as Ankara deepens its engagement with Israel's foes—particularly Iran, Syria, and Hamas—and as Turkish public sentiment turns against Israel over the Palestinian issue. The relationship will likely survive, but it will be increasingly complicated if the current and future Turkish governments continue to harshly criticize Israeli policies, emphasize Islamic solidarity, and pursue closer ties with Israel's adversaries.

Options for U.S. Policy

- Turkey can play a critical role in facilitating U.S. military disengagement from Iraq and promoting long-term economic and energy development in that country. This should be a focal point of U.S.-Turkish bilateral consultations.
- There is also scope for a U.S. diplomatic initiative to bring together Turkish and Iraqi Kurdish leaders to negotiate a comprehensive agreement that deals with the PKK threat, guarantees Turkey's territorial integrity, and facilitates badly needed Turkish investment in and trade with the Kurdistan region of Iraq.
- Turkey's ties with Iran should not be another litmus test of the alliance, and Turkey can potentially play a useful role in a future U.S.-Iranian dialogue. Nonetheless, significantly divergent policies on Iran are bound to create tension in other areas of bilateral cooperation in the Middle East and beyond.
- Although the Turkish government has reassured the United States and the international community that it opposes Iran's acquisition of a nuclear weapons capability, Ankara should also indicate a willingness to support additional coercive measures against Iran, beginning with tougher sanctions in the UN Security Council, if further diplomatic engagement fails to halt Tehran's pursuit of nuclear weapons.
- It is in the interests of both the United States and Turkey to define areas where Turkish diplomacy in the Middle East can best serve common goals. With stronger bilateral consultation and coordination, Ankara's diplomatic activism can be an asset and enhance regional stability.
- Concrete steps to actualize the Obama administration's welcoming of Turkey's role as an interlocutor and intermediary with its neighbors in the Middle East will be warmly received in Ankara. Turkey could play a useful role in ongoing U.S. efforts to open conditional dialogues with Syria and Iran.
- The United States has helped foster the development of Turkish-Israeli relations over the years in order to enhance regional stability and Israel's security. The Obama administration should look for opportunities to help put strained Turkish-Israeli relations on a more positive course.

Turkey, Russia, the Black Sea, the Caucasus, and Central Asia

Russo-Turkish rapprochement is a historic development that was in the spotlight following the August 2008 war in Georgia. The growing trade, investment, and energy ties during the past decade as well as the personal relationship between prime ministers Putin and Erdoğan have influenced this dynamic.

Turkey's evolving sense of its national interests and its strategy of zero problems with its neighbors have led Ankara to a more explicit balancing of its relations between its NATO allies and Russia. Turkish officials insist that their cooperation with Russia is being pursued with a proper wariness and that Turkey remains firmly tied to its Euro-Atlantic moorings; however, Turkey's geostrategic position has always been perilous, and a highly unbalanced trade relationship and Turkey's energy dependence enhance Russian leverage.

Black Sea

Ankara feels confident that it can work effectively with Russia and other littoral states to promote economic cooperation and security in the Black Sea region. Ankara has resisted expanded NATO operations in the Black Sea, arguing that they are unnecessary and will only feed Russian fears of encirclement, with damaging consequences to its regional interests, including stability in the Caucasus.

Caucasus and Caspian Region

Ankara's principal interest in the Caucasus and Caspian region is maintaining stability to allow for expansion of regional trade and infrastructure and Turkey's emergence as a key energy hub. Russia's efforts to create an exclusive sphere of influence along its periphery and to control energy flows from the Caspian basin make this a point of friction in Russo-Turkish relations that will temper this rapprochement. Further Russian pressure could jeopardize the independence and security of Georgia and threaten oil and gas transit from Azerbaijan and beyond.

Turkey has the potential to play a key role in the stabilization and development of the Caucasus and Caspian region through renewed bilateral ties and its Caucasus Stability and Cooperation Platform proposal. Of particular note, Turkey has pursued a quiet dialogue with Armenia that could result in normalization of relations, and it has softened its pro-Azerbaijani approach to resolving Nagorno-Karabakh.

Central Asia

Although the 1990s saw a brief flowering of pan-Turkic ideas advocating significant Turkish engagement with the newly independent, linguistically similar states of the broader Caspian region, Ankara's current involvement in Central Asia is limited, and the Turks must compete there with Russia and China.

Afghanistan and Pakistan

Turkey has provided significant military support to the NATO International Security and Assistance Force (ISAF) mission in Afghanistan along with valuable soft-power resources and support to the stabilization and development of Afghanistan. Elites and the general public in Pakistan have

high regard for Turkey. Turkey has also undertaken some initiatives to bring together the governments of Afghanistan and Pakistan to forge a more cooperative, constructive relationship, including dialogues between the Turkish Grand National Assembly and the parliaments of Afghanistan and Pakistan.

Options for U.S. Policy

- Given its concerns about the enduring threat from PKK terrorism, the Turkish government will be reluctant to provide additional combat forces to the NATO ISAF mission in Afghanistan. Ankara would be more willing to provide additional military and police trainers to Afghanistan instead. Building on its good ties to both governments and civilian presence in the region, Turkey could play a larger role in fostering economic development and improved relations between Afghanistan and Pakistan.
- The Obama administration should actively help Turkey's efforts to flesh out its Caucasus Stability and Cooperation Platform concept, which has some potential to change regional dynamics. As part of its involvement in the platform, the United States could also work with France to include Turkey as a cochair of the Minsk Group, which is sponsored by the Organization for Security and Cooperation in Europe and is charged with overseeing negotiations on the Nagorno-Karabakh conflict.
- Washington should continue to support Turkey's efforts to promote economic and security cooperation in the Black Sea region. It should also encourage Romanian, Bulgarian, and Ukrainian involvement in Black Sea Harmony and Black Sea Force naval activities. The United States should quietly discuss with Turkey how to handle future crises in the region that might require a more robust naval response than can be conducted under Montreux Convention restrictions.

Turkey as an Energy Bridge

Turkey is centrally located to play a major role in energy transit. It borders on the Middle East and its vast oil and gas resources, including in neighboring Iran and Iraq, as well as Russia and the Caspian region.

Challenges and Potential

Despite its location and ambitions, Turkey has had mixed success and experience with energy transit in the past, owing not only to international factors over which Turkey has had little control but also partly to its own internal energy and policy dynamics. Given its significant but mixed record, Turkey's reputation and investment condition will need to be further enhanced before major oil and gas producers and consumers commit to using it for additional transit.

Expansion of Turkey's role as a transit route for crude oil lies with restoring volumes for the Kirkuk-Ceyhan pipeline and filling the expandable capacity of the Baku-Tbilisi-Ceyhan (BTC) pipeline with additional cross-Caspian oil flows from Kazakhstan. Neither is within Turkey's control or influence, but the long-term trends are promising.

As for natural gas, external conditions are much more challenging. In the near term, there is no available upstream production capacity for feeding gas into a major new southern corridor pipeline, beyond filling the available capacity in the South Caucasus gas pipeline. The longer-term future of gas development in Azerbaijan is unclear. Gas from Central Asia, particularly Turkmeni-

stan, is the most promising potential upstream source. Sustained investments of billions of dollars annually for five year or more will be required to develop Turkmenistan gas resources into commercial gas reserves.

As with the case of the BTC pipeline, diplomacy can play a vital role in aligning the interests of regional governments and in making sure that investment conditions are provided to allow a pipeline project to go forward. The commercial champion of a project is the best indicator for the likelihood of its success; it is rarely, if ever, transit countries alone. In the case of BTC, it was Western oil-producing companies that were the major promoters, owners, and operators of the project, and it was their credit capacity that funded it.

Rising demand in Turkey for gas and enhancing Turkey's reputation as a transit country can both help accelerate gas development in the Caspian region and promote the flow of additional supply westward. Incremental development of short, economically viable pipeline connections can also demonstrate the feasibility of the Southern Corridor route and lead to the realization of more ambitious projects.

Options for U.S. Policy

- The United States should bolster its support for Turkey's development as an energy transit corridor to the global market. Washington should first work with Ankara to develop a realistic assessment of the current situation, how it can be improved over time, and what tools are required to advance mutual goals.
- The first priority has to be to increase upstream production capacity, particularly of gas from Central Asia. Quiet diplomacy in Central Asia and the Caspian is needed to align various state and commercial interests and to not provoke potential competitors into early action in opposition.
- The Obama administration should appoint a senior official for Eurostan energy to enhance interagency policy coordination and orchestrate U.S. engagement with foreign governments and the energy industry.
- A sustainable and effective U.S. strategy would be to support incremental development of short, economically viable pipeline projects that might over time be linked together, such as the gas pipeline connections between Turkey, Greece, and Italy. Commercial success of these connections could demonstrate the feasibility of the southern corridor.



INTRODUCTION AND CONTEXT

Stephen J. Flanagan and Samuel J. Brannen

Has Turkey drifted from its Euro-Atlantic moorings? More than a year ago the authors of this report set out to address that question. We are convinced that Turkey remains committed to its identity as part of the West and to continuing its process of integration with the European Union through economic growth, democratic reform, and responsible leadership in its region. Turkey still considers the United States its greatest ally, and its engagement with some of its more illiberal neighbors is largely driven by an internationalized interpretation of Atatürk's famous dictum on which Turkish political thought hinges, "Peace at home, peace in the world," rather than by a pan-Islamist ideology or pursuit of a "Eurasian option" that would see it enter into an alliance with Moscow and Tehran.

Since the end of the Cold War, Turkey's worldview has broadened, and it has played a much more active role in international affairs. Its internal situation has also evolved in complex ways and led to the election of the Adalet ve Kalkınma Partisi (AKP; Justice and Development Party) government in 2002. Relations with the United States have been impacted by all these developments and the aftermath of the U.S.-led invasion of Iraq in 2003. Turkey's foreign policy has also been influenced by other regional developments, including the reemergence of Russia as an energy superpower with hegemonic ambitions vis-à-vis its near abroad, the further opening of markets in the Middle East, and Europe's ongoing identity crisis.

Yet, undeniably, the potential for strategic miscalculation in U.S. and European relations with Turkey has grown steadily since the end of the Cold War and more rapidly in this century. The framework for Turkey's relationship with the United States and Europe may still be intact, but it is rusted in place and brittle. Whether this framework will last the next year—let alone the next decade—is a question that its custodians must answer. In a recent monograph, scholars Philip Gordon and Ömer Taşpınar posit that "anyone who dismisses such a possibility [of losing Turkey] has not been paying attention, and anybody not thinking now about how to avoid such a scenario risks failing to do what is necessary to prevent it."¹ Maintaining a strong relationship with Turkey will require a sustained engagement by senior U.S. and European officials with their Turkish counterparts to ensure effective management of policy coordination and cooperation.

Turkey's internal dynamics have evolved, with a party rooted in Islamist politics having emerged as a majority government capable of holding and keeping office for this decade and perhaps beyond. The question of a potential hidden agenda from this party has not only polarized Turkey's domestic politics, but it has weighed upon the judgment of U.S. and European policymakers. Our assessment is that the AKP possesses an agenda that is both more overt and less threatening than many in Turkey and the West allege. Turkey remains committed to a Western orientation, not least because of the continued influence of the Turkish General Staff and the Turkish Foreign Ministry. However, we are disturbed by continuing institutional weaknesses, includ-

1. Philip H. Gordon and Ömer Taşpınar, *Winning Turkey: How America, Europe, and Turkey can Revive a Fading Partnership* (Washington, D.C.: Brookings, 2008).

ing the absence of viable political alternatives challenging AKP within the system. There remains a healthy competition of political ideas among the citizens of Turkey, but often with inadequate outlets for expression and an increasingly zero-sum interpretation of outcomes. Turkey's internal politics are not for other countries to choose or shape, but their course weighs heavily on foreign relations.

Our analysis of these heated issues is certain to cause controversy, especially among Turks and Turkey analysts around the world who have come down on one side or another of Turkey's culture wars: those who side with a traditional interpretation of Kemalism—the legacy of Turkey's founder, Mustafa Kemal Atatürk—and those who favor a greater Islamic identity in politics. Our answers are the result of a research methodology that favored the collection of primary-source evidence and not the reading of opinion columns. We sought to speak whenever possible directly to governmental decisionmakers and those who study them closely in Ankara, Washington, and throughout Turkey's neighboring regions.

While the authors of this report have benefited greatly from many excellent efforts during the past three years to examine core questions of U.S.-Turkish relations,² this report comes at these questions from a decidedly different angle that its authors believe avoids restating previous conclusions and insights. The effort was undertaken not only to consider bilateral or U.S.-EU-Turkey relations, but to examine in a comprehensive fashion Turkey's evolving internal dynamics and its relations with all of its neighboring regions.

This was an effort to chart the new geopolitical landscape with Turkey drawn at the map's center. Travel throughout Turkey and to its surrounding regions revealed angles unseen from Washington. It was easier to feel the relative gravity of new and rising centers of power. The turmoil of 2008 was especially revealing, with a near shutdown of Turkey's ruling AKP, a dramatic change of administrations by democratic process in the United States, a war in Georgia, war in Gaza and new strains in the Turkish-Israeli relationship, and continued developments with Iran and Iraq that carry heavy implications for all countries in the year ahead.

Turkey and the United States are indispensable allies to one another. Should the relationship decline for any reason, the foreign policy objectives of both countries will suffer; should relations improve, the relative international influence of both countries will increase. Both the United States and Turkey are countries unique in the world; both are bold political experiments that continue to evolve with positive trajectories, though with negative detours inevitable along the way. Even with public opinion polls showing all-time lows in Turkish approval of the U.S. policies in recent years, the authors of this report were received warmly in their travels in Turkey, and we found a strong commitment to the partnership with the United States.

Yet, we also believe there is alarming potential for decline in the U.S.-Turkish and broader Euro-Atlantic relationship. Of foremost concern in bilateral relations is the role that the passage of an "Armenian genocide bill" by the U.S. Congress might play in touching off a sudden and rapid disruption in U.S.-Turkish relations. Second is the worry of what might happen later in 2009 when Turkey's unfulfilled commitment to normalize transit with Cyprus under the 2005 Ankara Protocol is reviewed during the Swedish presidency of the EU. A related major concern is that another year has passed without an agreement on the future of Cyprus. These are priorities for thinly

2. In particular, we note Gordon and Taspinar, *Winning Turkey*; Ian O. Lesser, *Beyond Suspicion: Rethinking U.S.-Turkish Relations* (Washington, D.C.: Wilson Center, 2007); Steven A. Cook and Elizabeth Sherwood-Randall, *Generating Momentum for a New Era in U.S.-Turkey Relations* (New York: Council on Foreign Relations, 2006); and Spencer Boyer and Brian Katulis, *The Neglected Alliance: Restoring U.S.-Turkish Relations to Meet 21st Century Challenges* (Washington, D.C.: Center for American Progress, 2008).

stretched U.S., Turkish, and other European officials coping with domestic and growing global economic crises of as yet unknown proportions.

Yet, opportunities for enhanced cooperation and restoration of the basic structure of Turkey's Euro-Atlantic relationship exist. These can be found in Turkey's diplomacy with Iran, Iraq, and Syria; moves toward normalization of relations with Armenia; and a continued positive role in the democratization, economic development, and stabilization of the Caucasus and beyond. In the following chapters we share our candid assessments that we hope will further dialogue on the renewal of this strategic and increasingly complex relationship.

In chapter 1, Bulent Aliriza explores how Turkish politics, society, and identity are evolving. He focuses on the record and likely direction of the governing AKP, particularly its efforts to redefine secularism and implement certain reforms. He also examines the causes of heightened internal polarization, growing nationalism, the role of the military and the "deep state" in politics, the weakness of the political opposition, the role of civil society and a new middle class, demographic trends, looming economic challenges, and efforts to advance Kurdish integration and deal with the continued threat of terrorism by the Kurdistan Workers' Party.

In chapter 2, Julianne Smith examines Turkey's relationship with the European Union and the many obstacles to membership in the EU that Turkey confronts. She notes that for the accession process to succeed—or at least maintain a positive trajectory—Turkey and the EU, along with the United States in many cases, will need to bring about change or produce real results in six core areas: Cyprus, the "Armenian genocide," human rights, European public opinion, European leadership attitudes, and Turkey's internal political crisis.

In a feature on Cyprus that follows chapter 2, Ian O. Lesser explains why Cyprus is far less central to the strategic environment facing Turkey, Europe, and the United States than it was even a decade ago. He assesses that the current leaders of the two communities on the island offer the best prospect for a settlement since the failure of the Annan Plan in 2004. Significant differences over key issues remain, however, and negotiations under the UN special envoy since September 2008 have proceeded more slowly than expected.

In chapter 3, Haim Malka explores Turkey's complex relations with its southern neighbors. He assesses the impact of Turkey's renewed activism in the Middle East and efforts to shape regional developments. He also discusses the receptivity of Middle Eastern countries to Turkey's advances and their goals in rapprochement with Ankara. He also probes the Israeli government's concerns about Turkey's growing engagement with its hostile neighbors. He then considers how Ankara and Washington could benefit from effective policy coordination on Iraq, Iran, Syria, and the Middle East peace process.

In chapter 4, Andrew Kuchins and Alexandros Petersen examine the origins of Russo-Turkish rapprochement and Turkey's evolving relations with the Caucasus and Central Asia. They explain how Turkey's changing regional interests and economic and energy ties to Russia are leading Ankara to more explicit balancing of relations between Moscow and its NATO allies. They also assess Ankara's strategy of avoiding tensions and pursuing cooperation with Russia in the Black Sea as a way to temper friction points in bilateral relations, particularly their divergent interests in the Caucasus and Central Asia. They then consider Turkey's potential role in stabilization and development of the Caucasus and Central Asia and advance ideas for enhancing U.S.-Turkish cooperation in those areas.

In chapter 5, Edward C. Chow reviews the internal and external challenges that Turkey confronts in expanding its role as an energy bridge between Europe and the vast oil and gas resources in the Middle East, Russia, and the Caspian region. He assesses Turkey's success and experience

with energy transit in the past and the steps it would need to take before major oil and gas producers and consumers would commit to using it for additional transit. He examines the prospects for expansion of crude oil transit through the Kirkuk-Ceyhan and Baku-Tbilisi-Ceyhan pipelines, as well as additional cross-Caspian oil flows from Kazakhstan. On natural gas, Chow explains the challenges of securing upstream production capacity in the Caspian Basin and Central Asia for supplying a new southern corridor pipeline. He concludes with a consideration of U.S. strategy options.

In chapter 6, Stephen J. Flanagan and Samuel J. Brannen consider the implications for U.S. policy and interests of these assessments of Turkey's shifting internal dynamics, relations with neighbors, and potential as an energy hub. They identify key challenges and opportunities confronting U.S. policymakers in shaping a positive agenda for U.S.-Turkey cooperation on areas of mutual interest and ways to manage areas where policy preferences and interests diverge.

1

TURKEY'S CHANGING DYNAMICS

Bulent Aliriza

After a relatively long period of comparative stability, Turkish politics may be entering one of its transitional phases with the attendant potential for uncertainty in foreign policy. Having lived through four military coups and many weak coalition governments in six decades of multiparty democracy, Turkey has been governed during the past six years by the Justice and Development Party (Adalet ve Kalkınma Partisi [AKP]). After a decisive victory in parliamentary elections in November 2002, the AKP confirmed its domination of Turkish politics by winning a second successive election and raising its share of the vote from 34 percent to 47 percent in July 2007.

The AKP focused initially on continuing the economic recovery after the serious downturn of 2000–2001 and trying to initiate accession negotiations with the European Union (EU). It was thus able to widen its appeal across the political spectrum, including liberal elements of society. However, the AKP's roots in the Turkish Islamist movement also necessitated an uneasy cohabitation with a rigidly secular system that has been maintained since the creation of the Turkish republic in 1923. Although the AKP avoided an open confrontation with the defenders of secularism during most of its first term, it ran into difficulties when it decided to elect one of its leaders to the presidency in April 2007. It then had a near-death experience in March–July 2008 when it faced and ultimately avoided closure by the Constitutional Court.

According to polls it continues to be the most popular Turkish political party, but the AKP has been chastened by its experience and appears to be unsure of its future direction. Although the party reflects and reinforces growing religious sentiment in the country, it seems to be constrained from using its parliamentary majority to modify the harsher aspects of secularism, most notably the restrictions on the use of the Islamic head scarf that many AKP supporters regard as discriminatory.

Since the closure case, Prime Minister Recep Tayyip Erdoğan has drawn perceptibly closer to the Turkish General Staff (TGS), the ultimate guardian of Turkish secularism, particularly on the critical issue of how to deal with the Kurdish problem and its separatist terrorist manifestations. In the process, Erdoğan has disillusioned his liberal supporters who have also been dismayed by the delay in proceeding to the next stage of reforms essential to eventual EU accession. Perhaps to allay these concerns and keep the process on the rails, Erdoğan reaffirmed, during his visit to Brussels in January 2009, that EU accession was a top priority for him and promised implementation of further reforms. It remains to be seen, however, how strong this commitment will be in the face of an economic downturn and the resistance of opposition parties.

To maintain support for the AKP, Erdoğan has been intensifying his efforts to tap into Turkish nationalism, a permanent feature of Turkish politics recently reinforced by the rise of anti-U.S. and generally anti-Western sentiments among a growing portion of the population. The AKP's record in government, however, of seeking accommodation with the United States, the EU, and the international financial community leaves the party vulnerable to a challenge from its nationalist flank, especially as the global financial crisis begins to impact the Turkish economy.

AKP and the Secular System

AKP was formed in August 2001 by a number of Islamist politicians led by Erdoğan and Abdullah Gül. Taking full advantage of the grave economic crisis and its opponents' corruption, the AKP was able to win power in the November 2002 elections. The AKP victory was a significant event in Turkish political history as none of its Islamist predecessors—National Order (MNP), National Salvation (MSP), Welfare (RP), and Virtue (FP)—had been able to go beyond sharing power in coalitions in the 1970s and 1990s. In the 2002 elections, the AKP won almost two-thirds of the seats in the parliament and became the first single-party government in a decade.

The Islamist movement seemed to have been dealt a grievous blow in 1997 when the Turkish military establishment forced the coalition led by RP leader Necmettin Erbakan out of office. Along with most of the other founders of the AKP, Erdoğan and Gül had been members of the RP: Erdoğan as the mayor of Istanbul and Gül as a minister of state. Despite its origins, however, the AKP prudently rejected the Islamist label from the outset, preferring instead to characterize itself as “conservative democrat” or a center-right party, and it deliberately avoided what could have been perceived as an Islamist agenda.

The nomination of Gül, whose wife wears an Islamic head scarf, to the post of president in April 2007 shook the uneasy coexistence between the AKP and the secular system. It prompted a strongly worded memorandum by the TGS warning the AKP against electing Gül. In addition to the symbolism of the Islamic head scarf entering the presidential palace where it had previously been banned, the TGS was concerned about the erosion of the presidential safeguard against what it perceived as the expansion of antisecularism (a breakdown of the French Jacobin-derived concept of laicism). The AKP stood firm in the face of the TGS démarche, reconfirmed its mandate with early elections, and then used its majority in the Turkish Grand National Assembly (TGNA) to elevate Gül to the presidency in August 2007.

The widespread resentment against the TGS warning facilitated the AKP's second successive electoral victory. The party was also able to take advantage of the fact that it had the best organization and grassroots representation as well as the most charismatic leader. However, the AKP's domination of Turkish politics also reflected the weakness of the other parties. Its main opponents were hampered by the absence of effective leadership and an inability to adjust to the changed political landscape. The Republican People's Party (Cumhuriyet Halk Partisi [CHP]), under its longtime leader, Deniz Baykal, shifted from social democratic views to an uneasy combination of opposition to the EU and the United States and vehement propagation of secular views. The Nationalist Action Party (Milliyetçi Hareket Partisi [MHP]), led by Devlet Bahçeli, failed to match Erdoğan's ability to tap into the surge of nationalism.

After his second triumph, Erdoğan assembled a team headed by Professor Ergun Özbudun to draft a new constitution. Their work was accompanied by widespread comments about the need to adopt Turkey's “first civilian constitution.” According to one of his close colleagues, Erdoğan planned to tackle the head scarf issue by ensuring “equality and the right to higher education to all in the new constitution.”¹ After obtaining almost half the votes cast in the 2007 elections and experiencing success in elevating Gül to the presidency, however, the AKP chose to grasp the thorny issue of the Islamic head scarf law in February 2008 through separate legislation. The move was

1. Dengir Mir Mehmet Firat spoke about the new constitution at Harvard Law School; see Chris Szabal, “Questions as Turkish Leaders Discuss New Constitution,” *Harvard Law Record*, March 13, 2008, <http://media.www.hlrecord.org/media/storage/paper609/news/2008/03/13/News/Questions.As.Turkish.Leaders.Discuss.New.Constitution-3268469.shtml>.

understandable as a majority of Turkish women wear a head scarf; 70 percent of Turks favor lifting the ban, and members of the AKP face constant pressure to act on this issue from their wives and daughters as well as their supporters.² The move was predictably portrayed by AKP's opponents as a threat to secularism, and the lifting of the head scarf ban in universities was eventually invalidated by the Constitutional Court in June 2008. The head scarf legislation was then cited as the central charge in the closure case brought against the AKP by the prosecutor general in March 2008.

The AKP eventually survived as only six of the eleven judges, instead of the required seven, voted for closure in July 2008. Although the vote allowed the AKP to continue in office, all but one of the judges also concluded that the AKP had become "the center of antisecular activities." Consequently, in addition to undercutting the power of the AKP-dominated TGNA to legislate, the Constitutional Court restricted the party's room for maneuver by putting it on notice that it could face a new case for future actions. It also made it even less likely that the AKP will attempt to change the constitution.

The TGS has always been at the forefront in the defense of the secular system. Despite the tensions—a frequent characteristic of the relationship between the AKP and the TGS—it is noteworthy that the only member of the court with a military background voted against closure. This has led to speculation that a private deal to prevent closure was struck between incoming TGS chief of staff, İlker Başbuğ, and Erdoğan.³ Although it is impossible to verify such claims, the advantages for both sides in such an arrangement are nevertheless easy to perceive. Along with most of his colleagues, Erdoğan saw the TGS as the driving force behind the effort to close down the AKP and to ban him from politics; therefore, going directly to Başbuğ to ward off the danger may have made sense from his perspective. After all, Erdoğan had enjoyed a good working relationship in the first four years of his government with the then TGS chief of staff, Hilmi Özkök, and then managed to establish a *modus vivendi* with his successor, Yaşar Büyükanıt, after a difficult beginning. For his part, having seen the AKP benefit electorally from the TGS *démarche* under Büyükanıt in 2007, Başbuğ may have wanted to avoid a repeat performance by the AKP's successor in another early election.

One of the strengths of the AKP has been its remarkable success in maintaining its cohesion and avoiding the kind of splintering that has bedeviled previous ruling Turkish parties. While Erdoğan is still in firm control of a united party, there are indications that his party may no longer be immune to the laws of political gravity. The relationship between Erdoğan and Gül—who served as prime minister for AKP's first three months in office before giving way to Erdoğan—is showing undeniable signs of fray since Gül's ascendance to the presidency. In July 2008, one of the AKP's four original leaders, Abdüllatif Şener, left to form a new party after complaining about the party's ineffectiveness in fighting corruption. The resignation of Deputy Chairman Saban Dişli in September 2008 following corruption allegations served to underline the AKP's problems with one of the central issues it had used to gain leverage against its predecessors. Dişli was forced out following pressure from Bulent Arınç, another of the original leaders who is now effectively

2. A survey of 1,846 people in 22 cities was published in June 2006 by Işık University and Sabancı University in Istanbul; the survey found that 70 percent of Turks opposed the ban on head scarves in universities. The ban has also caused some politicians' daughters, including, notably, Erdoğan's daughter, to pursue university education abroad to avoid taking off their head scarves; see Ersin Kalaycıoğlu, "Private Issues and Public Space: Religion and Politics in Turkey," Işık University, <http://www.law.biu.ac.il/Galilee%20Colloquium/Religion%20and%20Politics%20in%20Turkey%20June%202007%20rev1.pdf>.

3. An article in the *Economist* raises the talk of a deal between Erdoğan and Başbuğ; see "The Worrying Tayyip," *Economist*, November 27, 2008, http://www.economist.com/world/europe/displaystory.cfm?story_id=12696853&CFID=39298201&CFTOKEN=98559197.

the second man in the AKP and who has reportedly lamented the party's deviation from its core principles.

The AKP has been accused of having received funds from the convicted directors of an Islamic charity in Germany. As the constitution prohibits the receipt of foreign funds, a case could conceivably lead to the closure of the AKP if it is proven that it has received money from abroad. Erdoğan has reacted strongly against the reporting of corruption allegations in the Turkish media. In fact, intolerance of any criticism has become a characteristic of Erdoğan, and by personally attacking the media owners and revoking the accreditation of critical journalists he has effectively forced the media to exercise auto censorship. Editors and bureau chiefs of Turkey's most prestigious newspapers feel that they are under constant surveillance and threat of arrest without trial. Sedat Ergin, editor in chief of *Milliyet*, has gone so far as to say that what is now happening in Turkey "only occurs in totalitarian regimes."⁴

Having achieved its stated goal of beginning accession negotiations in October 2005, the AKP now seems disinclined to incur the domestic costs associated with additional steps demanded by the EU on civil liberties as well as on other sensitive issues such as the Kurds, religious minorities, and Cyprus. To be sure, the Constitutional Court case had briefly renewed AKP's interest in the EU and the reform process as it endeavored to garner international support. It is clear, however, that this was a tactical move designed to increase the external costs of closure. In a recent speech Erdoğan put the EU on notice by saying: "We have completed the Copenhagen and Maastricht Criteria. Let us know if it is not going to work, then we will continue on our path and rename them as the Ankara and Istanbul Criteria."⁵ However, in January 2009, Erdoğan visited Brussels for the first time in four years, seeking fresh momentum in the stalled membership talks. He was accompanied by Egemen Bağış, the newly appointed chief negotiator for the EU, who took over the position from Foreign Minister Ali Babacan immediately prior to the visit. Babacan had previously combined his role as EU negotiator first with his economic portfolio and then his foreign policy responsibilities.

During his visit, Erdoğan reaffirmed that there was "no alternative to EU membership"⁶ and that his government would "step up the reform agenda."⁷ It is worth noting, however, that Babacan's similar promise in December 2006⁸ had been followed by a public warning from the TGS to refrain from going beyond earlier steps on Cyprus, Article 301 of the penal code that prohibits "insults to Turkishness," and the Law on Foundations,⁹ which apparently had the desired effect. More significantly, Erdoğan gave no indication of a new approach on the Cyprus issue. In fact, he

4. Sedat Ergin, "Emriniz olur Sayın Başbakan," *Milliyet*, December 30, 2008, <http://www.milliyet.com.tr/Yazar.aspx?aType=YazarDetay&Kategori=siyaset&KategoriID=&ArticleID=1034428&a=Sedat&Ergin&b=Sedat%20Ergin%20yaziyor..&ver=50>.

5. Recep Tayyip Erdoğan, "The Future of Turkish-American Relations: Acting Together with a Common Vision" (speech at the Brookings Institution, Washington, D.C., November 14, 2008), http://www.brookings.edu/~~/media/Files/events/2008/1114_turkey/ErdoganSpeech.pdf.

6. Recep Tayyip Erdoğan, "Turkey-EU Relations" (speech at the European Policy Centre, Brussels, January 20, 2009), <http://www.epc.eu/en/er.asp?TYP=ER&LV=293&see=y&t=2&PG=ER/EN/detail&l=&AI=873>.

7. Recep Tayyip Erdoğan (press conference with José Manuel Barroso, the president of the European Commission, on January 19, 2009); "Energy Pushes Turkey and EU Closer," *International Herald Tribune*, January 19, 2009, <http://www.ihf.com/articles/2009/01/19/europe/turkey.4-411531.php>.

8. "AB günü: 10 Ocak" *Radikal*, December 30, 2006, <http://www.radikal.com.tr/index.php?tarikh=30/12/2006>.

9. On September 17, 2007, General Hilmi Akın Zorlu at a meeting with Foreign Minister and the chief EU negotiator Ali Babacan; see Barçın Yinanç, "Askerden, 301. madde, Vakıflar ve

declared: “Cyprus is not a member of the EU; it is the Greek Cypriot part that is the member.”¹⁰ Consequently, it now seems possible that the EU process may come to a complete standstill in the second half of 2009 without a breakthrough on Cyprus. Such a development would present critical implications for Turkey’s efforts to modernize and to complete the process of integration into the Euro-Atlantic community. AKP, which spearheaded the drive to EU accession, will undoubtedly maintain its high profile in international politics, which has recently been capped by election to the UN Security Council, even without progress on the EU front. However, AKP will also have to cope with the negative implications for Turkish domestic politics as well as for the economy.

Growing Religiosity

In accordance with Mustafa Kemal Atatürk’s program of strict secularization after the creation of the republic in 1923, there was a sustained effort to try to minimize the role of Islam, which had been the backbone of the Ottoman Empire. Islam was brought under state control, unofficial prayer gatherings prohibited, and religious sects banned. Religious devotion and observance were sustained, however, in the home as well as in sects that survived by going underground.

After 1950, the secular Kemalist elite, which replaced the Ottoman elite with the establishment of the Turkish republic in 1923, was forced to share power with politicians catering to the religiosity of the voters to win elections. With the introduction of multiparty democracy, religious sentiment emerged onto the political scene. Turkish voters showed at the ballot box that they favored leaders and parties officially committed to Turkish secularism but nonetheless showed respect for their values. This was the case in particular with the Democrat Party (DP) of Adnan Menderes in the 1950s, the Justice Party of Süleyman Demirel in the 1960s, and the Motherland Party of Turgut Özal in the 1980s.

At the same time, Turkish Islamists began to organize themselves as political parties. As the foremost Turkish Islamist politician, Erbakan opened the door to direct political power for his followers by becoming deputy prime minister in the 1970s and prime minister in a coalition government in 1996–1997. Erbakan’s 1975 manifesto, the National Vision, served as the codification of the Turkish-Islamic synthesis long propagated by Islamists. The document became the guiding light for Erdoğan and the AKP, who are the heirs and beneficiaries of a long process of politicization by Islamists. In other words, AKP’s ability to win and retain power reflects and reinforces the growing and increasingly visible religiosity in Turkey. As the AKP experiment in government shows, the rigidly secular system has been forced to adjust in an ad hoc manner to the influence of religion in politics—59 percent of Turks call themselves “very religious”—and the current situation is inherently unstable in the absence of a hitherto elusive new national consensus.¹¹

The movement led by Fethullah Gülen has a following and influence that parallels the AKP. Although the AKP and the Gülen Movement are allied in the effort to soften the harsher aspects of Turkish secularism, there are real differences between them. Unlike the AKP, which has sought

Kıbrıs’ta ‘frene basılsın’ uyarısı,” *Referans*, October 1, 2007, http://www.referansgazetesi.com/haber.aspx?HBR_KOD=79555&ForArsiv=1.

10. Recep Tayyip Erdoğan (speech at Friends of Europe Conference); see “Erdoğan: Güney Kıbrıs, AB’yi aldattı,” *Aygazete*, January 20, 2009, <http://www.aygazete.com/?50107>.

11. Sabrina Tavernise, “For Many Turks, Headscarf’s Return Aids Religion and Democracy,” *International Herald Tribune*, January 30, 2008. A 2006 study conducted by the Turkish Economic and Social Studies Foundation in Istanbul surveyed 1,500 people across Turkey and found that 59 percent described themselves as “very religious” or “extremely religious.” Study cited in article available at <http://www.iht.com/articles/2008/01/30/europe/30turkey.php>.

and obtained direct political power, the Gülen Movement has focused on widening its influence by gaining adherents within Turkey and abroad directly as well as through a range of affiliated organizations. As Gülen's unwillingness to condemn the 1997 coup vividly demonstrates, the Gülen Movement has a longer-term strategy aimed at gradually changing the system from within rather than through confrontation. Just before his departure from Turkey in 2000 after being charged with antisecular activities, Gülen advised his followers to "move in the arteries of the system, without anyone noticing your existence, until you reach all the power centers."¹² With its huge financial resources, the Gülen Movement has the financial leverage to realize his aims.¹³ The movement is closer to Gül than to Erdoğan and is particularly influential in the education system, the police force, and the media.

With the gradual abandonment of the Kemalist principle of etatism and particularly after the initiation in the 1980s of the effort to integrate Turkey into the global economy by former president Özal—who noted that while Turkey was a secular country he was not a secular man—the more devout elements of society also acquired significant economic power. In fact, AKP's rise to power was facilitated by the backing of the "Anatolian tigers" (as this new middle class came to be known) and they, in turn, benefited from the support of the AKP government, particularly in allowing more open expressions of piety in public life. Although the Kemalists did not establish an economic elite during their unchallenged rule between 1923 and 1950, the wealthy and influential westernized Istanbul business community gradually emerged as the natural ally of the military and bureaucratic elite in Ankara in the effort to maintain secularism.

The Turkish Military and Kemalism

Having created the Turkish state under the leadership of Atatürk, who had risen through military ranks, the Turkish armed forces take their duty to defend the state very seriously, especially against fundamentalism and separatism. A perceived increase in Islamism was a stated factor in both the 1960 and 1980 military coups and in the 1997 "postmodern coup" engineered by the TGS specifically directed at ousting the Islamist-led coalition government.

The rapid revival of the Islamists under the AKP banner has created a difficult dilemma for the TGS as the backbone of the secular system. Although the TGS is perceptibly uncomfortable with the AKP government as the political manifestation of increased religiosity challenging secularism, it has been reluctant to directly confront a party with mass popular backing, as its unwillingness to follow up its 2007 memorandum against Gül's presidential candidacy demonstrates.¹⁴ Kemalism, however, as defended by the TGS remains the official state ideology as confirmed by the 1961 and 1982 constitutions. Moreover, although modern Turkey may no longer conform to the principles of Kemalism, the AKP has not been willing to risk a direct challenge to Kemalism.

12. In 1999, footage was aired on Turkish television of sermons delivered by Fethullah Gülen to a crowd of supporters. The video is currently on the YouTube Web site in Turkish <http://www.youtube.com/watch?v=YnxMcLN3x8c&feature=related>.

13. Rachel Sharon-Krespin, "Fethullah Gülen's Grand Ambition: Turkey's Islamist Danger," *Middle East Quarterly* XVI, no. 1 (Winter 2009): 55-66, http://www.meforum.org/article/2045#_ftn3.

14. Also known as the "e-coup," this was a statement posted at midnight on April 27, 2007, on the Turkish General Staff's Web site. The statement ominously asserted that, "...the Turkish Armed Forces are the absolute defenders of secularism. . . . If needed, the Turkish Armed Forces will not hesitate to clearly voice its position and actions. No one should doubt this. Turkish General Staff, press release, http://www.tsk.mil.tr/10_ARIV/10_1_Basin_Yayin_Faaliyetleri/10_1_Basin_Aciklamalari/2007/BA_08.html.

Although the culmination of the current EU accession process would necessitate the subordination of the TGS to elected officials, the TGS has maintained its influence in decisionmaking far beyond purely national security issues. Equally significant, it also retains autonomy in administering itself without meaningful civilian oversight. An example is the Supreme Military Council that convenes twice a year to decide on promotions and retirements. Although the prime minister chairs these meetings, the military establishment makes its own decisions on expelling members of the armed forces, the majority for “religious activities.”

After the October 2008 terrorist attacks by the separatist Kurdistan Workers’ Party (PKK) on a military outpost near the Iraqi border led to unprecedented media criticism of the TGS for alleged negligence, Başbuğ publicly warned members of the media “to be careful and to stand in the right position.”¹⁵ Significantly, Erdoğan chose to back Başbuğ’s campaign against newspapers, which had previously been vociferous in their support of the AKP in its difficulties with the TGS. In addition to demonstrating the growing convergence of interests between the AKP and the TGS, in particular on dealing with separatist terrorism, the incident also highlighted the failure to develop a genuinely open society. Turkish civil society and its middle class have not developed to the point where they fit the traditional Western definition, thus contributing to the failure to regularize the civilian-military relationship along the Western model. While technically an open society, Turkey continues to be inhibited by explicit and implicit taboos, as evidenced by Article 301, which is still in force despite repeated EU demands for removal of it and other articles of the penal code that restrict freedom of expression.¹⁶

Turkish society is ambivalent about the role played by the TGS beyond the traditional military sphere. However, it is particularly concerned by the activities of the so-called deep state. Leftists who were persecuted after the 1971 and 1980 coups, Kurds who experienced a string of “extra-judicial killings” between 1984 and 1999, and Islamists especially after the 1997 coup generally view the deep state as a shadowy extension of the TGS. The deep state is generally believed to have utilized the remnants of Operation Gladio, NATO’s plan for a stay-behind response to a Soviet invasion of western Europe during the Cold War. Defenders of the deep state view it as an essential tool in protecting the state against internal and external enemies.

The first public glimpse into the deep state came after a car crash at Susurluk in 1996 revealed links between ultranationalist terrorists, politicians, and military officers. The investigation into the Susurluk incident eventually tapered off because of a general reluctance to delve too deeply into the role of the military.¹⁷ Consequently, it is not clear whether the widening investigation into the so-called Ergenekon conspiracy, in which four retired four-star generals have been detained along with a number lower-ranking serving officers in connection with an alleged coup plot

15. During a press conference about the recent attacks on the Aktütün military outpost, Başbuğ lashed out at the media for their criticism of his inaction after the attacks. Several newspapers, including *Today’s Zaman*, published Başbuğ’s criticisms. Fatma Dişli, “Başbuğ Ire Draws Reaction from Media,” *Today’s Zaman*, October 17, 2008, <http://www.todayszaman.com/tz-web/yazarDetay.do?haberno=156090>.

16. The Turkish Grand National Assembly made slight amendments to Article 301 in April 2008. The law now criminalizes any insult of the “Turkish nation” rather than the broader notion of Turkishness, and the justice minister’s permission is required to open a case under 301. The maximum sentence was cut to two years from three. See Selçuk Gültaşlı, “EU Welcomes 301 Amendment but Calls for More,” *Today’s Zaman*, May 1, 2008, <http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=140606>.

17. Fikri Sağlar, member of the parliamentary commission set up to investigate Susurluk in 1996, interview; see Ercan Yavuz, “If Susurluk Had Been Solved, We Would Not Be Facing the Ergenekon” *Today’s Zaman*, September 28, 2008, <http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=154519>.

against the AKP government, will be pursued in a manner that will finally undercut the role of the deep state in Turkish society.

The Kurdish Conundrum

Although terrorist attacks by PKK grab Turkish attention, the Kurdish problem goes back to the very origins of the state. In reality, PKK is only a serious symptom of the larger problem with a significant ethnic minority that has resisted assimilation—perhaps amounting to as much as 15 percent of the population and living predominantly in southeastern Turkey.

İsmet İnönü, who later became Turkey's second president, stated in 1923 just before the establishment of the Turkish republic: "The Kurds are not a minority, and therefore they, like the Turks, are a major component of the Republic. For this reason, the government in Ankara is the government of the Turks and also of the Kurds."¹⁸ Atatürk then pursued a policy of assimilation to create a single identity in which all citizens would conform to his dictum: "Happy is the man who can say 'I am a Turk.'"

Kurds responded with uprisings in the 1920s and 1930s, provoking military suppression and forced displacement. After a relatively quiet interregnum, the Kurdish problem flared into the open again after Abdullah Öcalan established the PKK to fight the Turkish state. In 1984, the PKK initiated terrorist violence that has subsequently resulted in the deaths of more than 42,000 PKK members and 6,000 Turkish soldiers, according to the TGS. After the capture of Öcalan in 1999, the PKK declared a truce and stated that it would use political channels to gain cultural rights, constitutional changes, and freedom of expression. After 2003, however, the PKK took advantage of the changed situation in northern Iraq following the overthrow of Saddam Hussein's government and resumed its activities in its safe haven. The Turkish military responded first in southeastern Turkey and, after the escalation of attacks in October 2007, with air attacks and a major ground operation into northern Iraq. This followed complex diplomacy with Washington, which Turkey saw as also playing a hand in the increased PKK violence, both willfully and through negligence of Turkish security interests.

The ability of the PKK to survive and continue to attract volunteers, despite many decades of sustained effort by the Turkish military, testifies to the Kurds' alienation and resentment of discrimination and economic neglect. Like previous leaders Özal and Demirel, Erdoğan has tried to strike a balance between supporting a military response against PKK terrorism and the need for a political solution that he first publicly articulated in the de facto Kurdish capital of southeastern Turkey, Diyarbakır, in 2005. Erdoğan's Kurdish strategy, aiming to simultaneously undercut the PKK and the Kurdish politicians who defer to the PKK, was based on economic improvement in the southeast as well as Islamic solidarity.

Erdoğan has put particular emphasis on the Southeastern Anatolian Project (GAP) as a way to improve living standards and expand employment and investment in the underdeveloped Kurdish region and thus to fully incorporate it into the Turkish economy. Initiated in the 1970s, GAP has suffered from chronic underfunding, mismanagement, and security concerns. Although 85 percent of its hydroelectric projects have been completed, only 24 percent of irrigation projects that benefit farmers in the arid southeast have been realized. In May 2008, Erdoğan launched an action plan and committed more than \$15.5 billion in additional state funding to complete GAP and re-

18. Emre Kongar, "Aydınlanma," *Cumhuriyet*, 2003. Kongar quotes İsmet İnönü at Lausanne; for the article in Turkish, see http://www.kongar.org/aydinlanma/2003/354_Pazarlik_ve_Kuzey_Iraktaki_Kurtler_Konusunda_Ismet_Pasa_Ornegi.php.

focus it from infrastructure projects to regional agricultural, economic, and social development.¹⁹ The AKP also envisioned GAP as a way to wrest control of the southeast from the Kurdish-nationalist Democratic Society Party (DTP). However, the financial crisis will restrict the amount of funds available for GAP and other projects in the region, and there is little tangible evidence that economic prosperity alone would diminish the Kurds' sense of cultural and political marginalization that is at the core of the conflict.

In the southeast, the AKP is in direct competition for votes with the DTP and has been arguing that defeating the DTP in the region would lead the way to a solution of the Kurdish problem, but electoral success by mainstream Turkish parties in the southeast is not a unique phenomenon or a panacea. Since the beginning of the multiparty system in 1950, Kurds have voted for mainstream Turkish political parties as well as Kurdish parties such as the People's Labor Party (HEP), Freedom and Democracy Party (ÖZDEP), Democratic Labor Party (DEP), Democratic Mass Party (DKP), and People's Democracy Party (HADEP), all of which were closed for separatist activities. The Kurdish electorate chooses to vote for mainstream parties—the old DP had in fact won all the seats in the southeast in 1950—not only because the Kurdish parties are regularly banned but also because of the tactical response of Kurdish voters to the 10 percent national threshold required for representation in the TGNA. Moreover, the feudal system, which still survives in the southeast, allows politically ambitious local leaders to deliver votes for the mainstream party in exchange for economic and political power.

The DTP, which ran independent candidates in the 2007 elections to sidestep the national threshold, is currently confronting the same threat of closure on the grounds of separatism as its predecessors. Having faced its own closure case, the AKP has significantly avoided comment about the DTP case, and Erdoğan has resolutely refrained from meeting DTP members elected to the TGNA because of their failure to denounce PKK terrorism. Erdoğan displayed his hardening position on the Kurdish problem in November 2008 by saying: "One nation, one flag, one motherland and one state. Those who oppose this should leave."²⁰

His attitude disappointed most Kurds as well as his supporters who had hoped for a political solution. A leading columnist sympathetic to AKP, Fehmi Koru, pointedly criticized Erdoğan by saying: "He came into power like Obama but in 2008 he acts like Bush."²¹ Dengir Mir Mehmet Fırat, the most prominent Kurdish figure in the AKP, who had met with DTP parliamentarians, resigned from his post as deputy chairman of the party apparently because of his dissatisfaction

19. The Southeastern Anatolia Project (GAP in its Turkish acronym) is a multisector and integrated regional development effort designed to improve of living standards and income levels in nine southeastern provinces of Turkey; see http://www.gap.gov.tr/gap_en.php. The original 1970s plan focused on large hydroelectric projects on the Euphrates and Tigris rivers. It now supports social and economic development in irrigation, energy, agriculture, rural and urban infrastructure, forestry, education, and health. The total cost of the project is estimated as \$32 billion. Although the GAP project was originally scheduled for completion in 2010, fiscal constraints and environmental concerns pushed the notional completion date to 2047. In 2008 the Erdoğan government initiated the Southeastern Anatolia Project Action Plan to refocus the plan and committed \$15.5 billion in funding to complete it. The plan is available at <http://www.gap.gov.tr/English/Genel/eylem812.pdf>. See also Gareth Jenkins "Turkey Launches Economic Offensive against PKK Recruitment," The Jamestown Foundation, May 29, 2008, http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=4953.

20. Erdoğan on November 4, 2008, spoke to an assembly of the local AKP branch in Hakkari Province during a tour of the Kurdish-dominated southeast following the PKK attacks on a military outpost in Ak-tütün in October 2008. Ayşe Karabat, "Erdoğan's Comment Rattles Kurds in Diyarbakır," *Today's Zaman*, November 4, 2008, <http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=157780>.

21. Fehmi Koru (interview, NTV television, November 6, 2008).

with Erdoğan's hardening policies. Ahmet Türk, the leader of the DTP, went so far as to claim that the AKP was "obliged to make a deal with the state in return for not being shut down. As a part of the deal, the Prime Minister has changed his policy on the Kurdish issue."²²

In fact, the AKP government is caught in a dilemma between its twin goals of blurring ethnic divisions and backing a military solution to PKK terrorism. Erdoğan's latest statements suggest that he has chosen to side with the TGS even if that risks electoral success in the southeast. Erdoğan has been hoping in particular to win the mayoral race in Diyarbakır while retaining the support of Kurdish voters in other regions. It seems likely, however, that Erdoğan's hardening attitude may push Kurdish voters away from the AKP and toward the DTP in the southeast as well as in big cities like Istanbul. It is worth noting that Erdoğan recently received a cold reception in Diyarbakır, where shops remained closed to boycott his arrival and protestors chanted "The PKK is the people."²³

After Erdoğan's visit, Aysel Tuğluk, a DTP member of the TGNA from Diyarbakır said that the problem Turkey faced was "the initiative being left to the militarist structures."²⁴ For his part, Başbuğ has publicly acknowledged that it was impossible to "prevent young people from moving to the mountains [to become members of the terrorist organization] only by military means."²⁵ Başbuğ has also supported Kurdish broadcasting, which Erdoğan initiated with the first Kurdish-language television channel (TRT 6) along with efforts to improve the social and economic situation in the region. There is little evidence, however, that the TGS has abandoned the pursuit of a military solution, as criticism in the 2008 EU progress report confirms.²⁶

Despite hardening its stance in the southeast, the AKP government has taken tentative steps to increase cooperation with the Iraqi Kurds. In early 2009, a Turkish diplomat met in Erbil with the president and prime minister of the Kurdish Regional Government (KRG), which Turkey does not recognize. Ankara's official policy is still to deal primarily with the Iraqi central government, including on ways of curbing PKK terrorism, despite its lack of real authority in northern Iraq. Although it remains to be seen how the relationship will develop after U.S. withdrawal from Iraq, the trend of AKP policies in the southeast and concern over the example being set for the Turkish Kurds by the growing autonomy of the Iraqi Kurds seems likely to inhibit closer relations between Turkey and the KRG.

22. Serkan Demirtaş and Göksel Bozkurt, "Kurd Leader Decries U-Turn on Southeast," *Hurriyet Daily News.com*, November 24, 2008, <http://www.hurriyet.com.tr/english/domestic/10426713.asp?gid=244>.

23. *Today's Zaman* published an article detailing the atmosphere and events surrounding Erdoğan's visit to Diyarbakır, including the shop closures, protests, and the shouting of support for the PKK within the city. Ayşe Karabat, "Where the Terror Organization PKK and Kurdish Politics Meet," *Today's Zaman*, November 9, 2008, <http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=158209>.

24. İhsan Dörtkardeş, "DTP'li Tuğluk Roj TV'de Aktütün karakolu'na saldırıyı değerlendirdi," *Milliyet.com*, October 6, 2008, <http://www.milliyet.com.tr/default.aspx?aType=SonDakika&ArticleID=999482>.

25. "Başbuğ'dan 'Kürt' açılımı," *Palhaber*, October 30, 2008, <http://www.palhaber.com/haber/turkiye/turkiye-genel/basbug-dan-kurt-acilimi.html>.

26. The 2008 European Union progress report outlines: "However, the armed forces have continued to exercise significant political influence via formal and informal mechanisms. Senior members of the armed forces have expressed their opinion on domestic and foreign policy issues going beyond their remit, including on Cyprus, the South East, secularism, political parties and other non-military developments." The report is available at "Enlargement Strategy and Progress Reports 2008," http://ec.europa.eu/enlargement/press_corner/key-documents/reports_nov_2008_en.htm.

Economic Difficulties and Politics

The economic crisis of 2000–2001 directly facilitated the AKP’s ascent to power. In November 2002, Erdoğan inherited a faltering economy that had been rescued by an emergency International Monetary Fund (IMF) package, and once in office the AKP proceeded to implement the IMF program. In the next five years, the Turkish economy benefited from the program as well as progress on EU accession, and it recovered in an impressive manner. Between 2003 and 2007, yearly growth averaged 6.7 percent, long-term foreign direct investment rose from \$1.8 billion to \$21.7 billion, and per capita income rose from \$3,383 to \$9,333. The stock market also soared, reaching a record of 58,231 points on October 15, 2007, from 18,206 points in December 2003.

During this period, the real interest rate and the value of the Turkish lira were kept artificially high in order to attract short-term investors. The influx of speculative, short-term capital (so called hot money) into the Turkish economy rose from \$8.2 billion in 2002 to \$107 billion in 2008. (The earnings repatriated by such investors rose from \$3.3 billion in 2003 to \$15.4 billion in 2008.) The hot money helped to cover the yearly current account deficit that went from \$1.5 billion in 2002 to \$41 billion in 2008. Turkish exports went up impressively between 2003 and 2008, from \$47 billion to \$131 billion; and imports rose at an even higher rate during the same period, from \$69 billion to \$201 billion. Its stewardship of the economic recovery helped to buttress the AKP in office, and its ability to retain popular support depends to a significant extent on sustaining the process. Recent indicators suggest, however, that this will be hard to achieve. Although the 2009 budget forecasts a projected growth rate of 4 percent, the IMF is in fact predicting a contraction of 1.5 percent, the first since 2001. The unemployment rate has risen above 10 percent in urban areas, and more than three million people are expected to be unemployed by the end of 2009. The impressive growth in exports has come to an end, and in December 2008 there was a precipitous 21 percent fall compared with 2007, with the automotive sector suffering most.²⁷ The stock market fell to 21,929 points on November 19, 2008, less than half its value compared with the previous year. More crucially, the short-term funds fell to \$59.5 billion in October 2008, making it more difficult to cover the deficit.

Having successfully completed for the first time Turkey’s 19th agreement with the IMF in May 2008, Erdoğan was urged by the Turkish private sector as well as the international financial community to proceed to a new agreement. Erdoğan resisted and publicly cited his disagreement with IMF demands, in particular for a reduction in public infrastructure spending and a revision of the projected growth rate to 2 percent. He declared that Turkey would reach an agreement with the IMF only if it did not “try to throttle us” even as other countries such as Iceland, Hungary, Ukraine, and Pakistan concluded agreements with the IMF.²⁸

As the international financial crisis escalated in September 2008, Erdoğan claimed that Turkey would not be adversely affected and that Turkey could even profit from it. He argued that Turkey was “a safe port” for international capital because it had learned lessons from its own crisis. When he finally acknowledged on November 2, 2008, that Turkey would be affected by the global ferment, Erdoğan said that the government would “minimize the damage” while claiming that the crisis had “reached its climax and was in decline.”²⁹

27. “EBSO Expects IMF Deal to Be Signed after Elections,” *Today’s Zaman*, February 4, 2009, <http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=165923&bolum=105>.

28. “IMF ümüğümüzü sıkırmak isterse onlarla anlaşamayız,” *Zaman*, October 27, 2009, <http://www.zaman.com.tr/haber.do?haberno=753782>.

29. Recep Tayyip Erdoğan (address to nation, November 30, 2008); “Erdoğan’s Optimistic Crisis Assessment Draws Objections,” *Today’s Zaman*, December 1, 2008.

Turkish Demographics: A Strategic Assessment

Eric Palomaa

Turkey is a middle-income country that during the past 50 years has transitioned from an agricultural to an industrial society.¹ This transition was characterized by high rural to urban migration from 1960 to 2000, with a surge in the 1990s. Turkey's urban centers today are experiencing an overcapacity of labor with a significant decrease in labor force participation, growing income disparity, and increased unemployment and underemployment rates (especially for youth and those in urban areas). These trends become more worrisome in light of the current global economic downturn.²

Still, as a 2008 CSIS report on demography and geopolitics observed, "Among all the countries in the region, Turkey's demographics may be the least threatening to domestic social stability and cohesion. With a median age of 27, it is one of the oldest Muslim countries. Its fertility rate is closer to replacement, its youth-bulge share is falling rapidly, and because its transition has been gradual, it will not have to cope with a large echo boom."³ The current story of Turkey has gone from having very high youth population growth to having a low youth population growth rate, now equivalent to that of the United States, France, Scandinavia, and Ireland. In fact, by 2050 Turkey will be nearing the United States in its share of elderly dependents. Turkey has already passed the height of its so-called demographic dividend—a period in which the number of dependents (elderly and children) is very low compared with the number of workers.⁴ Unfortunately, much of this dividend fell during the 1990s, when Turkey experienced a series of economic crises.

Population flow from rural to urban in Turkey has followed well-understood patterns of movement from economically disadvantaged areas to areas with more opportunity, and it is fair to say that today Turkey has largely passed its urbanization transition. But those regions of the country that have been the source of rural outflow remain largely undeveloped, with growing disparities compared with the country's western provinces.

1. The urbanization rate in Turkey has nearly tripled since 1950, reaching 70.5 percent in 2007; see Address-Based Birth Recording System (ADNKS), Population and Naturalization General Directorate, Ankara, 2007.

2. According to February 16, 2009, figures from the Turkish Statistical Institute, the unemployment rate is 9.3 percent in rural areas, 14.2 percent in urban areas, and 23.9 percent among youth across the country.

3. Richard Jackson and Neil Howe, *The Graying of the Great Powers: Demography and Geopolitics in the 21st Century* (Washington, D.C.: CSIS, 2008), pp. 167–168.

4. The dividend will continue at a low level until about 2025, when the number of elderly begins to rise.

(Continued from preceding page)

As the economy changes from one driven by labor-intensive activities to one reliant on knowledge-based industries, one of the regional disparities to emerge has been a gap in education resources. Compared with the rest of Turkey, the underdeveloped southeastern, eastern, and Black Sea regions have had higher fertility rates and lower literacy rates, as well as lower school enrollment rates and less access to education.⁵ Southeastern Anatolia remains the most disadvantaged region of Turkey in terms of per capita income, per household minimum food expenditures, and per capita cost of basic needs. The development differences between this predominantly ethnic Kurdish area and the rest of Turkey are of foremost concern because the area is home to the Kurdistan Workers' Party and other terrorist movements, which continue to draw succor from dissatisfaction with economic conditions.

Lukewarm public sentiment toward Turkey's future in the European Union is also driven by demographics, which play a huge role in an EU system that features weighted voting. Declining population growth rates in many EU countries have sparked public demographic concerns.⁶ Despite its moderate growth rate, by 2015 Turkey is expected to be more populous than any other EU country, including Germany. This means that an expanding Turkey would wield the largest number of votes in the European Council and field the largest number of deputies in the European Parliament.⁷ Perhaps most alarming, at least from a European perspective, is that Turkey's accession would increase the EU's Muslim population by 513 percent, from about 15 million today to a total of 92 million. Many Europeans find this prospective growth spurt raises troubling questions about the future of Europe's cultural identity and social cohesion, especially in light of the fact that the EU's Muslim population is projected to double by 2015 without Turkey's accession while its non-Muslim population shrinks by 3.5 percent.

5. As there is a direct correlation between level of education and average gross earnings, migrants from the underdeveloped regions of Turkey are at a demographic disadvantage in the evolving Turkish economy. The poverty rate is 31.71 percent among the illiterate, 14.9 percent among elementary graduates, and 5.2 percent among high school and equivalent professional school graduates. Of women in urban areas, 16.6 percent cannot read or write; of their rural counterparts, as many as 30.8 percent are illiterate. Among men, however, only 3.9 percent of urban men and 9 percent of rural men are illiterate. "Results of the 2006 Poverty Study" (Ankara: Turkish Statistical Institute [TurkStat], 2007).

6. Germany, population 82,400,996, currently the highest-populated EU member, has an approximate growth rate of -.033 percent; see "Germany," Intute World Guide, 2007.

7. In addition to altering voting structures, Turkey's entry into the EU would increase the size of the EU's overall population by 15 percent.

After attending the emergency Group of Twenty (G-20) meeting in Washington in mid-November and meeting with Dominique Strauss-Kahn, the managing director of the IMF, Erdoğan publicly backed a new agreement with the IMF and said that Turkey was “very close to signing a new deal.” However, the talks with the IMF have proceeded slowly as Erdoğan apparently prefers to delay an agreement until after the March 2009 municipal elections in order to be able to continue the public spending that gives an advantage to the AKP. At the end of January 2009, Erdoğan commented on the suspension of negotiations with the IMF after three weeks of talks in Turkey by saying “if we do not reach a deal it is not the end of the world.”³⁰ He said that there would be an agreement with the IMF only if it “was not against Turkey’s interests.” He added “If we can, we will reach an agreement. If not, we will continue on our path with our own resources.”³¹ Nevertheless, with 53.7 percent of respondents in a recent Turkish survey saying that they can feel the implications of the global economic crisis severely and 72.3 percent saying that the AKP was not managing the crisis well,³² it remains to be seen whether Erdoğan will pay a bigger political price for the lateness of the deal or for having to go to the IMF yet again, like his much-maligned predecessors.

To understand the structural weaknesses of the Turkish economy it is necessary to go back to the 1980s when Turkey took the first step toward integration in the global economy by finally moving away from etatism, one of the six principles of Kemalism. Under the leadership of Özal, the Turkish economy began to be liberalized through the elimination of “import substitution”—which had long protected inefficient Turkish firms—along with foreign exchange restrictions. The country was opened to foreign investment, a policy of export-led growth was adopted, and a formal application was made to the EU. As a result of the reforms, the Turkish economy grew by an annual average of 4.8 percent between 1980 and 1994. However, the failure to control inflation and fiscal indiscipline, along with the failure to strengthen the banking sector, led to an economic crisis under Özal’s successors in 1994, forcing the country to turn to the IMF and ending in an even graver crisis in 2000–2001.

The IMF-backed recovery program after the 2000–2001 crisis focused on restoring the health of the troubled Turkish banking sector and bringing down inflation and public spending. As the inflation rate fell to single figures, Turkey’s integration into the global economy gathered pace again with sustained growth, increased trade, accelerated privatization, and a rise in long-term foreign investment. The Turkish economy also became less reliant on the inefficient agricultural sector as it shifted emphasis to industry and services.

Turkey’s impressive economic achievements have not eliminated the chronic problems of unemployment and underemployment—particularly among youth—in a country with a growing urban population. This has been a constant preoccupation of Turkish decisionmakers and is likely to get worse as the economy begins to falter. Turkey’s fertility rate is approaching replacement levels, however, and its youth bulge has begun to shrink. Of countries in the region, its demographics may be the least threatening to social stability and cohesion.

At the same time, the country’s policy of export-led growth, which requires the vibrant private sector to sell its goods in ever greater volumes not only to its primary markets of Russia and the countries of the Organization for Economic Cooperation and Development but also to other

30. “Erdoğan Says Not End of the World If No IMF Deal,” Reuters, January 29, 2009, <http://www.reuters.com/article/GCA-Davos2009/idUSTRE50S2D220090129>.

31. “Turkey Won’t Sign IMF Deal If No Benefits, Says Erdoğan,” *World Bulletin*, February 9, 2009, http://www.worldbulletin.net/news_detail.php?id=36351.

32. “Hükümet ekonomik krizde sınıfta kaldı,” *Radikal*, December 11, 2008, <http://www.radikal.com.tr/Radikal.aspx?aType=RadikalHaberDetay&ArticleID=912246&Date=11.12.2008&CategoryID=101>.

markets around the world, will be more difficult to sustain with the likely contraction of global economic interaction. As the domestic market also shrinks, the Turkish companies will not only fail to provide jobs for those coming into the workforce but also face financial problems that will put additional pressures on the banking sector. The AKP government and its successor will then find themselves under pressure to increase spending to alleviate the problems in the domestic economy in direct contravention of IMF guidelines (in essence, mirroring the U.S. and European fiscal stimulus approach—but contravening IMF conditions). Needless to say, Turkey's economic difficulties look certain to be aggravated if hopes of the EU accession process are finally dashed.

The irony is that, while Turkey has made great progress toward integration into the global economy, it now faces economic difficulties in coming years because of globalization. It will have to try to weather the current storm with IMF help, sustaining as little damage as possible, and then hope for better days with its young workforce and competitive products after the global economic crisis is over.

Looking Ahead

There may be similarities between the MP of Özal in 1989 and the present-day AKP. After it won the parliamentary elections of 1983 and 1987, the MP suffered a serious reverse in the 1989 local elections, heralding the end of its domination of Turkish politics. AKP, which became the first Turkish political party after MP to hold office on its own by winning the 2002 elections, is heading into the March 2009 local elections after two successive parliamentary election victories. Although it is still the most popular party in every poll and seems certain to emerge as the leading party, it may not match the 47 percent vote it obtained in the 2007 elections.

Its failure to maintain its share of the vote against opponents who have not been able to fashion a coherent message against AKP or to match Erdoğan's campaigning abilities would be due primarily to the economic downturn. AKP seems powerless, however, to act on the head scarf issue or to solve the Kurdish problem and is effectively "on notice" after barely surviving a closure case is undermining its remarkable internal cohesion. At the same time, the corrosive effects of being in office for a long time have manifested themselves in the AKP, most notably with respect to alleged corruption.

The end of AKP domination is not imminent although the CHP and MHP will almost certainly benefit from AKP's gradual loss of support, as will the Contentment Party (SP), which continued as the Islamist party after the defection of Erdoğan and his colleagues in 2001. Many Kurdish voters who backed AKP in the past seem disenchanted with Erdoğan and are likely to defect from the AKP in the main western Turkish cities while backing DTP candidates in the southeast.

The future course of Turkish politics will be determined to a great extent by external variables, in particular the severity of the global financial crisis and the decision of the EU leaders on Turkish accession. The health of the Turkish economy now depends directly on the influx of long- and short-term foreign funds that will continue to flow only if the world is able to overcome its current problems. Similarly, the fate of Turkey's EU aspirations is in the hands of European leaders who have to decide what kind of union they want and whether there is a place in it for a huge country located mostly outside the continent with a predominantly Muslim population.

The coincidence of the end of the economic recovery and the EU accession process would undercut the AKP, which fully utilized these two issues to obtain and consolidate power. The vacuum that would be created by the eventual demise of the AKP would almost certainly be filled by a government that may be even more nationalist in its attitude toward internal and external enemies.

The extent of the inevitable turn to the right would be determined by the severity of the economic downturn and the domestic repercussions.

The absence of sharp ideological divisions makes it unlikely that the country will return to the chaos of the 1970s when Turkish youth killed each other in alarming numbers, but there could be a greater likelihood of Turkish-Kurdish clashes in the southeast as well as in the major cities where there is a significant Kurdish minority. As long as the country remained relatively prosperous, governing was relatively easy for the AKP. With the shrinking of the pie, unemployed Kurdish young men in the southeast could well be more likely to join the PKK or to display their sympathies for it more openly while their Turkish counterparts drift into ultranationalist gangs.

The lack of charismatic fervor of the current leader of the MHP, which once mobilized paramilitary groups, and Erdoğan's constant use of patriotic rhetoric have managed to keep Turkish nationalism—which is against the United States and the EU and in favor of a hard line on the Kurdish issue, Cyprus, and Armenia—from boiling over. Erdoğan subscribes to the so-called Turkish-Islamic synthesis which is at the core of the National Vision that guides most of the AKP leaders. He will, however, eventually be challenged by a new nationalist politician who will be more willing to emphasize Turkish nationalism than Islam. The murder in 2007 of a prominent Turkish Armenian journalist by a self-described ultranationalist serves to highlight the dangerous potency of extreme and xenophobic Turkish nationalism.

As the reform process spearheaded by the AKP related to EU aspirations slows down, Turkey could become a more intolerant country toward Kurds, Alevis, and non-Muslim minorities and less open toward dissent and the free expression of views and ideas. The role of the military, particularly in determining the response to the Kurdish problem but also in a whole range of other issues, might become an even more important determinant of policy choices. As the defender of the secular state, the TGS sees itself as the real core of Turkish nationalism, and there would be less reason for the TGS to contemplate a coup if a weakening AKP government or its successors accept the implicit and explicit nationalist limitations on their ability to govern.

Whatever the future shape of Turkish domestic politics, the Turkish people will remain religious, and whoever takes over after AKP will have to acknowledge that reality. The MHP's advocacy of relaxation of the head scarf restrictions and the CHP's willingness to finally welcome into its ranks women wearing Islamic dress confirms the durability and influence of religiosity. A new national consensus on how greater religiosity and the secular state can coexist comfortably is not on the horizon, and in the meanwhile, Kemalist ideology will remain the official dogma of the state enshrined in its constitutional order, motivating the TGS and restricting the power of elected governments to act without the necessary and belated redefinition of what exactly it means for the country in the twenty-first century.

As Turkish politics enter an unpredictable phase, with the likelihood of increasing domestic ferment, the key challenge for Washington and Ankara will be to avoid a serious crisis that would strengthen nationalist and Islamist tendencies and anti-Western sentiment in Turkey as they try to maximize areas of cooperation.

In the near term, the key variable is the Armenian genocide issue, which has been hanging like the sword of Damocles over the relationship for 20 years. The two previous U.S. administrations had managed to avoid a crisis with Turkey on this issue by preventing congressional action through national security arguments. However, with President Barack Obama having committed himself while a candidate to "recognition of the Armenian genocide" more strongly than any of his predecessors, there seems to be a real danger of either the White House refraining from lobbying

against the resolution and thus permitting its passage or of a direct acknowledgement through a presidential statement.

In both eventualities, the inevitable harsh Turkish response will ensure a difficult period of uncertain length. Consequently, it is impossible to predict the future trend of U.S. relations with Turkey with any accuracy until the current manifestation of this problem is resolved in April 2009. If the issue can yet again be prevented from flaring into a full-blown crisis, the two countries can continue the process of redefining the U.S.-Turkish relationship in the post-Cold War era.

The United States will need to avoid being drawn into Turkey's highly charged domestic politics. The Bush administration's transition from embrace of the AKP to a more nuanced stance highlighted by its studied neutrality during the 2008 Constitutional Court case resulted in antagonizing and alienating Turkish political leaders across the entire political spectrum. If the struggle between the secularists and the AKP continues inconclusively for some time, almost any U.S. pronouncement on specific political battles will be perceived as unwarranted interference in internal affairs. Washington should accept that Turkish politics will remain volatile and unpredictable, even as it makes clear that it prefers to work with leaders who follow democratic principles and the rule of law.

If a more nationalist civilian or military leadership were to emerge in Ankara, this need not necessarily threaten the alliance. Although such governments would be more likely to be isolationist and to focus on perceived internal and external enemies, the relationship would be sustained by enduring common interests. Nevertheless, continuous high-level engagement by U.S. and Turkish officials would be required to prevent disagreements from derailing the relationship. An avowedly Islamist Turkey would severely reduce the extent of cooperation, however, and might even challenge U.S. policies, particularly in the Middle East.

Although Turkey will not fall apart because of its domestic or economic problems, the next decade is likely to be a difficult one for this important country. Notwithstanding the growing difficulties in the EU accession process and recent problems in U.S.-Turkish relations, the negative attitude of the Turkish public toward the U.S. government, and the danger posed by the Armenian genocide issue, it seems inconceivable that Turkey will seriously question its commitment to the western community of nations. The continuing role of the TGS and the Ministry of Foreign Affairs, which has admittedly lost some of its traditional influence in diplomacy to the prime ministry, still provides an effective counter to populist adjustments in foreign policy and thus helps to maintain Turkey's western orientation.

2

TURKEY AND EUROPE
A WIDENING GAP?

Julianne Smith

Few of Europe's relationships are as complicated and strategically important as that with Turkey. Despite the opening of European Union (EU) accession negotiations in 2005, many on both sides now question whether Turkey and Europe form a compatible match. European proponents of accession continue to cite the geostrategic and soft-power advantages to be gained in the Middle East following Turkey's EU entry. Their Turkish counterparts point to the country's European heritage and the economic benefits available to EU members. The pro-accession camp is opposed, however, by an ever-increasing number of Europeans who cite Turkey's lack of progress on reforms and broad cultural differences as reasons to slow or halt Turkey's accession. Also a growing number of Turks resent the way in which the accession process has been handled and therefore recommend that Turkey look eastward and southward for new partners.

To a large extent, the debate over Turkey's future in the EU is ultimately a debate about the future of Europe and European identity. Should the concept of Europe be defined in terms of geography or within the contours of political-cultural values such as adherence to democracy, the rule of law, and a market economy? Can Europe even be defined in terms of race and religion when millions of non-white and non-Christian European residents and citizens are present in virtually every major city across the continent? The accession of a large, Muslim, and comparatively poorer country into the EU apparatus also raises serious questions about the future of a European Union already strained by economic uncertainty and two large eastward expansions within a four-year period.

Turkish attitudes toward Europe are equally complicated and linked to the country's identity. Mustafa Kemal Atatürk modeled Turkey's development with an eye toward Europe, and integration into the EU remains a central goal of both the current government of the Justice and Development Party (Adalet ve Kalkınma Partisi [AKP]) and the traditional secular elite. Growing doubts in Turkey, however, about Europe's willingness to ultimately offer Ankara EU membership have led to a diminished commitment by officials and the public to undertaking the necessary reforms.¹ Simultaneously a chasm is growing between the timescale the EU envisions as necessary for reform to occur (at least a decade) and the timescale Turkish leaders seem to demand for

1. According to German Marshall Fund annual surveys, Turkish and European views toward Turkey's EU membership have remained fairly ambivalent, with approximately 42 percent of Turkish respondents saying it is "a good thing" and 45 percent of Europeans saying it is "neither a good nor a bad thing." In the 2008 survey, although 60 percent of Europeans thought it likely that Turkey would join the EU, only 26 percent of Turkish respondents envision that outcome. The cooling of Turkish attitudes toward Europe and the United States since 2004 reversed in 2008, with Turkish "warmth" toward the EU (on a 100-degree "thermometer" scale) increasing during 2007 by 7 degrees to 33 degrees and toward the United States by 3 degrees to 14. "Transatlantic Trends 2008: Key Findings" (Washington, D.C.: German Marshall Fund and Compagnia di San Paolo, September 2008), 19–21, http://www.transatlantictrends.org/trends/doc/2008_English_Key.pdf.

Turkey's EU accession. The Turkish public is regularly led to believe by Turkish politicians that EU accession has entered a now-or-never period. Turkish impatience laced with brinksmanship has become common in the rhetoric of AKP leaders and opposition parties.

Although the United States is not an official party to the ongoing negotiations, it does have a major stake in their outcome. The failure of Turkey's EU bid would no doubt have a number of negative consequences for the United States. The collapse of the accession process could easily fuel nationalist sentiments in Turkey counter to U.S. interests. Turkey might then turn away from its Western allies and institutions such as NATO, where it has been an invaluable ally. Turkey's growing ties with Russia and attitude during last summer's Georgia crisis seem to underscore at least the possibility of such a shift. Alternatively, Turkey might opt to become even more obstructionist in NATO, blocking EU-NATO initiatives, joint planning, and cooperation. As a result, the United States has long held the view that the accession process must succeed, but it has had a hard time finding a constructive role for itself that is acceptable to all sides. Europeans often warn the United States not to meddle in EU affairs but at the same time encourage the United States to pressure the Turks to advance their reform agenda. By contrast, Turks often welcome U.S. pressure on the EU to open its doors to enlargement but are not interested in speaking to U.S. policymakers about Turkey's human rights record or other internal matters. Most recently, the United States has channeled most of its energy into its own bilateral and bruised relationship with Turkey, leaving Turkey's EU accession process on the back burner.

Long, Winding Road to Accession

Turkey applied for associate membership in the European Economic Community (EEC) in 1959. In September 1963, Turkey signed an association agreement, known as the Ankara Agreement, with the EEC. Walter Hallstein, then president of the EEC, stated at the time, "Turkey is part of Europe."² Almost five decades later, Hallstein's comment is still under vigorous debate.

The Turkey-EU Customs Union agreement came into force on December 31, 1995. Although it does not cover important sectors, including agriculture (to which bilateral trade concessions apply), services, or public procurement, economic integration between Turkey and the EU has continued to deepen. The EU is by far Turkey's leading trading and investment partner: approximately 55 percent of Turkey's exports go to European markets and 40 percent of its imports come from Europe. Turkey is the EU's seventh-ranked import market and fifth-ranked export market.³ In 2007, Turkey's exports to EU markets increased slightly; however, the EU share of Turkish imports declined somewhat owing to the rising costs of energy imports from non-EU countries. In 2007, two-thirds of foreign direct investment in Turkey came from EU member states. Tourism produced about \$20 billion in revenues for Turkey that same year, with the majority of visitors coming from Europe (see appendix B).

Ankara had fitful discussions with the EU over commencement of accession talks and finally became a candidate for membership in 1999. Even as the EU agreed to admit a still-divided Cyprus and two of Turkey's formerly communist Black Sea neighbors—Romania and Bulgaria—in 2003, Europe raised additional barriers on Turkey's road toward EU accession. After 30 years of

2. Michael Lake, ed., *The EU & Turkey: A Glittering Prize or a Millstone?* (London: Federal Trust for Education and Research, 2005), p. 21.

3. *Turkey 2008 Progress Report* (Brussels: Commission of the European Communities, November 5, 2008), p. 36, http://ec.europa.eu/enlargement/pdf/press_corner/key-documents/reports_nov_2008/turkey_progress_report_en.pdf.

associate membership, Turkey was told by the EU in December 2004 that it could begin formal accession talks after it completed various reforms and extended its association agreement and customs union with the EEC to the EU's 10 new member states, including the Republic of Cyprus.

The Turkish government agreed to these terms in an additional protocol to the Ankara Agreement, but it declared that its signature did not imply recognition of the Republic of Cyprus and that its ports and airports would remain closed to ships and aircraft traveling from the Republic of Cyprus until the EU and the Greek Cypriots end what the Turks see as the economic isolation of Turkish Cypriots. Nevertheless the EU and Turkey opened formal negotiations on some of the 35 chapters of the *acquis communautaire* in October 2005. In preliminary screening, the EU Commission informed the Turkish government that 11 other chapters required “further efforts” before negotiations could even begin and that a few were determined to be “very hard to adopt.”⁴ As of December 2008, negotiations have been opened on 10 chapters, and one has been provisionally closed.⁵

On its path to EU membership, Turkey today faces an almost insurmountable list of obstacles and challenges ranging from the Cyprus issue to its record on human rights, laws restricting freedom of expression, and its ongoing political crisis. Moreover, President Nicolas Sarkozy of France, Chancellor Angela Merkel of Germany, and other European leaders have made clear that they oppose Turkish membership in the EU. Sarkozy and other European politicians have advocated the ill-defined notion of a “privileged partnership” as an alternative. The French government allowed accession talks with Ankara to proceed during its 2008 presidency of the EU, but under the conditions that negotiations be limited to chapters consistent with both end states, effectively excluding another five chapters essential to the accession process. France also conditioned continuance of accession discussions with Turkey on the establishment of a “reflection group” of 12 eminent persons, chaired by the former Spanish prime minister, Felipe González. The group has a mandate to advance recommendations on the EU's long-term future to the June 2010 EU Council, but President Sarkozy wants the deliberations to define the final borders of Europe.⁶

Simultaneously, Turkey is facing an EU deadline in 2009 to open its airports and ports to the Republic of Cyprus in accordance with the Ankara Protocol. For the accession process to succeed—or at least maintain a positive trajectory in the short term—Turkey and the EU, along with the United States in many cases, will need to bring about change or produce real results in six issue areas: Cyprus, Armenian genocide, human rights, European public opinion, European leadership, and Turkey's ongoing political crisis. Although the Barack Obama administration will no doubt concentrate during its first few months in office on the financial crisis and ongoing military operations in Iraq and Afghanistan, the administration should place special emphasis on both U.S.-

4. George Harris, “The European Union and Turkey” (lecture at North Carolina State University, Raleigh, January 29, 2008), <http://www.mideasti.org/transcript/european-union-and-turkey>. Although Turkey completed its screening process in 2006, the EU has yet to approve the end-of-screening reports on nine chapters, which provide candidate countries with guidance on technical preparations.

5. The chapters that have been opened are Enterprise and Industry, Statistics, Financial Control, Trans-European Networks, Consumer and Health Protection, Intellectual Property Law, and Company Law. Science and Research was opened and provisionally closed. The chapters that are closed because of the Cyprus issue comprise Free Movement of Goods, Right of Establishment and Freedom to Provide Services, Financial Services, Agriculture and Rural Development, Fisheries, Transport Policy, Customs Union, and External Relations. See *Turkey 2008 Progress Report*.

6. “Brussels European Council 14 December 2007, Presidency Conclusions,” Document 16616/1/07, Council of the European Union, February 14, 2008, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/97669.pdf.

Turkish and EU-Turkish ties to avoid further drift in relations with this long-standing NATO ally that is a pivotal partner in advancing U.S. and European interests in the Caucasus and the Middle East.

Old Scars and Deep Wounds over Cyprus

The island of Cyprus was divided into a Greek Cypriot area and a Turkish Cypriot area in 1974 when Turkish troops invaded and occupied the north of Cyprus after a pro-Greek coup d'état threatened to unify all of Cyprus with Greece. The resulting stalemate in effect divided the island into a Greek Republic of Cyprus in the south and a Turkish Republic of Northern Cyprus (TRNC) to the north. The Republic of Cyprus, governed by Greek Cypriots, is internationally recognized as the only Cyprus, while Turkey maintains sole recognition of the breakaway TRNC. (See the feature in this chapter, beginning on page 32, on the subject of Cyprus.)

This issue has plagued Greek-Turkish and EU-Turkish relations for years and is commonly viewed as one of the largest impediments in Turkey's quest for EU membership. For a brief period, in 2004, it looked like all of Cyprus might become a full-fledged member of the EU, possibly paving the way for Turkey's own bid.⁷ Turkish Cypriot citizens, as well as the Greek and Turkish governments, supported a UN-brokered reunification plan; but Greek Cypriots rejected the plan in a referendum. Cyprus joined the EU without the Turkish Cypriots, fueling tensions on all sides. Because the opening of each chapter and final accession cannot occur without the unanimous approval of all EU member states, Cyprus's entry into the EU granted it—much to the dismay of the Turks—a veto over every step of Turkey's accession process.⁸

Tensions continued to simmer through the start of Turkey's official membership negotiations during 2006. In response to the continued refusal of Turkish authorities to open ports and airports to Greek Cypriot ships and aircraft, the European Council froze 8 of 35 *acquis* chapters necessary for full accession until the Ankara Protocol is fully implemented.⁹ A review of the freeze is slated for mid-2009, and absent steps by Turkey to normalize relations with Cyprus, some EU governments may push to suspend accession talks entirely.¹⁰ Hopes for a breakthrough were rekindled briefly in September 2008 as UN-moderated talks between Greek Cypriot and Turkish Cypriot leaders resumed for the first time since 2004. The first five months of talks progressed slowly, however, and deep differences over power sharing, property, and other issues persist. The hope now is that the Obama administration and the EU (to the extent that it can exert any influence on this issue) may be able to offer incentives to both parties on the island to work with the UN special envoy, Alexander Downer, to achieve an intercommunal settlement. A failure to keep the negotiations alive and reach a mutually accepted decision on Cyprus would no doubt have major ramifications for Turkey's future in the EU and, as a result, Turkey's relationship with the West more broadly.

7. "Denktash Submits Timetable for United Cyprus to Join EU," News Wire, Voice of America, February 12, 2004, <http://www.voanews.com/english/archive/2004-02/a-2004-02-12-35-Denktash.cfm>.

8. Only the ethnic Greek southern part of Cyprus was admitted into the EU. The EU *acquis communautaire* remains suspended "in those areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control. . . ." "Protocol No 10 on Cyprus," *Official Journal of the European Union* (September 23, 2003): p. 955.

9. Katrin Bennhold, "A Sharp Reprimand to Turkey from EU," *International Herald Tribune*, December 12, 2006, <http://www.iht.com/articles/2006/12/11/news/turkey.php>.

10. Anne-Laure Buffard, "Reunification Appears Near; Turkish Greek Sides Willing to Talk in Island's Best Chance," *Washington Times*, September 29, 2008.

Question of the Armenian Genocide

A disputed issue predating even that of Cyprus is the classification of the deaths of hundreds of thousands of Armenians killed during the last throes of the Ottoman Empire as genocide. The issue has pitted national sensitivities against one another: Turkish denials that the deaths of Armenians during this time were part of a planned genocidal effort—Turkey claims they were part of the extensive violence of the First World War—have been met by a generally accepted Western conclusion that genocide indeed took place.¹¹

For many Europeans—whose experience with and participation in the horrors of World War II prompted the creation of the European Union—Turkey’s refusal to acknowledge the events as genocide paints the country as one unwilling to come to terms with its past. This runs in stark contrast to EU member states, many of whom have not only accepted and apologized for instigation or participation in the Holocaust, but in some cases have gone so far as to outlaw its denial. The European Parliament and the parliaments of several EU countries have formally recognized the Armenian deaths as genocide. Turks are sensitive to legal liabilities in various courts if or when the acts are labeled as genocide, and they also carry deep hatred of the Armenian terrorist groups that conducted attacks against Turkish diplomats and civilians from 1973 to 1994.¹² Although EU regulations do not require Turkey to recognize the genocide, its refusal to do so nonetheless paints Turkey as irreversibly culturally different from Europe in the eyes of many Europeans.¹³

Human Rights

One of the most frequently cited reasons for opposing Turkish EU membership is concern over Turkey’s ability to comply with European human rights standards. At the center of this debate lies the country’s penal code and, more specifically, Article 301, which criminalizes insults of the “Turkish nation” and is seen in Europe as a limitation on the freedom of speech. Continued tensions between the Turkish government and Kurdish minorities—including restrictions on the use of minority languages in the public sphere—have led to reservations inside Europe. Turkish law enforcement officials have also been accused by EU officials of using torture during detention and interrogation; and the EU, along with the European Court of Human Rights, has repeatedly warned that the Turkish military’s position in Turkey’s domestic politics is far too influential.¹⁴ Although some improvements—such as abolishing the death penalty and tackling the issue of torture—have been made in tandem with the opening of EU negotiations, the speed of reform, which has mirrored that of the integration process, has slowed in recent years.¹⁵

To date, the criminalization of speech under Article 301 remains the key obstacle to harmonizing human rights protections in Turkey with EU standards. In early 2008, the Turkish Parlia-

11. Samantha Power, *A Problem from Hell: America in the Age of Genocide* (New York: Basic Books, 2002); Henry Morgenthau, *Ambassador Morgenthau’s Story* (Garden City, N.Y.: Doubleday, Page and Company, 1919), pp. 301–384.

12. Robert Tait, “Turkey Scared to Admit Armenian Genocide, Says Historian,” *The Guardian*, September 22, 2008.

13. *Turkey and Europe: The Way Ahead*, Europe Report no. 184 (Istanbul and Brussels: International Crisis Group, August 17, 2007); “French in Armenia ‘Genocide’ Row,” BBC News, October 12, 2006.

14. *Closing Ranks against Accountability: Barriers to Tackling Police Violence in Turkey* (New York: Human Rights Watch, December 5, 2008), <http://www.hrw.org/en/reports/2008/12/05/closing-ranks-against-accountability-0>.

15. Kristy Hughes, “Turkey’s Judicial-Political Crisis,” Open Democracy, June 17, 2008, <http://www.opendemocracy.net/article/turkeys-judicial-political-crisis>.

ment amended Article 301 after continued pressure from Brussels, but such attempts to reform the law have been criticized as merely cosmetic. The maximum sentences for those found guilty of insulting the state were shortened, and all investigations of offenses must now carry the seal of approval of the minister of justice. But the EU and Turkey remain divided on the definition of freedom of speech.

In addition to helping Turkey meet the required EU criteria for membership, the issue of human rights reform could prove key to swaying European public opinion on the subject of Turkey's future within Europe. Europeans continue to see stark differences in cultural norms and values between Europe and Turkey (illustrated clearly by public opinion polling data discussed in the next section). Furthermore, given the EU's experience with Bulgaria and Romania—whose failure to address issues of corruption before and after their EU accession led to pronouncements of immature entry and a suspension of EU funds—EU citizens are less likely to allow for maneuvering in the areas of human rights, corruption, and judicial reform during Turkey's accession process.

Thus far, accession negotiations have been the driving force behind the steps Turkey has taken with regard to human rights reforms. Calls for further reform must be paired with tangible and immediate benefits for Turkey in order to sustain the political momentum necessary for the complicated changes to take shape. As such, the current, though privately expressed, attitude in Brussels of “pretending to negotiate while Turkey pretends to reform” has done little to quell public resentment on both sides regarding this issue. Because movement in this realm could do much to sway European public opinion about Turkey, both sides would see concrete benefits if they took solid steps to move forward on the issue.

European Public Opinion

Although accession is often—but not always—favored by European bureaucrats, the prospect of Turkish EU accession faces a much different level of support among ordinary Europeans. In fact, backing among Europeans for Turkey's EU bid fell from 35 percent in 2005 to 31 percent in 2008, while opposition to the idea grew from 52 to 55 percent in the same time period.¹⁶ EU citizens also consistently rank Turkey as the country they would *least* like to see admitted into the EU. In 2008, 31 percent of European respondents supported Turkey's entry, while 43 percent supported Ukraine's, 52 percent Croatia's, and 78 percent favored Norway's admission.¹⁷

Not all member states view Turkish accession in the same light. The opposition camp is led by Austria with 16 percent in favor of accession, Luxembourg at 32 percent, and Germany and France each at 35 percent in support.¹⁸ However, 71 percent of Swedes, 67 percent of Dutch citizens, 64 percent of Romanians, and 59 percent of Danes support Turkish entry.¹⁹ These stark differences in the levels of support for Turkish EU membership illustrate the contentious and complex nature of enlargement, but they also point to hope for the future. Although President Sarkozy has grabbed headlines with his cutting remarks against Turkish membership, Turkey is not without a number of solid supporters across the European continent (particularly in Scandinavia and eastern Europe). In point of fact, President Sarkozy's own foreign minister, Bernard Kouchner, has publicly and repeatedly supported Turkey's entry to the EU even when Sarkozy was lukewarm on the issue.

16. *Eurobarometer 63: Public Opinion in the European Union* (Brussels: European Commission, September 2005), pp. 159, 69, 28, http://ec.europa.eu/public_opinion/archives/eb/eb63/eb63_en.pdf.

17. *Ibid.*, p. 28.

18. *Eurobarometer 69: 5. The European Union Today and Tomorrow* (Brussels: European Commission, November 2008), p. 30, http://ec.europa.eu/public_opinion/archives/eb/eb69/eb69_part3_en.pdf.

19. *Ibid.*

Among those who oppose Turkish membership, Turkey is often perceived to be an unknown “other.” Europeans continue to perceive stark cultural differences between Europe and Turkey. In 2005, 54 percent of European respondents agreed that cultural differences between the EU and Turkey were too great for accession; only 33 percent disagreed with the statement.²⁰ Despite some reforms and genuine efforts on the part of the Turks to make their country better understood and more accessible to Europeans, nuanced understandings are still overshadowed by surface impressions. This is best illustrated through a study of European and Turkish attitudes toward core European values conducted in the spring of 2008. Here, differences between the two groups were strikingly small. For example, when asked to identify important personal values, 42 percent of EU citizens chose “human rights,” 27 percent selected “democracy,” and 41 percent chose “respect for human life.” Turkish respondents cited those values at 41 percent, 30 percent, and 46 percent, respectively.²¹ These findings seem to suggest that, although perceptions of cultural, religious, and value differences persist, such divergences might be less based on fact than commonly believed.

Unfortunately, the perceived cultural differences with Turkey have also been paired with enlargement fatigue throughout the EU. As a result, Brussels’ arguments about the strategic benefits of enlargement to include Turkey have had little impact on European citizens facing economic uncertainty and still coping with the influx of central and eastern European migrants who moved west following the 2004 “big bang” round of enlargement. This is especially true in the current economic downturn, when immigrant populations are no longer welcomed as necessary labor to fuel growth. Reluctance toward another round of enlargement is especially pronounced in western Europe when compared with the level of enthusiasm found among new member states. While 47 percent of Europeans are in favor of EU expansion, the lowest level of support is found in the older member states including Italy (41 percent), the United Kingdom (36 percent), Germany (33 percent), and France (31 percent).²² By contrast, newer EU member states make up the top 10 supporters of EU enlargement, with support ranging from 74 percent in Poland and Slovenia to 63 percent in Slovakia.²³

Lukewarm public sentiment toward Turkey’s future in the EU is also driven by demographics, which play a huge role in an EU system that features weighted voting. By 2015, Turkey is expected to be more populous than any other EU country, including Germany. This means that Turkey would wield the largest number of votes in the European Council and field the largest number of deputies in the European Parliament. In addition to altering voting structures, Turkey’s entry into the EU would increase the size of the EU’s overall population by 15 percent. Perhaps most striking, at least from a European perspective, Turkey’s accession would increase the EU’s Muslim population by 513 percent, from about 15 million today to a total of 92 million. Many Europeans find this prospective growth spurt troubling, especially in light of the fact that the EU’s Muslim population is projected to double by 2015 *without* Turkey’s accession, while its non-Muslim population will shrink by 3.5 percent. Because European citizens are increasingly worried about rising unemployment, shrinking populations, national identity, and crime—all of which are often associated with stereotypical images of Muslims—Europe has recently undergone a surge in negative feelings toward Muslims. Since 2004, anti-Muslim sentiments have risen from 37 to 52 percent in Spain, 30 to 46 percent in Poland, 46 to 50 percent in Germany, and from 29 to 38 percent in France.²⁴

20. *Eurobarometer* 63, p. 161.

21. *Eurobarometer* 69, p. 16.

22. *Ibid.*, p. 26.

23. *Ibid.*

24. *Unfavorable Views of Jews and Muslims on the Increase in Europe* (Washington, D.C.: Pew Global Attitudes Project, September 17, 2008), overview, <http://pewglobal.org/reports/display.php?ReportID=262>.

Despite these rather discouraging findings, some opportunities to sway public opinion on the issue of Turkish accession do exist. The number of Europeans who claim they are receptive to Turkish accession pending Turkey's full compliance with all EU regulations is growing. If Turkey were to meet all EU criteria, currently 45 percent of Europeans—compared with 38 percent in 2006—say they would support membership.²⁵ The deciding factor in whether this shifts into a greater acceptance of Turkish membership will depend on national leadership on both sides. Unless European leaders begin the uncomfortable, and often avoided, dialogue on national and European identity, public opposition could turn the idea of a Turkish EU member state into a political impossibility.

European Leadership

In many respects the national leadership necessary to move the accession process forward is simply lacking. Some national leaders openly and regularly express their opposition to the idea of Turkish membership. Other national leaders across Europe alter their positions, depending on whether they are targeting voters, sending messages to Turkish officials, or parlaying EU diplomatic circles. Still others, especially the newer EU member states of central and eastern Europe, favor enlargement, but mainly with a focus on the EU's eastern border with Ukraine and Georgia and with little immediate concern for Turkey.

A disconnect also exists between Brussels and national capitals throughout the EU. Although at least officially the EU subscribes to a single, forward-leaning, and optimistic view of Turkey's accession process, its member states often send conflicting messages. This is somewhat understandable; after all, national leaders remain far more dependent on public opinion than the bureaucrats in Brussels. At the same time, Brussels has been sidelined by a series of political setbacks, including the rejection of the European Constitutional Treaty in 2005 and the Lisbon Treaty in 2008, both of which would have streamlined and consolidated the EU's decisionmaking process. These failures point to a growing disconnect between the halls of Brussels and the streets of European cities. Furthermore, the onset of the global economic crisis has increasingly diverted attention away from the issue of enlargement and focused it on the sheer survival of eurozone economies. In the face of a political stalemate, economic uncertainty, and growing enlargement fatigue, the lack of clear coordination between national and European leaders is not surprising.

What is somewhat surprising, though, is that Turkey's EU bid continues to lack a champion—a European leader who is willing and able to address declining public support and lead both sides to a successful completion of the accession process. Meeting the criteria for membership no doubt rests with the candidate country, but Turkey could use a European advocate who could help it navigate the complex accession process and assist in communicating the mechanics of that process to the larger Turkish public. The recently appointed Turkish minister for EU affairs, Egemen Bağış, is a well-known and skilled politician with close ties to Prime Minister Recep Tayyip Erdoğan, but he will need time to master EU processes. He also needs friends in Europe who can help him open doors and strengthen the dialogue; however, few such friends exist.

One would assume that, in lieu of a vocal advocate, there would at least be a European leader interested in putting forth a clear alternative to Turkish EU membership. Even that person does not exist. The notion of a privileged partnership has been proposed by several politicians and analysts and mentioned in a number of speeches by national leaders as a way to avoid overtaxing the EU. These concepts have suggested legal and other mechanisms to deepen Turkey's economic

25. *Eurobarometer* 69, p. 29.

integration, harmonization of legislation, and security and defense cooperation with the EU without full membership. But these concepts have not been fleshed out by officials in European capitals or even in Brussels, and it is almost certain that this second-tier status would be viewed in Turkey as a rejection.²⁶ Similarly, European leaders occasionally speak of a “multispeed Europe”—the idea that the EU will eventually be forced to adopt a tailored approach to integration because of the EU’s size and scale of initiatives. Here, again, strong national leadership could prove pivotal. A declared acceptance of a multispeed Europe by European leaders coupled with a detailed proposal could significantly assuage public reluctance toward Turkish EU membership and also send a clear signal to Ankara that the process remains under way. As of yet, however, neither this step nor a clear definition of a privileged partnership has been codified. The terms of reference remain “full ahead” or “full stop.”

Turkey’s Ongoing Political Crisis

The stalemate in Brussels tied to Turkey’s EU bid has been paired with Turkey’s ongoing political tensions, which have raised serious questions about the country’s internal stability and ability to implement the reforms necessary for EU accession. The political crisis, which intensified in 2007 as the AKP handily won elections and then elevated one of its top party members to the presidency, reached an all-time high in the summer of 2008 as opposition parties attempted to ban the AKP on the grounds that it violated secularism—a fundamental principle of the Turkish constitution.²⁷ The court not only tried to disband the entire party but also attempted to suspend a large number of AKP politicians, including both Prime Minister Erdoğan and President Abdullah Gül (who, as president, was no longer a member of the AKP or any political party).²⁸ Later in 2008, accusations of money being siphoned from a Turkish charity to an Istanbul-based television station with close ties to the ruling party once again shrouded the AKP in allegations and controversy, tainting its image of clean governance.²⁹ Nonetheless, the AKP appears to have survived, although it emerged on shaky political ground. The political schism in Turkey continues.

The apparent resolution of the immediate crisis has not entirely diminished European unease about its Mediterranean and land-bordering neighbor. The underlying tensions between secular and religious elements of Turkish society have not dissipated and are bound to mark Turkish politics in the foreseeable future. More immediately, however, the tense domestic situation has shifted the government’s focus away from EU accession (despite Prime Minister Erdoğan’s recent assurances that it remains a top priority and encouragement from EU officials in Brussels) and on to the mere survival of the party. This, in turn, has effectively left Turkey with a power vacuum in terms of the political leadership necessary to move ahead with the reforms required by Brussels.

The possibility of a “judicial coup” in July 2008 called into question the very nature of Turkey’s democracy and nature of political legitimacy—both fundamental components of EU membership

26. See Karl-Theodor zu Guttenberg, “Preserving Europe: Offer Turkey a ‘Privileged Partnership’ Instead,” *International Herald Tribune*, December 15, 2004, http://www.iht.com/articles/2004/12/15/edgutten_ed3_.php?page=1. A former French official has suggested such a partnership could be formed by concluding EU-Turkey treaties on trade expansion, foreign and security cooperation, and political dialogue; see Jean-Dominique Giuliani, “In Favor of a Privileged Partnership,” *Le Figaro*, October 5, 2004, http://www.jd-giuliani.eu/en/article/cat-3/12_Vers-un-partenariat-privilegie.html.

27. Stephen Larrabee, “Turkey’s Broadening Crisis,” *International Herald Tribune*, July 25, 2008.

28. Hughes, “Turkey’s Judicial-Political Crisis.”

29. “Less than White?” *The Economist*, September 18, 2008, http://www.economist.com/world/europe/displaystory.cfm?story_id=12273885.

criteria. The European Commission's 2008 progress report made it clear that Turkey's ongoing political crisis has raised serious questions regarding the independence of Turkey's judiciary and the continuing influence of the military in national politics.³⁰ Perhaps the biggest internal political obstacle to EU membership is realizing civilian control of the military, a notion that challenges the constitutional role of the Turkish armed forces as guardians of the state and the legacy of Mustafa Kemal Atatürk. The struggle between secularism and religion will also pose another obstacle for European leaders. In an increasingly secular Europe, the idea of resurgent religiosity—especially Muslim religiosity set against a backdrop of growing anti-Muslim sentiment—could further sway public opinion against Turkey's incorporation into the EU.

Looking Ahead: Implications for U.S. Policy

The current stalled state of negotiations between Turkey and the EU has certainly raised doubts about the likelihood of the eventual completion of the process, whether in 10, 15, or 20 years' time. Although the accession process is ailing, it is by no means doomed to certain failure. Despite much being made of a potential train wreck under the presidency of a decidedly anti-Turkish Sarkozy, the EU managed to advance the accession process. In fact, France concluded its EU presidency in 2008 with the opening of two negotiation chapters, and President Sarkozy is now much more muted in his criticism of Turkish membership than he once was.³¹ The Czechs, who took over the EU presidency at the start of January 2009, plan to open additional new chapters of the *acquis* during their tenure.

That said, 2009 will be a critical yet challenging year for Turkey's accession process. All eyes will be on the Swedish EU presidency in the second half of 2009, which will overlap with the scheduled review of implementation of the Ankara Protocol.³² Up until now, the EU has managed to avoid that issue by focusing on other areas of the negotiations. During the fall of 2009, however, all sides, particularly the Turks, will be forced to return to the politically charged issue of Cyprus and show progress if accession talks are to continue. More specifically, Turkey will need to take a step toward normalizing relations with the Greek Cypriot government, assuming there is movement toward a settlement that safeguards the rights of Turkish Cypriots.

Should negotiations fail at this critical juncture, the consequences would be severe and widespread. For one, the failure would deal a crippling blow to EU-Turkish relations, making it tough to return to business as usual in the immediate aftermath. From a geostrategic perspective, Europe would lose a critical ally in a region vital to its national and energy security. A failed accession process would also tarnish the EU's record on enlargement. Never having commenced accession negotiations without seeing them through to completion, the EU would risk losing the credibility behind one of the world's greatest political "carrots"—that of potential EU membership. Inside the EU, a collapse of the negotiations could be perceived by Europe's Muslims as a signal of rising intolerance toward the Muslim world and add tension to the ongoing integration and identity debates across the European continent.

30. Emma Sinclair-Webb, "Giving Turkey the Silent Treatment," *EuropeanVoice*, November 11, 2008, <http://www.europeanvoice.com/Article/63014.aspx>.

31. Some attribute this to Sarkozy's interest in playing a larger role in the Middle East and his understanding that strong ties with Turkey might help in that regard; see Ulrike Guérot, "The State of the Art of the EU, the French Presidency, and a Forecast of Future Franco-German Cooperation," *Romanian Journal of European Affairs* 8, no. 4 (December 2008).

32. Senem Çağlayan, "Ankara Protocol Creates Trouble Even before It's Signed," *Journal of Turkish Weekly*, June 15, 2005.

From a U.S. perspective, a failure to keep Turkey anchored within Europe and the transatlantic community more broadly opens the door to the possibility of closer Turkish-Russian or Turkish-Middle Eastern ties. At a time when U.S. national security gives precedence to Iraq and the promotion of stability in the broader Middle East, losing Turkey as a moderate and secular ally in the region would be a crushing blow to U.S. interests. Furthermore, Turkey's possible position as a NATO member state excluded from the EU could pose real problems for the future of EU-NATO cooperation, which the United States is intent on enhancing.³³ NATO has recently experienced a glimpse of just how obstructionist Turkey can be, as Ankara has attempted to leverage its position within NATO to pressure Brussels into action on the accession front. The Turkish government refused to approve NATO activation orders for both Kosovo and Afghanistan operations that involved cooperation with the EU. It is now clear that Turkey will not hesitate to impede NATO unity when it believes its interests are at stake. At a time when NATO is struggling to make mid-course corrections in Afghanistan and chart a unified vision for its future role in global security, it simply cannot afford to have one of its members intent on pursuing a narrow national agenda.

The Turkish government is trying to leverage its role as an alternative energy transit route in its dealings with the EU. Following several disruptions of natural gas deliveries caused by disputes between Russia and Ukraine, European governments have grown more interested in finding alternatives, including a southern corridor that would bring Caspian gas to western Europe via Turkey. However, enduring differences among EU leaders on energy strategy, uncertainty about the commercial viability of various pipelines, the need for reforms in Turkey's energy sector, and political complications related to the accession talks have constrained Ankara's leverage. Prime Minister Erdoğan's comment, during his January 2009 visit to Brussels, that Turkey would review its support for the Nabucco gas pipeline if the energy chapter of the *acquis* remained blocked by Cyprus was denounced by some European governments as energy blackmail.³⁴ Erdoğan later made clear he would not interfere with development of Nabucco. It is apparent that if they could overcome these political and economic hurdles, Turkey and the EU could benefit a great deal from cooperation in the energy field. The EU would acquire a reliable alternative supply route, while Turkey would gain transit fees and related energy business as well as another mechanism to advance its integration with Europe.³⁵

Ultimately, a positive outcome for Turkey's EU bid rests with the EU and its own internal politics, reform agenda, and willingness to take unrequited steps on Cyprus. But the process will continue to merit a U.S. role of some kind, especially in light of the fact that an accession failure would have such grave consequences for the United States and the transatlantic relationship. However, first-order issues should remain in the hands of the key players. That said, if the United States is interested in playing a constructive role, two possibilities exist.

First, the United States, with the blessing of EU officials, could strive to keep Turkey's accession process on track and help avoid a major collision by making it clear to Turkish officials that a failure to deliver the necessary reforms would prove detrimental to its own long-term interests and relations with the United States.

Second, Washington could play a stronger role vis-à-vis the Cyprus issue. Here, all players in the conflict would welcome the United States using its diplomatic resources and influence to work

33. Turkey objects to extending NATO-EU cooperation to the Republic of Cyprus.

34. Dorian Jones, "Turkey Seeks to Make Nabucco More than Pipe Dream," VOA News, January 23, 2009, <http://www.voanews.com/english/2009-01-23-voa21.cfm>.

35. See Katynka Barysch, "Turkey's Role in European Energy Security," Center for European Reform, December 2007, http://www.cer.org.uk/pdf/essay_turkey_energy_12dec07.pdf.

toward a peaceful resolution of the conflict. Some have suggested that the United States consider appointing a special U.S. envoy to work with Turkish, Cypriot, UN, and EU diplomats to bolster UN efforts and stress that Washington recognizes the critical nature of the issue for the future stability of the region and expects results.

U.S. involvement in Turkey's EU bid—at any level—of course will not necessarily guarantee success. The potential for full membership exists and should be pursued aggressively by all sides, but failure is not outside the realm of possibility. If failure did occur, the actual timing could determine the severity of the aftershocks. For example, if the accession process were to collapse within one to two years, the EU and Turkey, never having examined a clear and mutually desirable alternative plan of action, would be ill equipped to cope with the consequences.

In recent years, some EU member states have proposed a privileged partnership as an alternative to membership, but no one has ever attempted to define the concept in any detail. Turkish policymakers have vehemently rejected the idea, maintaining that full membership is their only goal. Pro-EU integrationists claim that the privileged partnership concept is similar to the European Neighborhood Policy or the Mediterranean Union, which, they argue, are nothing more than economic unions with none of the political benefits of full EU membership. Proponents of privileged partnership have tried to counter those claims by arguing that Turkey requires a unique partnership, something that, as the German minister of the interior, Wolfgang Schäuble, describes it, “would bring maximum benefits to all sides without endangering the EU itself.”³⁶ Again, though, concrete details on what that actually means remain elusive, leaving both sides without a plan at least in the short term.

If the accession process unraveled within 10 to 15 years, however, the consequences might be less severe depending on the evolution of the EU itself. Some envision the development of a multispeed Europe, which could serve as a soft landing for a failed accession process. This concept already exists in practice in the area of monetary union and foreign policy. Not all countries use the euro, nor do all countries participate in the European Security and Defense Policy. With the Irish rejection of the Lisbon Treaty, some European elites now talk about giving Ireland additional “opt-outs.” The idea of “opt-ins” has also been tried, with Norway, for example, participating in an EU battle group even though it is not a member of the EU.

If one assumes that the European Union is eventually headed toward a multispeed Europe, it is not difficult to imagine Turkey finding a partnership formula just short of membership that could work. Having several other EU and non-EU countries slowly establish their own tailored approaches to membership would of course heighten the appeal of such a concept. If Turkey is not the only country doing it, exclusion becomes perhaps less of an issue. In any case, Turkey should still work with the EU and the United States to reach full membership, but conducting some quiet brainstorming on alternative scenarios should membership prove unattainable would be a worthwhile endeavor. Such alternative propositions must consider the domestic political realities on both sides and must carry the active involvement of leaders throughout Europe and in Turkey.

The EU and Turkey currently stand at a critical juncture. While the two sides have proclaimed full-fledged commitment to the accession process, domestic political turmoil in Turkey and rising public skepticism in Europe have severely depleted the political capital needed to press ahead with negotiations and reforms. Although the United States and several other non-EU members also hold stakes in the outcome of the process and could find delicate ways to contribute positively, the

36. Wolfgang Schäuble and David L. Phillips, “Talking Turkey,” *Foreign Affairs* 83, no. 6 (November/December 2004), <http://www.foreignaffairs.org/20041101faresponse83613/wolfgang-schauble-david-l-phillips/talking-turkey.html>.

ultimate failure or success of the negotiations rests squarely on the political leadership in Brussels, Ankara, and national European capitals. For the Turks, the way forward will require a genuine commitment to undertake often unpopular reforms and the ability to show real progress. For the Europeans, the coming months and years will necessitate a reexamination of European identity, the fundamental political structures of the EU, and the consequences of a failed process. Unfortunately, time is on no one's side. Whether the EU and Turkey are adequately prepared, the year ahead will force their hands and set the accession process on its final path.

Cyprus: Can the Stalemate Be Overcome?

Ian Lesser*

Cyprus is arguably far less central to the strategic environment facing Turkey, Europe, and the United States than it was even a decade ago, but the situation on the island and the uncertain prospects for a settlement may still affect Turkish policy and Turkey's strategic position, with significant implications for U.S. and European policy. Today, Cyprus is a political rather than a security issue for the key stakeholders, and dynamics on the island are now the leading variable shaping negotiations. The United States is unlikely to be the focal point for future Cyprus diplomacy, but there will still be scope for some useful policy initiatives.

Turkey's Long-Term Interests

Ankara's strategic stake in Cyprus has evolved considerably over time. In the decades before the 1974 intervention, and for some time afterward, the protection of the Turkish community on Cyprus was seen as integral to the defense of Turkey's wider interests and inextricably linked to the conflict-prone relationship with Greece. Cyprus was at the core of Turkey's own security and sovereignty-conscious outlook—an orientation shared by diverse actors within the Turkish system, from the nationalist Left (Bülent Ecevit, for example), to the Turkish military and security establishment, and, of course, the nationalist Right. Since the 1980s, the centrality of Cyprus in the Turkish strategic calculus has waxed and waned, driven by changing dynamics in relations with Greece, Europe, and even Russia.

Over the longer term, Turkey will have several critical interests in relation to Cyprus and its future status. First, there will be a continued interest in the fate of the Turkish community, many of whom are now settlers from Turkey proper with strong ties to the mainland. As the security situation on the island has become more benign, this aspect of Turkish interest has lost some of its force. In the future, this may be more about affinity and the defense of political rights rather than physical protection. But resurgent nationalism in Turkey and elsewhere is likely to make this a durable concern.

Second, Cyprus will count as part of the equation with Europe and, to a lesser extent, the United States. Ankara faces a near-term deadline to implement the agreed protocol governing access of ships and aircraft from the Republic of Cyprus to Turkish ports. In the absence of this, Turkey will almost certainly face new frozen chapters in the accession negotiations, even a suspension of the country's candidacy to the European Union, all against the backdrop of an already troubled relationship with Europe. Under current political conditions, these obstacles are

* The opinions expressed in this paper are the author's and do not represent the views of the German Marshall Fund, its staff, or directors.

difficult to overcome. More fundamentally, Turks understand that full recognition of the Republic of Cyprus is a precondition for EU membership, even as a 10- or 15-year project.

Cyprus is no longer central to U.S.-Turkish relations, but the unresolved dispute still holds the potential to complicate relations, especially in Congress. Détente with Athens has taken much of the steam out of congressional and executive attention to Cyprus and the Aegean. Nonetheless, Ankara will have certain expectations regarding U.S. policy toward the island. Policymakers should anticipate growing Turkish pressure on the United States to take steps toward reducing the economic isolation of the Turkish Republic of Northern Cyprus (TRNC). Turkey will continue to seek similar measures from Europe as there is a widespread perception in Turkey that Europe has not lived up to its commitments in this area.

Third, Turkey will continue to be sensitive to developments on Cyprus as part of the wider strategic scene in the eastern Mediterranean. To be sure, Turks and Cypriots tend to overstate the strategic importance of the island, often using images of sea control and interdiction derived from the Cold War era of naval competition with the Soviet Union. To the extent that oil exports from Iraq to the Mediterranean and the terminus of the Baku-Tbilisi-Ceyhan pipeline at Ceyhan are important to global supply, Cyprus will have some significance in energy security terms for regional actors, including Turkey. The eastern Mediterranean is indeed set to occupy a more important position as an energy entrepôt, but in the absence of any serious maritime threats to the security of shipment, the role of Cyprus is likely to be limited to surveillance of terrorist and environmental risks—important factors to be sure, but unlikely to make Cyprus a geopolitical focal point.

If Turkey's prevailing détente with Greece erodes, there is some potential for Cyprus to reemerge as an element in the regional military balance with Athens, as an asset for Turkish power projection in the Aegean, or as a liability in future conflict. Under current conditions, this must be regarded as a declining factor in the Turkish calculus. Turkish planners have also been concerned about the growing Russian presence on Cyprus during the past decade. Tens of thousands of Russians visit or reside on Cyprus for business or tourism. Russian arms sales, especially surface-to-air missiles and related radars, have been a special source of concern since the S-300 dispute of the 1990s. This is likely to remain a concern, particularly as part of a wider Russian return as a security actor in the eastern Mediterranean through new basing and defense industrial ties to Syria and Libya.

To the extent that Turkish policy toward Cyprus has redlines, these are more likely to apply to Turkey's own politics and civil-military relations. Turkey's military was not easily persuaded to support the Annan Plan in 2004. If the Turkish government is again asked to back a similar settlement, the Turkish general staff

(TGS) and nationalist circles on the Right and the Left could offer strong resistance unless there are clear benefits for Turkey in other spheres. Expulsion of Anatolian settlers from the island or serious threats to the security of the Turkish community would surely bring a strong response from Ankara. In the foreign policy sphere, Turks would oppose any significant enhancement of Cypriot military capabilities and would resist Cypriot moves to join NATO in the absence of a settlement and a resolution of the ongoing NATO–European Security and Defense Policy dispute—all unlikely scenarios.

Relations with the TRNC

Cyprus has moved to the periphery of regional affairs, and the issue is much less central to the worldview of the Justice and Development Party (Adalet ve Kalkınma Partisi [AKP]) government than to its predecessors. But for many Turks, Cyprus remains a nationalist issue par excellence, if somewhat recessed in recent years. As Turkish nationalism has become more prominent across the political spectrum, this has reinforced the standing potential for Cyprus to become a test of legitimacy for government and opposition in Ankara. Prominent Turks with cultural and business links to Cyprus form a lobby that any Turkish government will find difficult to ignore. That said, the relationship between Ankara and the TRNC is not necessarily an easy one. Turkish economic subsidies to the TRNC are costly and an ongoing source of resentment. Those who would like to see more rapid movement on Turkey's EU-inspired reforms tend to see Cyprus as a drag on Turkish interests. In a narrower political sense, the TRNC government of President Mehmet Ali Talat is culturally and ideologically at odds with the AKP movement (and actually closer to the Dimitris Christofias government of the Republic of Cyprus in some respects).

The decoupling of Turkish and TRNC interests and policies has not gone as far as it has on the Greek side, perhaps, but the notion of Turkish and Turkish Cypriot futures as inextricably linked is probably a thing of the past. If the parties on the island arrive at a settlement, any Turkish government will probably feel bound to accept the terms. If the next elections in the TRNC bring a more overtly nationalist leadership to power, this would tend to reinforce the relationship with Ankara.

After decades of presence, the Turkish military has institutionalized its mission on the island and continues to see itself as a major stakeholder in the future of Cyprus. The TGS would likely oppose a precipitous withdrawal, but Turkish planners might also welcome the opportunity to shift some resources and attention to more pressing security challenges elsewhere.

Cyprus and Turkish-Greek Dynamics

The rise of Greek-Turkish détente over the past decade has been a transforming development for the strategic environment in the eastern Mediterranean and

for Cyprus. Both Athens and Ankara continue to champion the interests of their respective communities on the island, but Cyprus is no longer a significant flash point in bilateral relations. For Athens, in particular, Cypriot membership in the EU has led to an implicit decoupling in policy terms. Cypriot and Greek interests may overlap, but they are no longer synonymous. The strategic logic behind Aegean détente and Greek support for Turkey's EU ambitions also argues for stabilization and eventual settlement on Cyprus in order to complete the anchoring of Turkey in Europe and to encourage the resolution of outstanding disputes in the Aegean.

Greek leaders and observers recognize that the prospects for a settlement now depend critically on social and political dynamics on the island rather than the actions of third parties. Cyprus is unlikely to regain its position as a political and security flash point in Greek-Turkish relations unless a progressive resurgence of nationalism in both countries is accompanied by a deterioration of intercommunal relations on the island. Athens supported the Annan Plan and was disappointed when the referendum failed on the Greek side of the island in 2004. Whether under New Democracy or a PASOK government, Athens is likely to accept whatever arrangements Cypriots negotiate for themselves.

Prospects for a Settlement and Regional Concerns

Observers on both sides of the island tend to agree that the advent of the Christofias government, with Talat in power in the TRNC, offers the best prospect for a settlement since the failure of the Annan Plan. Both Christofias and Talat hail from the political Left, and both appear willing to take risks for a negotiated solution. These positive political dynamics accompany a substantial improvement in mood at the popular level after years of essentially incident-free interaction and cross-border visits. The issue of the Anatolian settlers is less controversial than in the past. Stakes in property and land return may now trump security and demographic anxieties for an increasingly prosperous and confident Greek community. For Turkish Cypriots, the attraction of a Cypriot solution and membership in the EU is strong, and both sides believe, probably correctly, that the financial costs of an eventual settlement would be borne by Europe.

In essence, the bizonal-bicommunal vision is now shared by both leaderships, which are heavily invested in the negotiating process under way and realize that, this time around, the failure to reach a settlement—probably a version of the Annan Plan by another name—will be blamed on the two Cypriot leaders rather than the postures of third parties. These are some positive indicators for the near term, but after several months of talks since September 2008, significant differences over power sharing and other issues persist. The current favorable climate is unlikely to persist indefinitely. The renationalization of perspectives, changes in political leadership, or the deterioration of the wider security environment in the

region (reinforcing anxieties and discouraging risk taking for reunification) could mean a return to stagnation and a slide toward permanent division—with all that this might mean for Turkey’s own EU prospects.

Policy Implications for the United States and International Partners

This analysis underscores the primacy of developments on the island for the future of Cyprus. The relative weight of Athens and Ankara in the Cyprus equation has declined, although the EU factor remains critical, both as an incentive for settlement and as an actor on the island and in the region. The United States and Europe will have a shared stake in achieving a settlement in order to consolidate Greek-Turkish détente, to facilitate Turkey’s EU project, and to remove a long-standing dispute from the international agenda. Transatlantic interests should also extend to the potential role of Cyprus as a contributor to maritime and environmental security and crisis management in the eastern Mediterranean and the Levant.

Europe and the United Nations will have a structural stake and role in Cyprus diplomacy. Outside the UN frame, the United States may well have a less prominent role under current conditions. There are a couple of reasons for this, including continued Turkish suspicion of U.S. policy and the likely low priority of Cyprus in relation to other more serious and immediate foreign policy challenges. Despite these constraints, it is still possible for the United States to enhance prospects for a settlement for Cyprus if the United States:

- Takes some steps, even if largely symbolic, to reduce the economic isolation of the TRNC; the United States can do so as a commitment to change, to encourage EU movement on the issue, and as a contribution to improved relations with Turkey;
- Supports efforts toward a Cypriot solution before conditions change, and reinforces the very useful intercommunal programs already in place under U.S. and other auspices;
- Encourages Cypriot participation in wider transatlantic projects aimed at security and development in the Mediterranean and the Levant, beyond the confines of the Cyprus problem; and
- Considers appointing a special U.S. envoy to work with Turkish, Cypriot, UN, and EU diplomats; this could bolster UN efforts and send a clear signal that Washington recognizes the importance of the issue for the future stability of the broader region and expects results.

3

TURKEY AND THE MIDDLE EAST

REBALANCING INTERESTS

Haim Malka

Turkey's retreat from Middle Eastern affairs in the 1920s and 1930s was a clear break with its Ottoman past. In pursuing a European future, Turkey not only abandoned its claim to lands that the Ottomans had controlled for centuries, but it abandoned the social and cultural legacy that the Ottomans had built as well. Turkey's break with the region was never altogether natural, and it is not surprising that after a long absence Turkey should return to active engagement in the Middle East. Turkey may still see itself with a largely European future, but its interests remain intimately tied to its southern neighbors.

It is largely out of necessity that Turkey's leaders have increasingly focused their attention southward. The issues of the Middle East directly affect a broad range of Turkey's interests, from energy and trade to security. It can no longer afford to ignore the region it once knew so well. Rather than simply react to events in the Middle East, Turkey has sought to actively influence regional trends, thereby strengthening and protecting its own vital interests. Those interests have been broadly defined as regional stability and the struggle against the long-running Kurdish nationalist-separatist movement—especially its manifestation in the terrorist Kurdistan Workers' Party (PKK)—and increasingly the drive to diversify Turkey's energy and trade relationships. Although its origins preceded the 2003 U.S. invasion of Iraq, Turkey's regional rebalancing took on a new urgency with the heightened threat of the formation of an independent Kurdish state in Iraq bordering Turkey's restive southeastern provinces. In pronounced fashion, Turkey has actively reasserted its strategic and economic influence in the region by building ties of cooperation and partnership where there was once antagonism and mistrust.

Turkey's recalibrated policy can be traced to the awakening led by the late president Turgut Özal at the end of the Cold War. Yet it is Turkish foreign policy adviser Professor Ahmet Davutoğlu's theory and policy of “zero problems” toward its neighbors that have guided the more recent shift, propelled by a changing domestic political landscape more in touch with Turkey's Islamic heritage and Middle Eastern bond.¹

Although Turkey's regional activism affects them in different ways, every Middle East actor—the Arab states, Iran, Israel, and the Kurds—recognizes the significance of Turkey's renewed activism in the region. As they see it, Turkey's power and historical legacy require a cautious and pragmatic approach but also create new opportunities. Turkey has the ability to undermine the interests of its neighbors through economic and military leverage; yet its economy—both in and of itself and as a gateway to Europe—presents unparalleled possibilities.

The author would like to acknowledge the work of Killian Clarke, who wrote early sections of this chapter.

1. Ahmet Davutoğlu, “Turkey's Foreign Policy Vision: An Assessment of 2007,” *Insight Turkey* 10, no. 1 (2008), http://www.insightturkey.com/Insight_Turkey_10_1_A_Davutoglu.pdf.

Middle Eastern states have generally responded positively to Turkey's new politics, and the recent public embraces between Turkish leaders and their counterparts throughout the region have been surprisingly warm. Turkey's regional status and power are likely to grow, making it an attractive partner on a range of issues. It can provide a strategic outlet for regional states, many of whom have been diplomatically isolated. For conflicted Arab states, Turkey can also be a welcome counterweight to both U.S. unilateralism and Iran's growing influence.

Middle East neighbors have sought rapprochement with Turkey as a way to advance mutually beneficial energy ties, trade links, and military cooperation. Moreover, some like Syria and Iran have sought to develop positive relations while neutralizing Turkey as a potential adversary. This chapter focuses on Turkey's evolving relations with Iraq, Syria, Iran, and Israel, then briefly touches on the Gulf Cooperation Council (GCC), examining how they fit into Turkey's regional policy and how they in turn seek to maximize their ties with Turkey within a changing geopolitical landscape.

Iraq: Seeking Stability and Unity

There is no other neighboring country whose future affects the security and stability of Turkey like Iraq. The United Nations sanctions regime and Gulf War of 1991 had a devastating effect on the Turkish economy by slashing Turkey's vast trade ties with Iraq, one of its most important markets. Making matters worse, the creation of a safe haven for the PKK in the Kurdish area of northern Iraq was a direct threat. Turkey sees Iraq's future territorial integrity as vitally important to its own security and stability, fearing an irredentist contagion among its own Kurdish population if the Kurdistan region of Iraq were to gain formal independence.² It was the 2003 U.S.-led invasion and ensuing violence, however, that confirmed Turkish fears of Kurdish separatism in northern Iraq and created unprecedented instability on its borders. With events spiraling out of control, Turkey sought a greater role in Iraq with the aim of protecting its interests and influencing the future direction of its neighbor. Gradually, through its growing network of political contacts and trade links, Turkey has become a force for stability. The most recent example is the role that Turkey played in stewarding Sunni members of Iraq's parliament to support the Status of Forces Agreement with the United States in late 2008. Iraq has in turn sought to deepen its ties to promote Turkish investment and prevent Turkey from undermining its interests.

The process of building Turkish-Iraqi cooperation has not been easy. The Nuri Kamal al-Maliki government and other Shi'ite parties have been generally suspicious of Turkey both because it is overwhelmingly Sunni and because of its history of cooperation with Saddam Hussein. Yet, Turkey is one of Iraq's most stable neighbors, and the Maliki government sees it as a vital political and economic ally and one that could help shore up the legitimacy of the central government.

Before the 1991 Gulf War, Iraq was Turkey's leading trade partner. The two are linked by oil pipelines from Iraq's northern oil fields to the Turkish port of Ceyhan, and Turkish trucks bring in

2. The Kurdistan Regional Government (KRG) already has virtual autonomy. Kurds have a highly autonomous status by Iraq's constitution, and they sidestep the constitution at will, as evidenced by their conduct of oil deals outside Baghdad's authority, their maintenance of autonomous security forces, and their independent levying of taxes and control of border crossings. For a more detailed discussion of this trend, see Henry J. Barkey, "Iraq and Its Neighbors Series: Turkey and Iraq: The Perils (and Prospects) of Proximity," Special Report (Washington, D.C.: United States Institute of Peace, July 2005); and F. Stephen Larrabee, "Turkey Rediscovered the Middle East," *Foreign Affairs* (July/August 2007).

a wide range of manufactured and consumer goods to Iraqi markets.³ The Iraqi government feels there is great potential for restoring this trade relationship to its original strength. It sees Turkey as crucial to the process of rebuilding its broken economy and infrastructure, drawing from Turkey's expertise in the construction industry. In this way, Turkish support is vital to Iraq's long-term stability, development, and unity, and the Baghdad government has sought to reach out to Turkey along whatever channels Ankara has made available.

Turkey sees equally great opportunities in Iraq and is eager to profit from Iraqi reconstruction. As Iraq stabilizes, demand for imported goods, transportation services, construction materials, and general contractors will grow, creating significant opportunities for Turkish businesses. Turkey's estimated bilateral trade with Iraq in 2008 was approximately \$5 billion, and that number is expected to grow significantly in 2009.⁴ During his official visit to Baghdad in July 2008, Prime Minister Recep Tayyip Erdoğan pledged to increase trade to \$25 billion over the next three to four years.⁵

It is not just the Iraqi central government that has benefited from deepening ties with Turkey. Turkey is today by far the most important international trade partner for the Kurdistan region, which enjoys the greatest levels of stability and economic growth in the country—and much of that is due to a sizable amount of foreign direct investment (FDI) and importation of manufactured goods from Turkey. Turkish investors contribute nearly 80 percent of FDI in the Kurdistan region and are taking full advantage of the Kurdistan region Investment Law of 2006, which was designed explicitly for the purpose of attracting foreign investments.⁶

Turkey also exports manufactured goods to the Kurdistan region, and Kurdish shops are loaded with Turkish goods. Turkish businesspeople speak fondly about the relative ease of doing business in northern Iraq and the opportunities that lie ahead.⁷ Although Turkey maintains only one two-lane border crossing with Iraq, at Habur (known as the Habur Gate), thousands of Turkish trucks pass through it every day carrying goods into Iraq.⁸ Before the 2003 invasion, an estimated 100,000 trucks per year were passing into Iraq from Turkey. With trade ties restored in 2005, the number jumped to more than 560,000 trucks passing into the Kurdistan region in a single year, before the rate slowed to approximately 310,000 in both 2006 and 2007 (likely owing to the increasingly tense relationship between Turkey and the Kurdistan Regional Government [KRG] during that period).⁹

Turkish companies are heavily involved in the telecommunications and construction sectors, having built new airports in Erbil and Suleimaniyah worth more than \$650 million and

3. See F. Stephen Larrabee and Ian O. Lesser, *Turkish Foreign Policy in an Age of Uncertainty* (Santa Monica, Calif.: RAND, 2003), p. 134.

4. "Normalization to Boost Turkey, Iraq Trade to \$30 bln," *Hürriyet.com*, <http://www.hurriyet.com.tr/english/finance/9427428.asp?scr=1>.

5. Christopher Torchia, "Turkish Prime Minister Visits Iraq," *Washington Post*, July 10, 2008.

6. Richard A. Oppel Jr., "Turkish-Bred Prosperity Makes War Less Likely in Iraqi Kurdistan," *New York Times*, November 7, 2007, <http://www.nytimes.com/2007/11/07/world/middleeast/07kurds.html>.

7. Turkish businesspeople, interviews with author, Ankara and Gaziantep, January 2009.

8. The importance of the trucking trade for Turkey should not be underestimated. Each truck usually supplies employment for a head of household who supports five to six people, making trucking an important source of jobs in southeastern Anatolia. (This is in addition to employment supplied by factories that produce the goods that are transported.) There has been talk of building a highway to Habur in order to facilitate increased trucking traffic.

9. Statistics from International Transporters' Association of Turkey (UND), <http://www.und.org.tr/tr/index.asp>.

with another contract to build a new university campus in Suleimaniyah estimated at \$260 million.¹⁰ Turkey has also built a new customs post at Silopi on the Iraqi border to facilitate increased trade.¹¹ Construction projects have become an important source of jobs for both Turkish and Iraqi Kurdish workers. The creation of jobs in Turkey's southeast is a vital political issue, both to attract voters and to counter the poor regional economic conditions that have fueled recruitment for the PKK.

Energy has also been, and will likely continue to be, a key factor in the economic relationship. For years, until UN sanctions halted imports beginning in 1990, Turkey imported upward of 800,000 barrels per day of oil from the fields in Kirkuk through twin pipelines extending to the Turkish port of Ceyhan.¹² Since the U.S. invasion of 2003, insurgent attacks on the pipelines and lack of maintenance have reduced the flow of oil to a trickle. Despite a current operational capacity of 300,000 barrels per day, no more than 100,000 barrels per day on average reached Ceyhan between 2003 and 2007.¹³ Extensive repairs would be required to return the pipeline to its pre-Gulf War operation level. Exports to Western markets of that magnitude, or at the design capacity of 1.6 million barrels per day, could provide a significant economic boost for both Iraq and Turkey.¹⁴

Iraq, though, has watched with apprehension as Turkey has focused its attention on alternative pipeline projects such as the Baku-Tbilisi-Ceyhan (BTC) oil and Nabucco gas pipelines.¹⁵ In response, the Iraqi government has announced that it plans to construct a new Kirkuk-Ceyhan pipeline that will pass through more stable regions of the country and be a guaranteed outlet for Iraqi oil.¹⁶ Turkey has expressed interest in the new pipeline from Kirkuk and has established a special committee to work on the issue.¹⁷

The two countries have agreed to construct a pipeline for the export of natural gas to Europe via Turkey's pipeline network.¹⁸ Part of this initiative is a Turkish pledge, signed in April 2007, to contribute to the development of the al-Mansuriyah gas fields.¹⁹ Although Iraq's natural gas production is nowhere close to the level of its current oil production, Baghdad sees both sectors as crucial to the reinvigoration of the Iraqi economy and hopes that a close partnership with Turkey will better facilitate the export of its energy resources to thirsty markets in Europe. Still, the northern gas fields of Iraq are largely underexplored and unproven (20 percent proven gas reserves), which, when coupled with unmet domestic needs, makes Iraq's potential as a gas exporter uncertain.

Despite expanding trade ties, Turkish-Iraqi relations and economic cooperation have been constrained by Ankara's concerns over Kurdish autonomy and PKK terrorist activities in northern

10. Nicholas Birch, "Turkey in Iraq: Economic Implications," EurasiaNet, October 18, 2007, <http://www.isn.ethz.ch/isn/Current-Affairs/Security-Watch/Detail/?ots591=4888CAA0-B3DB-1461-98B9-E20E7B9C13D4&lng=en&id=51878>.

11. Ibid.

12. "The Iraq-Turkey Crude Oil Pipeline," statistics from Turkish Petroleum Pipeline Corporation (BOTAS), <http://www.botas.gov.tr>.

13. Paul A. Williams and Ali Tekin, "The Iraq War, Turkey, and Renewed Caspian Energy Projects," *Middle East Journal* 62, no. 3 (Summer, 2008): p. 395.

14. "Iraq: Country Analysis Brief," U.S. Energy Information Administration, August 2007.

15. For more analysis of this shift, see Williams and Tekin, "The Iraq War, Turkey, and Renewed Caspian Energy Projects."

16. "Iraq Considering New Kirkuk-Ceyhan Line," United Press International, September 26, 2007.

17. High-level Turkish government official, discussion with author, Ankara, January 12, 2009.

18. "Iraq-Turkey Gas Pipeline Project," BOTAS, <http://www.botas.gov.tr>. For further discussion see the "Iran" section in this chapter.

19. "Iraq: Country Analysis Brief."

Iraq. Although Turkey attaches great importance to its relations with Iraq, it has made it clear that it has other options. In 2006 and 2007, it threatened to scale back economic ties between the two countries if Baghdad did not take more active measures to combat the PKK threat in the border region. Beyond seeking to diversify its energy imports, it has sought to expand trade ties with Syria, opening new border crossings at Nusaybin and Kamışlı. This is part of a twofold effort to both shift export outlets away from Iraq entirely and bypass the Habur border crossing, sending Turkish goods into Iraq via a non-Kurdish border gate if necessary.²⁰

At one point in 2007, following the deaths of 47 Turks in a single month at the hands of PKK terrorists, Turkish officials announced that they were drafting plans for a food and energy embargo against Iraq.²¹ Although tensions between the two countries decreased in 2008—leading to Erdoğan's July 2008 visit during which he and Maliki agreed to boost economic ties—Iraq is well aware that Turkey is far from a guaranteed partner.²² Such an embargo would have a devastating effect, and Baghdad recognizes that the Kurdish issue is the potential spoiler of the relationship and is therefore working to balance its interests and cooperation with Turkey carefully.²³

Of most immediate concern to Ankara is the ongoing debate over the future of Kirkuk. Worried that a Kurdish-controlled Kirkuk could provide the region with the economic basis for independence, Turkey has been trying its best to influence the debate. Turkey has developed ties with the small (largely Shi'ite) Turkmen population that lives in northern Iraq and has provided funding to the Iraqi Turkmen Front.²⁴ It has leveraged the Turkmen, who have a relatively large presence in and around Kirkuk, to justify its involvement in the debate over the Kurdistan region's future, citing concerns over ethnic discrimination and claiming a historical bond with the Turkmen population.²⁵ Turkey likely recognizes that, if the problem of PKK rebels in northern Iraq is ever resolved, Turkmen rights will be one of the only cards it has to play to justify a military intervention in the Kurdistan region.

For now, the PKK issue has provided the key impetus for Turkey to become directly involved in shaping the future of Iraq. Since November 2007, Turkey has launched more than 60 military operations of varying scale into Kurdish areas to strike at PKK targets. In one highly politicized and publicized operation in February 2008, Turkey launched an eight-day military campaign against Kurdish targets in northern Iraq, which started with air strikes and then escalated into

20. A part of this has to do with security, while another part has to do with exorbitantly high tariffs on cross-border trade levied by the Kurdish administration. See "Syria and Turkey Plan to Double Bilateral Trade within Two Years," Oxford Business Group, November 19, 2007.

21. Ercan Yavuz, "Nusaybin, Turkey's Alternative to Habur," *Today's Zaman*, October 27, 2007, <http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=125680>.

22. "Turkey, Iraq Agree to Boost Ties, But PKK Still a Problem," *Turkish Daily News*, July 11, 2008.

23. Even in 2007 when Maliki agreed to take steps to weed out Kurdish rebels and closed the offices of the Kurdistan Democratic Solution Party in Suleimaniyah and Erbil, Turkey's icy response was that it was not "sufficient enough to resolve the conflict." See Helene Cooper and Richard A. Oppel Jr., "Turkey Skeptical of Iraqi Vows to Stop Kurdish Raids," *New York Times*, November 4, 2007, http://www.nytimes.com/2007/11/04/world/europe/04turkey.html?_r=2&n=Top/News/World/Co.

24. Barkey, "Iraq and Its Neighbors Series: Turkey and Iraq"; see also, "Turkey, Iraq, and the Future of Kirkuk" (event summary, Woodrow Wilson International Center for Scholars, June 21, 2007), http://www.wilsoncenter.org/index.cfm?fuseaction=events.event_summary&event_id=239917.

25. Turkey began expressing strong attachment to the Turkmen minority in Iraq only in the 1990s. This suggests that its publicly expressed desire to stand up for the Turkmen in Iraq is more of a strategic calculation than anything else. It allows Turkey to justify its meddling in developments in northern Iraq and defend its strategic interests in the region. For more information and analysis, see Barkey, "Iraq and its Neighbors Series: Turkey and Iraq."

a full-scale ground operation utilizing almost 8,000 Turkish troops. Although both Baghdad and Washington initially expressed opposition to a Turkish ground offensive, the campaign was executed with direct support from the United States, which provided Turkey with real-time intelligence for the operation.²⁶ The Turkish General Staff (TGS) judged the campaign a great success, effectively denying the PKK a spring and summer offensive and greatly disrupting the PKK's safe haven. Baghdad responded largely with silence, neither condoning nor condemning the invasion, which is largely representative of how the central government has sought to deal with Turkey and the issue of the Kurdistan region during the past several years.²⁷

For most of the post-invasion period, the Turkish government has preferred to work through the central government in Baghdad, even though it has virtually no control over the rugged northern border regions. In many ways, it is in Baghdad's interest to give Ankara what it wants. Turkey is an important trading partner, and Iraq has relatively tense relations with many of its other neighbors.²⁸ Many Sunnis and central government officials share Turkey's goal of preventing a heavily federalized Iraq, and the central government gains legitimacy from working directly with Ankara on the Kurdish issue. The Maliki government has tried to walk a fine line between complying with Turkish demands and looking after the interests of its Kurdish population to avoid fueling secessionist tendencies. Recent tension between Maliki and the KRG only complicates the delicate relations among Ankara, Baghdad, and Erbil.

Ankara had been reluctant to negotiate directly with the KRG to avoid conferring further international legitimacy on the semiautonomous government. That changed dramatically in April 2008 when the Turkish National Security Council made an official decision to conduct discussions "with all aspects of Iraqi politics." Following the appointment of a special envoy to Iraq, Ambassador Murat Özçelik, Turkey and the KRG conducted a number of direct meetings. Although Turkey continues to refer to the KRG as a "local government" or "regional authority," Özçelik has met with many Kurdish officials, including the prime minister of the KRG, Nechirvan Barzani, and his uncle, president of the Kurdistan region, Masoud Barzani.²⁹

Despite the obvious tension between Turkey and the KRG, relations have warmed significantly, and both sides are going to great lengths to solidify cooperation. Both need the goodwill of the other and share an interest in stability and economic growth. Acknowledging these shared interests, President Barzani said in a 2008 speech that "there has been a very positive development in the position [and] attitude of Turkey and a number of good and direct meetings." He added that the KRG "[hopes] that we will be able to achieve positive results that will be in the interests of both sides."³⁰ With similar statements, Iraqi Kurdish officials have attempted to demonstrate greater un-

26. Sam Dagher, "Turkish Raid Strains U.S.-Kurd Ties," *Christian Science Monitor*, February 25, 2008, <http://www.csmonitor.com/2008/0225/p01s07-wome.html>.

27. Baghdad's response was simply that it "had never been consulted or informed." See Damien Cave, "Iraq Condemns Turkish Air Attack as a Violation of Sovereignty," *International Herald Tribune*, December 17, 2007, <http://www.iht.com/articles/2007/12/17/africa/turkey.php>.

28. Erdoğan's visit marked only the second instance in which a neighboring country's head of state paid a visit to Iraq. The only other was President Mahmoud Ahmadinejad of Iran. See Sabrina Tavernise and Campbell Robertson, "Turkish Premier, in Iraq, Highlights a Warming Trend," *New York Times*, July 11, 2008, <http://www.nytimes.com/2008/07/11/world/middleeast/11iraq.html>.

29. Ahmet Davutoğlu, chief foreign policy adviser to Prime Minister Erdoğan, has participated in the meetings as well, and in March 2009 President Abdullah Gül met directly with Iraqi Kurdish leaders in Iraq.

30. Masoud Barzani, "The Kurdistan Region and the Future of Iraq" (speech at the Center for Strategic and International Studies, Washington, D.C., October 31, 2008, http://www.csis.org/component/option,com_csis_events/task,view/id,1844/).

derstanding of the PKK issue as well. Additionally, in a promising though as yet unproven development, on January 23, 2009, the Iraqi foreign minister, Hoshiyar Zebari, announced that Turkey, Iraq, and the United States would set up a “joint command center” in Erbil to gather intelligence in the fight against the PKK.³¹ This followed Prime Minister Maliki’s trip to Ankara in August 2007, at which time he declared the PKK a terrorist organization, and the September 2007 agreement on cooperation against terrorism signed by the ministers of interior of Turkey and Iraq.

Regardless of whether the Kurdistan region seeks to remain part of a unified Iraq or deepen its autonomy, it is in the interest of the KRG to maintain friendly relations with Turkey and prevent any Turkish temptation to undermine Kurdish stability through military operations. By pledging to take a harder line against the PKK, Kurdish officials seek to build stronger avenues for cooperation with Turkey. Yet, so far, there is little evidence to suggest that the KRG is taking concrete action against the PKK. Kurds are also keenly aware that, if U.S. forces begin redeploying from Iraq, they will have no allied external force in the area for protection, and that is why the KRG has aggressively pursued permanent basing of U.S. forces in their region. Turkish officials worry that a permanent U.S. base in the Kurdistan region would give the United States an effective future veto against any Turkish operations and could even embolden the Kurds to declare independence.

At the same time, Turkey appears increasingly willing to tolerate more than it has claimed when it comes to Kurdish autonomy in northern Iraq. Turkey’s recognition that the Kurdistan region is very likely to retain its robust autonomy has led Turkey to reach out to the KRG in an effort to develop limited ties with more conciliatory Kurdish leaders. Turkey knows it cannot eliminate the PKK without the cooperation of local Kurdish authorities in Iraq. The challenge for the Iraqi central government will be to balance Turkish pressure while maintaining the Kurdistan region as part of a unified Iraq. Either way, Iraq cannot afford to lose face with Turkey or the valuable ties they have rebuilt. In a region that largely views the Iraqi government as a U.S. puppet, Baghdad relies on Ankara to provide it with a boost of legitimacy. In addition, strong trade ties with Turkey are vital to realizing Iraq’s great economic potential—particularly in the energy sector—and to ensuring the long-term stability of the Iraqi economy. As long as Turkey can provide Iraq with these two things, it is likely that the Iraqi government will continue to reach out to Ankara and encourage cooperation wherever it is possible.

Iran: Cautious Rapprochement

Turkey and Iran have a historic rivalry dating back four centuries. Indeed, the Safavid Empire adopted Shi‘ism in the sixteenth century in part as a way to distinguish itself from that of its Ottoman neighbors. As regional powers active in both the Middle East and Central Asia, competition has been constant. That antagonism has been exacerbated for much of the past three decades by diametrically opposed ideological worldviews and political alliances—a secular, pro-U.S. power against a theocratic, revolutionary, and anti-U.S. regime. As Turkey’s regional policy evolves, however, cooperation on a number of fronts has increased significantly in the past several years, most importantly in the economic, energy, and security spheres. Although they have different approaches to many of the region’s issues, both Turkey and Iran see cooperation as an avenue to strengthen a number of foreign policy objectives despite the potential risks such cooperation may pose. For Turkey, deepening trade ties with Iran is crucial for its broader regional strategy, including becom-

31. Zebari made the announcement in a press conference in Ankara with his Turkish counterpart, Foreign Minister Ali Babacan. See “Turkey, Iraq, U.S. Step Up Efforts to Fight PKK,” Reuters, January 23, 2009, <http://www.reuters.com/article/worldNews/idUSTRE50M4DQ20090123>.

ing an energy bridge to Europe. Tehran also has much to gain from cooperation with Turkey, and it has capitalized on Turkey's priorities to advance its own interests.

For Iran, Turkey represents an important regional power with which it shares some mutual interests. In the face of political isolation and economic sanctions, Iran is willing to take whatever Turkey will give, even more so because Turkey is a relatively prosperous and stable neighbor with strong ties to the West. Iran has aggressively sought to strengthen cooperation in energy, trade, and the fight against the PKK. In this way, the Islamic Republic of Iran is trying to increase Turkey's dependence on Iranian gas and trade in order to limit Turkey's potential to play a role in any future Western action against Iran. Its relationship with Turkey is therefore of strategic importance, and Turkey has been quite willing to work with Iran to strengthen cooperation on these limited issues.

It is Turkey's growing thirst for natural gas that could pay big dividends for Iran. The Islamic republic holds the world's second-largest reserves of natural gas and is currently Turkey's second-largest source of natural gas behind Russia, from which Turkey wishes to diversify its supply (Russia provides Turkey with 63 percent of its imported gas compared with 17 percent from Iran).³² For the moment, Turkey is the only external destination for Iranian gas.³³ Some Turkish planners would like to see Iran as a long-term link in its expanded role as an energy bridge between Asia and Europe despite the many challenges.³⁴ Iran knows this well, and, although it may be more likely to pursue eastern or southern export routes, it has skillfully used natural gas as a diplomatic bargaining chip to deepen ties and increase Turkish perceptions of long-term cooperation and dependence on the Islamic republic.

As a result of these mutual interests, cooperation has grown steadily. In 2002, the two countries completed a 750-mile-long gas pipeline connecting the gas fields of Tabriz to Ankara.³⁵ Given uncertainty about Caspian sources for the proposed Nabucco pipeline between Turkey and Austria, Turkey has sought to strengthen energy ties to Iran, signing a preliminary agreement in July 2007 to bring Iran on board the Nabucco project and agreeing to help build extraction facilities at Iran's South Pars gas field.³⁶ Another more detailed agreement was signed between Turkey and Iran in November 2008. This arrangement reportedly gives Turkey operation rights at three Iranian offshore gas fields in South Pars and production rights to 46 million cubic meters of gas per day. Turkey will allegedly invest \$12 billion in developing the project, which includes a 1,200-mile pipeline running from the southern Iranian coastal city of Assaluyeh to the Bazargan border area with Turkey.³⁷

32. "Country Profile: Turkey," Economist Intelligence Unit, June 2008.

33. "Trade Movements 2007 by Pipeline," BP Review of World Energy 2008, http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2008/STAGING/local_assets/downloads/pdf/gas_table_of_natural_gas_trade_movements_by_pipeline_2008.pdf.

34. See Ali Tekin and Iva Walterova, "Turkey's Geopolitical Role: The Energy Angle," *Middle East Policy* 14, no. 1 (2007). In the span of only half a decade (from 2000 to 2006) Turkish gas consumption nearly doubled and accounts for one-third of all Turkish energy consumption. See *Natural Gas Market Review 2007* (Paris: International Energy Agency, 2007), p. 223; and "2008 Annual Programme, Ninth Development Plan (2007–2013)" (Ankara: Undersecretariat for State Planning Organization, Republic of Turkey, 2008), p. 118. For further analysis, see "Turkey: The Great Gas Game," Economist Intelligence Unit, January 16, 2008. Natural gas is most crucial for electricity, and Turkey generates nearly half of its electricity from natural gas, yet it produces only 3 percent of that gas; see *Natural Gas Market Review 2007*, p. 223.

35. "Turkey: Country Analysis Brief" (Washington, D.C.: U.S. Energy Information Administration, October, 2006), <http://www.eia.doe.gov/emeu/cabs/Turkey/pdf.pdf>.

36. "Turkey, Iran Sign Gas Deal This Year—Government Source," Reuters, April 10, 2008.

37. Emrullah Uslu, "Turkey and Iran Sign Accord on Natural Gas Cooperation," *Eurasia Daily Monitor* (Jamestown Foundation) 5, no. 224 (November 21, 2008), <http://www.jamestown.org/>

The extent to which these agreements will become operational, and whether Iran will be a reliable, major gas exporter, remains unclear.³⁸ Iran curtailed and then halted exports to Turkey during the winter of 2007 owing to surging domestic consumption; its pricing is higher than Russian gas, and its pipeline capacity remains limited. Thus far, the agreements are driven more by politics than market forces. Still, the energy relationship with Iran is potentially important. Turkey currently imports gas in violation of the Iran Sanctions Act, and objections of the George W. Bush administration to expansion of this trade met mixed results.³⁹ In the hope of protecting this prospective energy relationship, Turkey will be wary about implementing further U.S. or even international sanctions against Iran, particularly given its scarring experience with Iraqi sanctions in the 1990s.

Beyond Turkey's growing dependency on Iranian natural gas, trade is an increasingly important part of the relationship, and regardless of tangible progress on the energy front Tehran can still count on expanding bilateral trade ties to ensure at least nominally good relations with Turkey. Iran has become Turkey's fifth-largest trading partner (if the European Union is counted as a bloc), and from 2002 to 2007 bilateral trade jumped dramatically from approximately \$1.2 billion to nearly \$8 billion (appendix B).⁴⁰ In exchange for mostly energy imports, Turkey exports a range of manufactured goods to Iran primarily via overland trucking routes.⁴¹ Turkey, as Iran's third-largest market for its exports after Japan and China, is also a crucial trade partner for Iran.⁴²

Though much less significant than trade with Iraq, trucking routes through Iran that link Turkey to Central Asian markets are an increasingly important source of revenue and jobs. According to Iranian sources, more than 27,500 trucks crossed the Bazargan customs checkpoint in 2007, the main border terminal between Turkey and Iran.⁴³ Exact data are difficult to obtain, but according to Iranian customs statistics 815,000 tons of goods entered Iran from Turkey during the Iranian calendar year 2006–2007 via the Bazargan customs office, while approximately 460,900 tons of goods exited Iran during the same period.⁴⁴ It is nearly impossible to monitor the flow of goods across the overland route, and as long as the border crossings remain vibrant, it will be difficult to enforce any sanctions against Iran.

single/?no_cache=1&tx_ttnews%5Btt_news%5D=34159.

38. According to the Turkish gas firm, BOTAS, Turkey has factored gas flows from Iran into its long-term energy plans, projecting Iranian gas imports of almost 10 billion cubic meters annually until 2025, although many Turkish analysts and even Turkish government officials have questioned whether these are realistic targets. See Ercan Yavuz, "Cold Winter Fear Grips Turkey," *Today's Zaman*, September 1, 2008, <http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=151779&bolum=105>. For details on BOTAS projections, see "Natural Gas Supply and Demand Scenarios," BOTAS, June 30, 2008, <http://www.botas.gov.tr>. See also the chapter in this report written by Edward C. Chow.

39. See Kenneth Katzman, "The Iran Sanctions Act," Report no. RS20871 (Washington, D.C.: Congressional Research Service, October 12, 2007); and Thomas Seibert, "As Ankara Moves Closer to Tehran, U.S. Faces Reality," *The National*, December 4, 2008, <http://www.thenational.ae/article/20081204/FOREIGN/216179620/1135>.

40. UN Comtrade database, United Nations commodity trade statistics, <http://comtrade.un.org/db/>.

41. Direction of Trade Statistics, database, International Monetary Fund, 2007.

42. "World Factbook," U.S. Central Intelligence Agency, 2007.

43. "Iran: Customs Official on Revenues from West Azarbayjan Checkpoint," BBC Monitoring Trans Caucasus Unit from Vision of the Islamic Republic of Iran West Azarbayjan Provincial TV, Orumiyeh, in Persian, 1215 GMT, March 22, 2008, accessed from LexisNexis.

44. "Iran's Position in Regional Transit Strengthened," SHANA (Petro-Energy Information Network [Iran]), July 17, 2007, <http://www.shana.ir/109831-en.html>.

Iranian tourism to Turkey has also increased dramatically in the last few years, an added benefit of increased ties. According to Turkish statistics, nearly one million Iranians visited in 2008.⁴⁵ The sheer number of Iranians visiting Turkey adds an additional component to the budding ties and deepens the interpersonal nature of Iranian-Turkish interaction. Economic ties are clearly beneficial for Turkey as well as Iran, and they serve economic as well as political interests.⁴⁶

Although trade and energy ties take center stage in the Turkish-Iranian rapprochement, security cooperation, most important on the Kurdish issue, is noteworthy and an area where Iran can reap significant rewards with little cost. Iran also possesses a sizable ethnic Kurdish population and since the U.S. invasion of Iraq has been suffering attacks from the PKK's sister group, the Party for a Free Life in Kurdistan (PEJAK).⁴⁷ Both the PKK and PEJAK have been using the rugged territory in northern Iraq to stage their attacks.

Iran has made it a point to be as forthcoming as possible when it comes to helping Turkey weed out rebels, applying soft but consistent pressure for stronger ties and more cooperation. Throughout 2006 and 2007, Iranian officials including President Mahmoud Ahmadinejad offered to coordinate the fight against the PKK. In early 2007, Ali Larijani, head of the Iranian National Security Council, suggested that Turkey join Iran and Syria in forming a tripartite security cooperation platform and that Turkey consider a large-scale joint military incursion against rebels in Iraq.⁴⁸ For a time, Turkey seemed to be holding off from accepting the proposal, waiting to see whether U.S. forces in Iraq would take a firmer stand in combating PKK forces. But by 2008, the Turkish government seemed to have lost patience. In April 2008 Turkey invited to Ankara a delegation of Iranian officials led by Deputy Interior Minister Abbas Mohtaj, which led to the signing of a memorandum of understanding (MOU) to develop security cooperation.⁴⁹ Since then, the two countries have been sharing tactical intelligence about ongoing operations, and in June 2008 they carried out coordinated air strikes against Kurdish rebel bases in the Kandil Mountains of northern Iraq.⁵⁰ This coordination does not, however, include any exchange or joint movement of forces. Instead, it mostly seeks to cut off escape routes of PKK forces that regularly traverse the mountainous Turkish-Iranian-Iraqi border region.⁵¹ This is a function that Turks often note Kurdish *peshmerga* forces could perform, if they chose to cooperate.

Although a concern for Iran, the threat from Kurdish rebels occupies a much lower priority than for Turkey. Undertaking security agreements with Turkey is less about combating Kurdish separatists and more about seeking a limited partnership with a country that has influence with Iran's enemies. At a time when Turkey was visibly frustrated with a lack of U.S. cooperation on the

45. "Number of Arriving and Departing Foreigners and Citizens," Ministry of Tourism and Culture, Republic of Turkey, October 2008, <http://www.kultur.gov.tr>.

46. Though trade ties are expanding, Turkish businesspeople complain about the difficulty of doing business in Iran and the many Iranian obstacles to expanding trade, including cancelled deals. One high-profile example is the cancellation of a \$3 billion mobile phone deal in 2005 that would have led to Turkcell building a second mobile telephone network in Iran. For details, see "Turkcell Thrown Out of Iran Mobile Phone Deal to Protect National Security," Agence France-Presse, September 11, 2005.

47. On February 4, 2009, the U.S. Department of the Treasury designated the Party for a Free Life in Kurdistan a terrorist organization.

48. Ömer Taşpınar, "Turkey Eyes the Shia Crescent," *Newsweek*, February 12, 2007, <http://www.newsweek.com/id/42949>.

49. "Iran and Turkey Discuss PKK, PJAK," *Turkish Daily News*, April 14, 2008, <http://hurarsiv.hurriyet.com.tr/goster/haber.aspx?id=8726853&tarih=2008-04-17>; also see "Turkey and Iran Agree to Boost Security Cooperation," Xinhua News Agency, April 17, 2008.

50. "Turkey and Iran United to Attack Kurdish Rebels," Associated Press, June 6, 2008.

51. U.S. and Turkish officials, interviews with author, January 2009.

PKK issue, Iran made clear its willingness to cooperate. Some Turkish analysts have suggested that Turkey and Iran were pushed together because the United States ignored Turkey's interests on the Kurdish issue.⁵² Whether the cooperation could intensify or will remain narrowly focused is unclear. It could depend, in part, on the continued willingness of the United States to share real-time intelligence with Turkey and efforts by the KRG to counter the PKK.

Despite improved cooperation on a range of issues, suspicions still linger on both sides. Turkey remains wary of Iran's nuclear program and has joined the West in opposing any Iranian development of nuclear weapons. A nuclear-armed Iran would dramatically alter the regional balance of power and undermine the stability that Turkey has worked hard to secure. Still, Turkey prefers the diplomatic route to limit Iran's nuclear program and opposes military efforts to stop Iran. Turkey will likely face an increasingly difficult predicament: it clearly opposes a nuclear Iran on its doorstep, but it is also wary of an isolated Iran that feels threatened. Turkey has explored acquisition of missile defense systems from the United States, Russia, and Israel and has been active in facilitating negotiations between the 5+1 countries and Iran.⁵³ But Turkey sees a hypothetical threat from Iran as much less pressing than the real threat from Kurdish terrorists and separatists, and it has made it clear that it is willing to work with any country that will help fight the PKK. Turkey is also well aware that a confrontational stance against Iran could be extremely costly, as it would not be beyond Iran to both support the PKK and deploy other asymmetric capabilities against it.

Iranians also have lingering suspicions of Turkey, primarily regarding the motives of Turkey's military but also because of its long partnership with the United States and Israel.⁵⁴ Iranian policymakers understand that Turkey is not likely to become a close ally of the Islamic republic, so they have sought to strengthen relations within limited areas, where Turkey has been more than willing to cooperate. Historical suspicions aside, Iran will spare no effort to continue to develop the relationship along whatever channels Turkey makes available; and, given Turkey's quest for regional stability, natural gas supplies, and export markets, cooperation with Iran is likely to grow.

Syria: From the Brink of War to Partnership

After decades of tension, a budding relationship with Syria has been a central component of Turkey's Middle East strategy.⁵⁵ The relationship is mutually beneficial, and the two have sought to build cooperation across a range of sectors, most importantly trade and the fight against the PKK.

Despite the fact that Syria shares Turkey's longest international border, the two countries were sworn enemies for most of the 1990s and tensions almost escalated toward war in 1998 owing to

52. Emrullah Uslu, "Can Turkey's Anti-Terrorism Cooperation with Iran Lead to a Strategic Partnership?" *Terrorism Focus* (Jamestown Foundation) 5, no. 24, June 24, 2008, [http://www.jamestown.org/single/?no_cache=1&tx_ttnews\[tt_news\]=5012](http://www.jamestown.org/single/?no_cache=1&tx_ttnews[tt_news]=5012).

53. For more details on the way in which Turkey has sought its own missile defense system, see Ümit Enginsoy, "Turkey in Talks for Missile Defense System Buy," *Turkish Daily News*, April 29, 2008; and Giray Sadık, "Turkey Considers Several Missile Defense Systems," *Eurasia Daily Monitor* 5, no. 87 (May 7, 2008), http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=33615. The 5+1 countries are the United States, Great Britain, France, Russia, China, and Germany.

54. Mohammed Hossein Hafezian, "Iran-Turkey Economic Ties: Prospects for Improvement," Center for Strategic Research, Tehran, October 2007, <http://www.csr.ir/departments.aspx?lng=en&abtid=07&&depid=74&semid=959>.

55. Initial changes began with the efforts of Turkish foreign minister Ismail Cem who initiated a number of diplomatic gestures to former adversaries in the late 1990s. The shift was popular with the business community (especially among small- and medium-size enterprises), which had put pressure on the Turkish government to expand ties with Syria.

Syrian aid to Kurdish rebels and the sheltering of PKK leader Abdullah Öcalan. The conflict was defused only after Turkey massed troops on its border and threatened Syria with a military offensive. The message was received loud and clear, and during the next decade Syria ramped up its cooperation against Kurdish militants, leading to a host of economic and political dividends. Following decades of bitterness, the Bashar al-Assad regime has come to consider Turkey an important regional partner.

After enduring the economic consequences of the isolation of Iraq, Turkish policymakers saw closed borders with Syria as hurting Turkey's interests. The position was summed up clearly by Ahmet Davutoğlu, who has claimed that "isolation creates economic stagnation."⁵⁶ It was largely Turkey that reached out to Syria at a time when the United States and Europe sought to isolate the regime of Bashar al-Assad. Turkey saw an opportunity to play a greater regional role as well as enlist additional support for its fight against the PKK. Turkish leaders continued to make official visits to Syria, and business ties continued to expand even while Syria was under international pressure for its alleged role in the assassination of the Lebanese prime minister, Rafik Hariri. Ankara sought to bridge the gaps between Syria and Europe as well as broker Israeli-Syrian talks that would boost Turkish clout and its international status.

For Syria, the prospect of friendlier relations with a past and more powerful adversary at a time of U.S. pressure and military action in neighboring Iraq was a blessing. Rapprochement with Turkey provided numerous benefits with minimal costs. Perhaps most important for Syria, the rapprochement neutralized the Turkish military threat that posed a significant risk in the 1990s. As a state with few allies, Syria also saw Turkey as an important political and economic partner and a path out of its international isolation. The effort has been largely successful. The most recent expression was the visit of Bashar al-Assad to Paris in July 2008 and the reciprocal visit of President Nicolas Sarkozy of France to Damascus in September 2008. That Sarkozy was joined in Syria by Prime Minister Erdoğan is further proof of Turkey's role in eroding Syria's isolation.

For Syria, Turkey has become a strategic outlet to the international community. Turkey's mediation of indirect talks between Syria and Israel has been instrumental in Syria's gradual warming relations with Europe. Syrian political analyst Sami Moubayed has suggested that, among other objectives, Syria seeks upgraded relations with Turkey to balance its alliance with Iran.⁵⁷ Turkish analysts and officials have expressed a similar interest in prying Syria away from its strategic alliance with Iran in order to offset Iran's growing regional influence. Some argue that breaking that alliance, while simultaneously building better bilateral relations with both Iran and Syria, serves Turkish economic and political interests. Whether Turkey could supplant Iran as the primary strategic ally of Syria at the current juncture remains unclear. Some senior Arab government officials have suggested that Turkey could play an important role "accompanying" or guiding Syria through a process whereby it realigns with the pro-Western camp.⁵⁸ For the moment, such a process appears premature, but Turkey would be well suited to play such a role in the future. Beyond its own bilateral relations, Syria's calculations will likely be influenced by any change in U.S. policy vis-à-vis Syria and progress on an agreement with Israel.

56. "Turkey's Top Foreign Policy Aide Worries about False Optimism in Iraq" (interview in Turkey with Ahmet Davutoğlu, Council on Foreign Relations, New York, September 19, 2008), http://www.cfr.org/publication/17291/turkeys_top_foreign_policy_aide_worries_about_false_optimism_in_iraq.html.

57. See Sami Moubayed, "Turkish-Syrian Relations: The Erdoğan Legacy," Policy Brief no. 25 (Ankara: SETA Foundation for Political, Economic, and Social Research, October 2008), http://www.setav.org/document/Policy_Brief_No_25_Sami_Moubayed.pdf.

58. Foreign minister from an Arab state, interview with author, Washington, D.C., December 2008.

The payoff for Syria thus far has been significant in the economic, political, and security spheres. Economically, Turkey has become a major investor in Syria. In early 2004, at a time when Syria was under increasing U.S. pressure and the U.S. Congress had passed the Syria Accountability Act, President Assad made a three-day official visit to Turkey. Several months earlier, Syria had reportedly handed over to Turkey 22 people suspected of involvement in a series of terrorist bomb attacks against British and Jewish targets in Istanbul carried out in November 2003.⁵⁹ The visit was followed in December 2004 with an official visit to Damascus by Prime Minister Erdoğan to sign a free-trade agreement (FTA).

Since then, the volume of trade has risen dramatically, and Turkish businesspeople see Syria as a potentially profitable market. Trade was \$800 million in 2006 and is expected to jump to \$2 billion in 2009,⁶⁰ facilitated largely by a threefold increase in Turkish trucking from 2004 to 2007.⁶¹ In 2007, a second trade accord was signed to further boost bilateral trade and facilitate Turkish investment. The 2004 FTA is of greatest value to Syria, which is starved for affordable manufactured goods. Turkish businesses have also taken advantage of free-trade zones in Syria created by the FTA, such that total Turkish investment in Syria now tops \$400 million.⁶² Turkish companies have also built factories in Syria, primarily in the textile industry, taking advantage of cheaper labor, lower energy costs there, and steadily decreasing Syrian tariffs.⁶³ A number of business and trade delegations have also been active in expanding commercial ties.⁶⁴

Direct investment and trade have made Syria increasingly dependent on its northern neighbor. Turkey also controls many of the water sources that flow into Syrian territory—including the Tigris and Euphrates rivers—and for years Damascus has demanded that Turkey allow more water to flow across the border into Syria. Besides the Kurdish issue, control of water resources was one of the primary sticking points in the Turkish-Syrian relationship during the 1990s. Turkey's ambitious Güneydoğu Anadolu Projesi (GAP; Southeast Anatolia Project) included the construction of a number of dams on these two rivers, infuriating Syrian officials who continue to condemn the project as a violation of international law.⁶⁵ Although Syria, Iraq, and Turkey have recently taken significant steps to put to rest their grievances over water, as late as January 2008 Syrian officials called on Turkey to release more water into Syria.⁶⁶

59. Amberin Zaman, "Syrian Leader's Visit Highlights Shift in Relations with Turkey," *Los Angeles Times*, January 7, 2004, <http://articles.latimes.com/2004/jan/07/world/fg-assad7>.

60. "Syria and Turkey Plan to Double Bilateral Trade within Two Years," Oxford Business Group, November 19, 2007.

61. International Transporters' Association of Turkey (UND), <http://und.org.tr/index.php?go=istatistik.php&tur=tasima>.

62. Julien Barnes-Dacey, "Syria Heads East to Boost Foreign Direct Investment," *Financial Times*, July 6, 2008.

63. To help facilitate growing commercial and political ties, language instruction has been increasing in Syrian and Turkish universities. Gaziantep University in southeastern Anatolia, for example, has an Arabic language center with a reciprocal Turkish language program at Aleppo University in Syria. According to one professor familiar with the project, approximately 500 Syrian students have studied at the language center at Gaziantep University in the past five years.

64. Turkish businesspeople, interviews with author, Ankara, January 12, 2009. See also Barnes-Dacey, "Syria Heads East to Boost Foreign Direct Investment."

65. For further analysis, see Murat Metin Hakki, "Turkey, Water, and the Middle East: Some Issues Lying Ahead," *Chinese Journal of International Law* 5, no. 2 (2006): pp. 441-458; and Paul Williams, "Turkey's H₂O Diplomacy in the Middle East," *Security Dialogue* 32, no. 1 (2001): pp. 27-40.

66. Ercan Yavuz, "Turkey, Iraq, Syria to Initiate Water Talks," *Today's Zaman*, March 12, 2008, <http://www.todayzaman.com/tz-web/detaylar.do?load=detay&link=136183>.

Despite the continued friction over water resources, Syrian-Turkish cooperation on the Kurdish issue has made significant headway. As the result of a convergence of Syrian and Turkish interests in the wake of the U.S. invasion of Iraq, Syria switched from active support of Kurdish rebels to a member of a three-state coalition against the PKK. Syria's motivation for this shift was its realization that the example of Kurdish activism in Iraq could cause a serious ethnosectarian problem in Syria. In fact, Kurdish riots erupted in northeastern Syria in April of 2004, and Syrian Kurds have been continuously agitating for more rights.⁶⁷ Thus, Syria and Turkey now share an interest in opposing Kurdish irredentism.⁶⁸ Since the 1998 Adana Protocol, in which Syria pledged to support Turkey to combat the PKK, the two have signed several security agreements, including cooperation in opposition to terrorism, money laundering, and drug trafficking. In 2002, military cooperation expanded as the two neighbors signed agreements for the exchange of military students and joint military exercises.⁶⁹

Rapprochement with Turkey, particularly after long-standing tension with its fellow Arab governments, has been a positive strategic step for Syria. Damascus does not yet see Turkey as close ally, but it increasingly trusts the AKP government and sees clear benefits and opportunities from strengthening cooperation. A closer partnership with Turkey gives Syria some degree of political cover from the United States. For Turkey, the ability to mentor and advocate on behalf of the Assad regime fits with the AKP's search for greater regional influence. Syria's preference for Turkish mediation in its talks with Israel demonstrates a growing appreciation for Turkey's regional role. Turkey can advise Syria but for the moment remains unlikely to pressure the Assad regime on either the Israeli-Syrian track or any other issue on the U.S.-Syria agenda. As the relationship develops further, Syria may try to conceive of other innovative ways to turn the limited partnership to its advantage.

Israel: Preserving the Entente

Of all Turkey's Middle East relations, its partnership with Israel is the most complex. Turkey has been a key pillar of Israel's regional security doctrine, and deep military ties have been mutually beneficial. Increasingly, however, the partnership has been tested. The rise of the AKP in 2002 brought about a cooling of relations with Israel as the AKP government has underscored Turkey's Muslim identity and sought to broaden its relationships with other Middle Eastern neighbors—some of which, such as Iran and Syria, are hostile to Israel. Harsh Turkish criticism of the Israel Defense Forces' (IDF) invasion of Gaza in December 2008 and later at the World Economic Forum in Davos has heightened the tension, leading to questions about the future of the partnership. Whereas most regional actors have much to gain from Turkish recalibrated engagement in the Middle East, Israel has much to lose.

For decades, the Israeli-Turkish partnership was built on a common perception that defined terrorism and radical Islam as primary threats. Turkey was the first Muslim state to officially recognize Israel in 1949, and since then Israel has courted Turkey as it sought to build strategic

67. Emile el-Hokayem and Ömer Taşpınar, "Syria Loves Ankara, But Will the Relationship Last?" *Daily Star*, April 19, 2005.

68. In January 2004, Bashar al-Assad became the first Syrian president since 1946 to visit Turkey, and in 2007 Syria joined Iran in calling for a tripartite security cooperation initiative with Turkey; see F. Stephen Larrabee, "Turkey Rediscovered the Middle East"; and Ömer Taşpınar, "Turkey Eyes the Shia Crescent."

69. Nicholas Blanford, "Syria Forms New Alliances," *Christian Science Monitor*, June 2006; Lale Sariibrahimoğlu, "Turkey and Syria Sign Security Pact," *Jane's Defense Weekly*, September 19, 2001.

relations with non-Arab states on the periphery of the Middle East.⁷⁰ The two have been working either overtly or covertly ever since, and the partnership has gradually evolved into a multilayered set of military, political, and economic interests.

Cooperation against common foes Syria, Iran, and Iraq led to the signing of a major strategic agreement in 1996 that outlined a number of information-sharing and joint military training arrangements, including the use of Turkish airspace for Israeli Air Force training from the Konya air base.⁷¹ In return, Israel provided Turkey with military technology that the United States and Europe were often reluctant to sell, and Turkey became a lucrative market for the Israeli defense industry. As a member of NATO, Turkey also provided Israel a certain degree of linkage to the alliance's deterrent capabilities, and Israel's military prowess in turn bolstered Turkey's deterrent.

Politically, Turkey provided Israel a vital diplomatic outlet at a time when Israel was alienated in the region and at war with most of its neighbors. As a Muslim state, Turkey served as a model for Israel's potential relations with other Muslim states and gave Israel an important degree of legitimacy. In return, Turkey saw Israel as a valuable ally and lobbyist in its fight against the Armenian issue in the U.S. Congress, especially through its connections with American Jewish organizations.

Bilateral trade has also been an important pillar of the relationship and stood close to \$2.8 billion in 2008. In 1991, when Turkey granted Israel full diplomatic recognition, bilateral trade stood at \$100 million annually. In May 1997, the Israel-Turkey FTA went into effect and over the course of the decade bilateral trade increased to \$2 billion.⁷² Although Turkish trade with Israel is less than half of its trade volume with Iran, for example, the quality and type of goods Turkey imports from Israel are significant.⁷³ In January 2007, Turkey and Israel completed talks on the Med Stream project, a multipurpose offshore pipeline project to connect Turkey and Israel via the Mediterranean Sea.

Cooperation continues on a number of fronts but is increasingly complicated by regional politics. If Turkey's previously unsentimental foreign policy once ignored the Palestinian issue and Islamic solidarity, that is no longer the case. The AKP government has found it difficult to reconcile its Islamic identity with Turkey's special relationship with Israel, and bilateral ties have become entangled with a range of Middle East issues, most notably the Israeli-Palestinian conflict. The AKP's outreach to Hamas after the movement's 2006 parliamentary election victory and the government's harsh condemnation of Israeli military tactics in both the Palestinian Territories and Lebanon have strained the relationship.⁷⁴

70. Michael Brecher, *The Foreign Policy System of Israel: Setting, Images, Process* (London: Oxford University Press, 1972), p. 278.

71. Turkey routinely provides Israel's forces—particularly its air force—with access to large maneuver areas on its territory and use of an air force base in the city of Konya; and, according to unconfirmed reports, Israel maintains listening posts in Turkey. For further details, see Larrabee and Lesser, *Turkish Foreign Policy in an Age of Uncertainty*, p. 141.

72. *Ibid.*, pp. 143–144.

73. Main Turkish imports from Israel include military hardware and technology, mineral fuels, organic chemicals, plastic products, machinery, and optical equipment. Turkey in turn exports a range of agricultural and food products, iron and steel, vehicle stock and parts, plastic products, paper and paperboard, ceramic products, salt, and sulfur. In addition to the FTA, the two countries also have several economic agreements regarding avoidance of double taxation, protection of investments, and agreements on research and development.

74. At one point in 2004, Erdoğan referred to Israel's policies as “state terror.” See “Turkey Slams Israeli Terrorism,” BBC News, June 3, 2004, http://news.bbc.co.uk/2/hi/middle_east/3772609.stm.

The Turkish response to Israel's December 2008 invasion of Gaza has added a new layer of tension and may have done lasting damage to Turkish-Israeli relations, at least on the public level.⁷⁵ Anti-Israel news stories and organized protests across Turkey were unprecedented.⁷⁶ Prime Minister Erdoğan used particularly harsh language to publicly condemn Israel's military campaign in Gaza, accusing Israel of "inhumane actions" and claiming that "Allah will sooner or later punish those who transgress the rights of innocents."⁷⁷ While many analysts have accused Erdoğan of playing to domestic audiences in anticipation of the March 2009 local elections, his sympathy for Palestinians is genuine. An added complication is that Erdoğan was also deeply offended that Israeli prime minister Ehud Olmert failed to mention the impending operation when he hosted him in Ankara just four days before the invasion.⁷⁸

In the immediate aftermath of the Gaza war, Turkish officials were quick to note that no agreements, arrangements, or scheduled diplomatic exchanges were affected by the Gaza crisis, and no written statement from any official Turkish governmental body was issued. In response to questions about cutting ties with Israel, Erdoğan showed the pragmatic side of the issue, responding that "we are not running a grocery store here; we are running the Turkish Republic."⁷⁹ Israel's official response was muted, and the government preferred to let the remarks pass, attempting to downplay any potential political fallout. Even after the verbal sparring between Erdoğan and Israeli president Shimon Peres at Davos in late January 2009, Israeli officials have been relatively silent on the matter. Some Israeli officials, including one top military official, have increasingly gone "off script," however, and offered more public rebukes of Turkey.⁸⁰ It is too early to determine how tension over the Gaza war and the Palestinian issue more broadly will affect long-term Turkish-Israeli cooperation and Turkey's efforts to mediate regional crises.

Beyond the rhetoric, the general shift has been less visible. Military cooperation and weapons sales, the glue of the Israeli-Turkish relationship, are still valuable and noteworthy but have gradually declined as Turkey competes globally for its defense needs.⁸¹ Moreover, a number of high-profile military contracts have been broken in the past several years, leading to a growing frustra-

75. AKP parliamentarian, interview with author, Ankara, January 2008.

76. A European league basketball game held in Ankara on January 6, 2009, between Türk Telekom and the Israeli Bnei Hasharon was suspended by a Turkish referee after Turkish fans disrupted the game and shouted anti-Israel slogans. Turkish police fought protestors inside the stadium. See "Turkey-Israel Basketball Game Suspended after Gaza Protests," *Today's Zaman*, January 8, 2009, <http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=163479>. See also Emrullah Uslu, "Public Outrage against Israeli Policies in Gaza Could Turn into Anti-Semitic Sentiment," *Eurasia Daily Monitor* 6 no. 3 (January 7, 2009), http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=34314.

77. "Turkish PM: Allah Will Punish Israel," JPost.com, January 5, 2009.

78. Prime Minister Erdoğan said of Olmert that "he betrayed me and harmed the honor of Turkey." See Barak Ravid, "Analysis: Gaza Op Has Put an End to Israel's Honeymoon with Turkey," *Haaretz.com*, January 8, 2009, <http://www.haaretz.com/hasen/spages/1053583.html>.

79. Sabrina Tavernise, "Turk Raises Eyebrows in Criticism of Israel," *New York Times*, January 11, 2009, <http://www.nytimes.com/2009/01/11/world/middleeast/11turkey.html?partner=rss&emc=rss>.

80. Following the Davos events an Israeli major general was quoted as criticizing Turkey's actions against Armenians and Kurds. To prevent further damage the Israeli military issued a statement that denied that the remarks were an official IDF position. See Barak Ravid and Yossi Melman, "IDF: Officer's Criticism of Turkey Does Not Represent Official View," *Haaretz.com*, February 14, 2009, <http://www.haaretz.com/hasen/pages/ShArt.jhtml?itemNo=1064016&contrassID=0&subContrassID=0>.

81. On the eve of the Gaza crisis, Israel Aerospace Industries Ltd. (IAI) and Elbit Systems Ltd. signed a \$141 million deal with the Turkish military manufacturer Aselsan to provide airborne imagery intelligence systems for the Turkish Air Force. See "Elbit, IAI get \$141 Million Turkish Air Force Deal," *Reuters*, December 25, 2008, <http://www.reuters.com/article/rbssIndustryMaterialsUtilitiesNews/idUSLP54931720081225>.

tion with doing business in Turkey that has already been felt by many U.S. defense contractors.⁸² While the TGS still promotes strong military ties with Israel, Israeli officials concede that Turkey is less interested than it once was in joint military ventures as it seeks to strengthen its own domestic arms industry.⁸³ This has led to major delays and compromises in the effectiveness of various weapons transfers.⁸⁴

Israeli-Turkish military cooperation has also suffered with the rise in Syrian-Turkish cooperation. In the 1990s, a major component of the Israeli-Turkish military entente was their mutual confrontation with Syria. With the Turkish-Syrian thaw during the past decade, the common threat perception of Syria has evaporated. For the moment, it remains unclear how advanced Turkish-Syrian cooperation is, but it is of growing concern for Israeli policymakers.⁸⁵ Some Israeli officials have expressed apprehension over the unintentional transfer of sensitive military technology to Syria as a result of heightened Syrian-Turkish cooperation, and for this reason Israel has been more reluctant to sell certain weapons systems to Turkey.⁸⁶

Despite the problems, defense-industrial ties remain strong and Turkey's military cooperation with Israel remains robust compared with other regional states.⁸⁷ According to press reports, crews from Israel Aerospace Industries have operated unmanned aerial vehicles (UAVs) in Turkish operations against the PKK, and Israel maintains listening posts on Turkish territory.⁸⁸ Israel is the only Middle East country to use Turkish air space for training purposes. There are still strong constituencies in both countries for maintaining strong cooperation, and the TGS and Turkey's leading opposition parties—Milliyetçi Hareket Partisi (MHP) and Cumhuriyet Halk Partisi (CHP)—still see Israel as a key partner for Turkey. Opportunities for cooperation remain on both a bilateral level and through the NATO Mediterranean Dialogue.

Israelis, though, see Turkey's growing ties with Iran and Syria coming at the expense of their own relations with Ankara, and they have gone to great lengths to preserve Israeli-Turkish ties.⁸⁹ The challenge moving forward will be to maintain a solid basis for strategic cooperation and defining new opportunities for that cooperation. Turkey can still be a useful bridge to Muslim states, but Israel is no longer as isolated as it once was. It has a range of ties with Muslim states and growing strategic relations with other peripheral powers, most importantly India, whose sense of threat perception is much more closely aligned with Israel's. Although the relationship is important and

82. One example is the Israel Aerospace Industries Ltd. \$500 million deal to upgrade a second batch of Phantom fighter jets. According to Israeli press reports, Turkey cancelled the deal in protest over the 2006 Israel-Hezbollah war. See Aryeh Egozy, "Turkey Cancels USD 500 Million Deal with Aircraft Industry," Ynet, August 8, 2006, <http://www.ynetnews.com/articles/0,7340,L-3288072,00.html>.

83. Transfer of the Turkish military's procurement budget to the Ministry of Defense has eroded the military's control over its arms purchases, thus adding an additional layer of political complications; Israeli government official, interview with author, Jerusalem, December 2008.

84. In the case of Turkey's purchase of Heron UAVs, it took nearly three years for the first two Herons to be delivered in December 2008. After delivery the performance of the UAV was compromised largely because of Ankara's insistence on installing a Turkish-made monitoring system that added considerable weight to the system. See Emrullah Uslu, "Turkish Military in Need of Unmanned Aerial Vehicles," *Eurasia Daily Monitor* 5, no. 241 (December 18, 2008), http://www.jamestown.org/programs/edm/single/?tx_ttnews%5Btt_news%5D=34283&tx_ttnews%5BbackPid%5D=27&cHash=5b1a6d39c7.

85. Israeli government official, interview with author, Jerusalem, December 2008.

86. Israeli government official, interview with author, Jerusalem, December 2008.

87. Israel is the only Middle East state to use Turkish airspace for air force training exercises.

88. Yossi Melman, "Report: Israeli Crews Manning UAVs in Turkish Operations against Kurds," Haaretz.com, December 27, 2008, <http://www.haaretz.com/hasen/spages/938757.html>.

89. Israeli Foreign Ministry official, interview with author, Jerusalem, December 2008.

mutually beneficial, both Turkey and Israel are less vital to each other than they were a decade ago. That could change dramatically, however, if Iran becomes a nuclear power, altering the regional balance.

Many Israeli analysts believe Turkey is not sufficiently concerned with Iran's pursuit of nuclear enrichment and weapons capabilities.⁹⁰ Some are also concerned that Turkey's election to the United Nations Security Council and the Board of Governors of the International Atomic Energy Agency could weaken Western efforts to impose tougher sanctions on Iran.⁹¹ At the same time, if Iran crosses the nuclear threshold, it is likely that Israel will also become more important to Turkey. Turkish officials appear to be aware of Israeli concerns; and in their talks with Israeli counterparts, they attempt to downplay their military cooperation with Iran and Syria and allay Israeli fears. More broadly, Turkey is trying to convince Israel that its new Middle East policy is not a threat to Israel or Israeli-Turkish ties.

On the Kurdish issue, a source of potential tension, there is much less daylight between the Turkish and Israeli positions than is commonly thought. Although it has decades-old ties to Iraqi Kurds, Israel does not support the creation of an independent Kurdish state. Since 2003, Israel has grown increasingly alarmed that Kurdish separatist tendencies in northern Iraq will lead to a Shi'ite-dominated Iraq that would further strengthen Iranian influence in the region. Despite past reports of Israeli aid to Kurdish groups, Israel adamantly denies any such assistance, and Defense Ministry export controls prevent Israeli companies from working in Kurdish-controlled areas.⁹² Still, it is likely that independent Israeli businesspeople are operating in the KRG without the consent of the Israeli government.⁹³

Perhaps more important for Turkey than Israeli cooperation on the Kurdish issue is the flawed Turkish perception that Israel can influence the debate among American Jewish organizations on the Armenian issue. Turkish officials are known to raise the Armenian issue in most bilateral meetings with Israeli officials and have repeatedly asked Israel to pressure American Jewish and pro-Israel groups in opposing any U.S. congressional resolution on the Armenian genocide.⁹⁴ Israeli officials worry that should Congress pass a resolution it would be a further blow to their ties with Turkey, as Turks would blame Israel for failing to use its influence—a power that is often greatly overestimated by Turkey to a nearly conspiratorial degree.

Israeli officials see Turkey's Middle East diplomacy as a direct result of the AKP government's Islamist identity. Many Turkey watchers inside and outside of the Israeli government are closely following the process of Islamization under way in Turkish politics and society. They know it will likely affect relations in the long term but are unsure exactly how. The debate over the ramifications is not entirely surprising, nor is the lack of consensus on how to interpret Turkey's shifting regional role. Israeli Foreign Ministry officials and former diplomats tend to interpret Turkey's changing foreign policy as a natural outcome of decades of a regional policy that was unrealistically weighted in favor of Israel. They speak of a normalization of Israeli-Turkish relations although they admit ties have suffered.⁹⁵ Defense officials take a more long-term approach and fear that

90. Israeli policy analyst, interview with author, Tel Aviv, December 2008.

91. See Gallia Lindenstrauss, "Turkey in the Security Council: Goals and Dilemmas," INSS Insight no. 78, Institute for National Security Studies, Tel Aviv University, November 6, 2008, <http://www.inss.org.il/publications.php?cat=21&incat=&read=2312>.

92. Israeli Defense Ministry official, interview with author, December 2008.

93. See Laura Rozen, "From Kurdistan to K Street," *Mother Jones*, November 18, 2008, <http://www.motherjones.com/news/feature/2008/11/from-kurdistan-to-k-street.html?welcome=true>.

94. Israeli government officials, interviews with author, Tel Aviv and Jerusalem, December 2008.

95. Israeli government officials, interviews with author, Jerusalem, December 2008.

growing Islamization could potentially influence the next generation of Turkey's officer corps and future military cooperation.⁹⁶

How the growing tension will affect Turkey's ability to mediate Arab-Israeli crises remains to be seen. Thus far, Turkey's successes as a regional mediator have been mixed. In the wake of the Israel-Hezbollah war in 2006, Turkey committed 1,000 troops to the United Nations Interim Forces in Lebanon (UNIFIL). Turkey's role facilitating four rounds of indirect talks between Israel and Syria has been significant, despite the suspension of those talks in late 2008.⁹⁷ Turkey has also sought to facilitate Palestinian reconciliation talks as well as offered to mediate the release of Israeli soldier Gilad Shalit, kidnapped by Gaza militants in the summer of 2006.⁹⁸ Turkey has invested considerable diplomatic effort in facilitating the talks. Some Israeli officials are concerned that, in the event talks with Syria break down or should a future Israeli government not renew the negotiations, it could further damage Israeli-Turkish relations.⁹⁹ Other analysts believe it was a mistake for Israel to accept Turkish mediation in the first place. Longtime Turkey watcher Efraim Inbar quipped in an interview with the Turkish English daily *Today's Zaman* that the Israeli prime minister was "just polite" when he accepted Turkish offers of mediation.¹⁰⁰ The sentiment may not be widely shared, however, as there is a significant constituency in Israel in favor of reaching an agreement with Syria. There are also differences of opinion on Turkey's UNIFIL role, and some fear negative fallout if Turkish casualties result from future Israeli-Hezbollah clashes.

Regardless of the success of the Syrian track, Israeli officials overwhelmingly praise the professionalism of Turkey's diplomats and acknowledge that Turkey worked hard to coordinate Israeli-Syria talks. At the time the talks were launched, Turkey was likely the only country that could have brought Israel and Syria together. It will be important to maintain a role for Turkey even if negotiations progress to the point where they require U.S. participation. The larger question regarding Turkey's mediating role remains what kind of influence Turkey may have as an intermediary and whether it is willing to use any of its leverage over Syria and other regional actors.

Given Turkey's internal political transformation and its rapprochement with Iran and Syria, many Israelis are relieved that their ties with Turkey have not deteriorated further. Although the relationship may have lost the warmth of the 1990s, Turkish and Israeli leaders continue to meet at the highest level. Turkey recognizes that Israel is a regional power and that maintaining strong relations with Israel is important for regional stability and the pursuit of Turkey's broader foreign policy interests. Ties will likely become increasingly complicated by political factors such as the Palestinian issue, yet cooperation on a number of fronts remains mutually beneficial and likely to endure.

96. Israeli Defense Ministry official, interview with author, December 2008.

97. According to Turkish government officials, Turkey was on the brink of initiating direct talks between Israel and Syria, but the efforts were ended as a result of the Gaza invasion. The meeting in Ankara between Prime Minister Erdoğan and Prime Minister Olmert in December 2008 was intended in part to set up direct talks, but there were no conclusive decisions made at the meeting. With Israeli parliamentary elections set for February 10, 2009, and Prime Minister Olmert serving in a limited capacity following his resignation in September 2008, the Israeli prime minister's ability to open direct talks with Syria was politically limited.

98. Zeynep Güranlı, "Turkey Continues Efforts to Free Israeli Hostage Shalit from Hamas," *Hürriyet Daily News.com*, February 12, 2009.

99. Israeli government official, interview with author, Jerusalem, December 2008.

100. Yonca Poyraz Doğan, interview with Efraim Inbar, "Israeli-Turkish-U.S. Relations Will Grow Stronger," *Today's Zaman*, September 29, 2008, <http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=154588>.

Turkey-GCC Ties

Beyond its immediate neighborhood, Turkey's relations with the members of the Gulf Cooperation Council (GCC)¹⁰¹ are also continually recalibrated by events in the region. After decades of limited ties, common interests in stabilizing and preserving the unity of Iraq as well as containing Iran have brought Turkey and the Arab Gulf states closer together.¹⁰² Although both Turkey and the GCC states fear a potential nuclear Iran, they share the concern that a military strike against the Iranian nuclear program could unleash a wave of violence in their neighborhood. Arab Gulf states realize that Turkey can play an important role in influencing events in the region, although they remain wary of Turkey's diplomacy getting ahead of the Arab consensus.

Turkish regional policy under the AKP government has thus far been largely compatible with Arab Gulf interests. In September 2008, Turkey and the GCC signed an MOU to bolster cooperation and formalize regular dialogue at the foreign minister level. The MOU follows a 2005 agreement that called for expanding economic cooperation and the creation of a free-trade zone. Though the free-trade zone has stalled, Turkey still sees significant potential in expanding its trade relations with the GCC both as a market for Turkish goods and services as well as an important source of energy and FDI.

Turkey-GCC trade has expanded significantly, with trade volume jumping to more than \$10 billion in 2008. Turkey primarily imports petroleum products and exports iron, steel, machinery, and textiles. Turkish construction companies are also increasing their activity throughout the Gulf.¹⁰³ Saudi Arabia remains Turkey's most important import partner, making up nearly three quarters of all imports from the GCC.¹⁰⁴ The United Arab Emirates (UAE) has also become an important partner and takes up more than half of Turkey's exports to the GCC. Gulf FDI to Turkey has also been significant; and private and state Gulf enterprises are active in Turkey's banking, energy, real estate, telecommunications, and retail sectors. In the first half of 2008, GCC FDI in Turkey topped \$1.6 billion, which approaches 2006, the peak year for such investment, when investment stood at \$1.78 billion.¹⁰⁵

While economic interests dominate Turkey's ties with the GCC, its foreign policy objectives and style overlap significantly with those of Qatar. Both have sought to use a wide range of contacts to strengthen their diplomacy, and they maintain close contacts with Iran, Syria, and Hamas as well as with the United States, Europe, and Israel. French president Nicolas Sarkozy on a visit to Damascus in September 2008 was accompanied by Turkish prime minister Erdoğan and the emir of Qatar, Sheikh Hamad bin Khalifa Al Thani, who has also advocated including Syria in regional affairs. Both have sought a role mediating between Arabs and Israelis and among Palestinian

101. Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE) compose the GCC.

102. These concerns have been addressed at various ministerial summits with Iraq and its neighbors. Turkey also initiated meetings with the Gulf states to discuss Iraq, including a March 2008 meeting organized by the AKP on the subject of the Middle East with representatives from government, think tanks, the Arab League, and the European Parliament. See Shehata Mohammed Nasser, "Turkey and Arab Gulf Ties: Prospects and Difficulties," Emirates Center for Strategic Studies and Research (ECSSR), September 21, 2008.

103. Turkish construction firms have been successful winning tenders throughout the Gulf, including the construction and management of a new international airport outside Doha.

104. See Nermina Biberovic, "Turkey and the GCC States: A New Era of Bilateral Economic Relations," Gulf Monitor, Issue 11, http://www.grc.ae/data/contents/uploads/Turkey_and_GCC_3641.pdf.

105. Ibid.

political factions. Economic interests are a factor as well, and although trade with Qatar is significantly less than Turkey's trade with Saudi Arabia and the UAE, Turkey is seeking to purchase large quantities of Qatari gas by 2010.¹⁰⁶

In at least one case so far, greater financial cooperation has expanded to defense ties. In January 2009, Turkey signed an MOU on military exchange and training with Kuwait. The program is focused on building the expertise of Kuwait's army, including joint training.¹⁰⁷ The TGS is broadly interested in expanding its military ties to Arab states through security cooperation activities, with Iraq high on the list of priorities.

The recent diplomatic embrace between the GCC and Turkey has been warm yet cautious. In October 2008 the Turkey-Arab Cooperation Forum was established, and, according to Turkish officials, Turkey has de facto permanent guest status with the Arab League. In the past few years, Arab columnists have praised Turkey's development and recognized Turkey's growing importance as a regional power. Still, historical mistrust of modern Turkey's secular founding and its legacy of rule in the region lingers in the background.¹⁰⁸

Although ties with Arab states under the AKP government have expanded dramatically, some Arabs question how those ties could be affected should the AKP's power diminish in the future.¹⁰⁹ Perhaps most important, conservative Arab states might grow increasingly wary of Turkey's regional diplomacy should they perceive Turkey as working toward outcomes on regional issues that differ from their own, most importantly on Iran and the Palestinian issue. Turkey's active role in attempting to mediate the Gaza crisis of December 2008 gave the impression that Turkey was more concerned with the fate of the Palestinians than the Arab governments were, and Turkey's contacts with Hamas have raised some concerns among a number of Arab states, most importantly Egypt and Saudi Arabia.¹¹⁰ The challenge for the GCC and Turkey is to ensure that economic ties continue to develop without tension arising over the management of the Palestinian issue. Turkey must still convince the Gulf states that its regional diplomacy is an asset and is complementary to, rather than an interference in, Arab affairs.

Implications for U.S. Middle East Policy

The Middle East is a strategically important region for Turkey, and Turkey's interests demand that it pursue closer relations with its neighbors. As it has rebalanced its Middle East foreign policy, Turkey increasingly influences regional dynamics and is emerging as a pivotal actor. By building

106. Barbara Bibbo, "Gul's Visit Lays Groundwork for Energy Imports with Stronger Economic Ties," Gulf News, February 7, 2008, <http://www.zawya.com/story.cfm?id=ZAWYA20080208102159&page=emailstory§ion=main>.

107. For more details on the MOU, see "Kuwait, Turkey Sign Military Memo of Understanding," Kuwait News Agency, June 24, 2009.

108. See Mustafa El-Labbad, "Turkey in Arab Eyes," *Al Ahram Weekly Online*, Issue 925, December 3–9, 2008, <http://weekly.ahram.org.eg/2008/925/op35.htm>.

109. Nasser, "Turkey and Arab Gulf Ties."

110. In early February 2009 eight Arab foreign ministers gathered in Abu Dhabi to express their support for Mahmoud Abbas, president of the Palestinian Authority, and they issued a statement declaring, "We are working to get beyond a difficult phase and create an Arab consensus on stopping unwelcome and unconstructive interference in our affairs by non-Arab parties." The declaration was largely aimed at Iran, but undertones suggested that Turkish involvement was less than welcome in Arab efforts to manage the Palestinian issue. See Sana Abdallah, "Discreet Meeting Tackles 'Non-Arab' Interference," *Middle East Times*, February 4, 2009, http://www.metimes.com/International/2009/02/04/discreet_meeting_tackles_non-arab_interference/7953/.

cooperative ties with former adversaries, Turkey seeks to promote stability and strengthen a broad range of interests, most prominently trade, energy, and security cooperation. The strategy, intensified since the 2003 U.S.-led invasion of Iraq, has thus far been successful, and the transformation of Turkey's ties with its southern neighbors has been remarkable.

Middle East actors have largely welcomed Turkey's activism and sought to expand cooperation so as to lower the likelihood that Turkey would act against their interests. Thus, it is largely real-politik rather than nostalgia that is driving the embrace. Turkey's economic and military power is formidable, and despite the cooperation, regional actors remain cautious of Turkey's motives and strategy.

Of all Turkey's neighbors, it is Iraq that has benefited most from greater cooperation, going to significant lengths to work with Turkey against the PKK and encourage trade and investment. The KRG has equally sought to build ties with Turkey, preparing for the day when it will have to face its neighbors without U.S. protection. Iran has also worked to cooperate in limited areas with Turkey, hoping to neutralize Turkey from participating in any Western coalition against the Islamic republic. Syria's rapprochement with Turkey has helped ease it out of its international isolation and neutralized a key security challenge. Israel feels the most threatened by Turkey's recalibrated regional policy, and ongoing tension raises questions about the future of Turkish-Israeli cooperation. Beyond its direct contact with the Middle East, Turkey's regional policy will increasingly affect the United States as well.

As the United States rethinks its own approach to the Middle East it will need to make space for Turkish diplomacy in the region. How Ankara and Washington manage Turkey's resurgence in the region will likely affect the development of a broad range of common interests, including Iraqi stability, Iran's pursuit of nuclear technology, and Arab-Israeli peace efforts. Although it has pursued relationships with U.S. adversaries, most notably Iran and Syria, Turkey's Middle East policy is not necessarily a threat to U.S. interests. Rather, if both governments commit to effective consultation and coordination, Turkey's diplomacy can potentially evolve into a valuable asset, leading to greater U.S.-Turkish cooperation and greater regional stability.

Shaping Turkey's growing regional role will not be simple. A confluence of Turkish domestic forces and foreign policy interests will likely coincide with a renewed U.S. diplomatic drive in the region. Although the United States and Turkey have common interests in the region, it is perhaps more important that their strategies and desired outcomes may be different on a range of issues, which could cause friction. Potential areas of disagreement include the drawdown of U.S. troops in Iraq, the future of Kurdish autonomy, the Iranian nuclear program, and the Palestinian issue.

So far, Turkey's return to the Middle East has promoted stability. Should the United States adopt a policy of greater engagement with its adversaries in the region, Turkey's own pro-engagement strategy could become an important asset to the United States. The danger remains, however, that Turkey's policy of unconditional engagement toward formerly hostile neighbors at a time when the international community is moving toward greater conditional engagement could create tension with Turkey's allies. Such an outcome would likely undermine Turkish interests rather than enhance them. The challenge will be to define areas of agreement and disagreement and set parameters for areas where Turkey can play a significant role. Part of that will be accommodating Turkey's interest in mediating regional issues.

Turkey can be an effective diplomatic player in the region and has great potential. Its mediation of indirect Israel-Syria talks and its work to promote the Iraqi Status of Forces Agreement with the United States are important precedents of successful Turkish mediation, but Turkey has yet to prove that it can play a leading role in regional affairs. Its broad network of contacts is use-

ful, but it remains unclear how much influence Turkey actually possesses over a range of actors from Hamas to the Syrian regime. It is in the interests of both the United States and Turkey to define areas where Turkish diplomacy can best serve common goals. Looking forward, Turkey is well positioned to lead in the effort to realign Syria and steer the Assad regime away from its dependency on Iran. The Palestinian issue, in which Turkey has a strong interest, is more complex and already involves several mediators such as Egypt, which will likely attempt to limit Turkish involvement. The key will be to provide sufficient opportunities for Turkey to play an effective part in regional diplomacy and ensure that the United States and Turkey work together rather than at odds.

The danger is that heightened rhetoric will sour the mood on both sides. Resentment still lingers for both the United States and Turkey over the events of the past eight years, primarily spurred by the 2003 Iraq War. More important, the U.S. congressional debate on the Armenian genocide resolution will have a major impact on future cooperation, including in the Middle East. The stakes are high for both the United States and Turkey. Failure to coordinate on Middle East diplomatic strategies could lead to a broader deterioration of U.S.-Turkey cooperation and bilateral ties. The challenge moving forward is to ensure that the United States makes sufficient space for Turkey to play a more active role in Middle Eastern diplomacy and that both work to strengthen common interests. That will in part require a better understanding of Turkey's regional interests and how its future is increasingly tied to the Middle East.

4

TURKEY, RUSSIA, THE
BLACK SEA, THE CAUCASUS,
AND CENTRAL ASIA

Andrew C. Kuchins and Alexandros Petersen

Russia's reassertion of its status as a regional great power during the past decade has been no more evident than in its dynamically developing partnership with Turkey and in their shared neighborhood. Perhaps most worrisome for U.S. policymakers is the degree to which Turkey's evolving sense of its national interests and strategy of zero problems with its neighbors have led Ankara to a rebalancing of Turkey's relations with Russia and with its NATO allies. The convergence of interests between Ankara and Moscow has also been fueled by the rapidly growing and highly unbalanced trade relationship caused by Turkey's energy dependence and huge deficit, a situation that further enhances Russian leverage in the bilateral relationship.

Turkish officials insist that their cooperation with Russia is being pursued with a proper wariness and that Turkey remains firmly tied to its Euro-Atlantic moorings. Turkey's geostrategic position has always been perilous. But Ankara has also made policy choices that have increased its vulnerability and dependency and have resulted in some adjustments in foreign policy. That said, there is genuine Turkish concern underlying the relationship and a concerted effort to keep in balance Turkey's relations with the West. Turkey has learned how to deal with Russia during the many years of often tense relations. Like a bigger, stronger Finland, Turkey is capable of holding its own with Russia, especially if it has the continued support of the United States.

The Turkish response to the August 2008 conflict in Georgia spotlighted the degree of rapprochement that has taken place between Russia and Turkey during the past decade. Prime Minister Recep Tayyip Erdoğan evinced, for a NATO member, a striking neutrality toward the conflict. He said:

Some are trying to push us toward the U.S. and some toward Russia. . . . One of the sides is our closest ally, the United States. The other side is Russia with which we have an important trade volume. . . . [I] will not allow Turkey to be pushed to one side or the other. We will act in accordance with Turkey's national interests.¹

A second surprise came when Ankara revived its proposal for a regional peace mechanism—the Caucasus Stability and Cooperation Platform—in discussions with Moscow and other regional governments without prior consultations with Washington or other NATO capitals.² Although this move was seen by many in the West as a sign of Turkey's diminished solidarity with NATO, Turkish officials argue that they needed to move quickly to defuse the situation and that consultations in NATO first might have made Moscow suspicious of the proposal.

1. Bulent Aliriza, "Turkey and the Crisis in the Caucasus," CSIS Commentary, September 9, 2008, http://www.csis.org/component/option,com_csis_pubs/task,view/id,4868/.

2. The concept had been first advanced by Prime Minister Süleyman Demirel in 2000 but failed to gain traction. Deputy Assistant Secretary of State Matthew Bryza was quoted as saying, "I must say I was surprised. I hadn't been briefed beforehand that was going to happen."

The Georgia war was deeply unsettling for the Turkish leadership and placed in jeopardy their foreign policy of zero problems in the neighborhood. While French president Nicolas Sarkozy's efforts to mediate a cease-fire in his capacity as president of the European Union attracted the lion's share of attention in the press, Turkish government officials were also very actively interceding with their Russian counterparts to stop the war as soon as possible. In fact, Prime Minister Erdoğan and Foreign Minister Ali Babacan held a long night meeting in Moscow on August 11 with Prime Minister Vladimir V. Putin, President Dmitri A. Medvedev, and Foreign Minister Sergey V. Lavrov, urging them to cease the hostilities and certainly not march on Tbilisi.³

Turkey's principal interests in the Caucasus-Caspian region are maintaining stability and open commerce, which are essential to realizing its ambition to be a key energy transit hub. Turkey recognizes Russia has considerable capacity to thwart this ambition and has sought to develop a cooperative relationship with Moscow in the region. Shortly after the Georgia war, in September 2008, one Russian analyst smugly asked, "Why does Turkey need an alliance with the U.S. in the Caucasus if it cannot protect its political and energy interests?"⁴ Turkish efforts to accommodate Russian power have been showered with praise by Russian officials for evidencing a "sophisticated diplomacy." Foreign Minister Lavrov stated in September in response to Ankara's Caucasus stability proposal:

In my opinion, the Turks have very timely understood [sic] the uniqueness of the moment . . . which allows them to raise their profile in the region. They are the immediate neighbors of the Caucasus and at the same time [Turkey is] the actor that has good relations with almost all the countries of the Caucasus region. The Turkish idea that it is above all the regional countries that have to collectively think about [setting up] some platform for stability and cooperation in the Caucasus reflects the maturity of the Turkish diplomacy.⁵

The Kremlin's perspective on Turkey, like most countries, is one of pragmatic opportunism. Turkey's disillusion and disagreements with the United States and Europe during the past few years, coupled with increasing energy dependence, are the key variables that have strengthened Moscow's hand. Moscow seeks to control the transport of Caspian gas and oil, and Russia's growing economic leverage serves as a powerful tool to shape Turkey's aspirations to be a regional energy hub. Moscow views energy issues as very closely tied to regional security, in direct competition with the United States. The Russian leadership delights in trying to split NATO allies from Washington and puts forward policies that weaken the U.S. position of supreme arbiter in regional disputes in Russia's backyard. Given Ankara's deep concerns about violations of territorial sovereignty, which are caused by Turkey's internal Kurdish opposition, Turkey's immediate reaction to the Georgia war should serve as an unsettling wake-up call about how Moscow's influence has grown in recent years.

3. Turkish officials from the Ministry of Foreign Affairs, discussions with Andrew Kuchins, Ankara, January 2009. Despite their close contact with their Russian counterparts in August 2008, Turkish officials maintain they were deeply surprised by the Russian decision to recognize Abkhazia and South Ossetia. A consistent message conveyed in these and other private meetings was that "Russia is an important partner for us, but we know who our allies are [that is, the United States]. Certainly one must take into account that these comments were made to nonofficial American interlocutors, but the contrast with Prime Minister Erdoğan's public comments in August 2008 is quite striking.

4. Pavel Sarkisyan, "Ankara smeshchaet kavkazskiii aktsent [Ankara blends Caucasian accent]," *Nevazisimaia Gazeta*, September 15, 2008.

5. *Rossiskaia Gazeta*, October 7, 2008, quoted in Igor Torbakov, "The Georgia Crisis and Russia-Turkey Relations" (Washington, D.C.: Jamestown Foundation, November 2008), p. 10, <http://www.jamestown.org/uploads/media/GeorgiaCrisisTorbakov.pdf>.

Russo-Turkish Rapprochement: A Historic Development

Since Ottoman troops engaged czarist forces at Astrakhan in 1568, Russia and Turkey have been bitter rivals in the Black Sea and Caspian regions. Centuries of geopolitical jockeying, no less than 16 Russo-Turkish direct or proxy conflicts, and frontline buttressing during the Cold War have given way to practical cooperation in key areas and a genuine and historic rapprochement.

The 1990s saw Chechen and other North Caucasus separatists using Turkey as a base close to their homelands in which to seek refuge while supporting anti-Moscow forces. Concurrently, anti-Turkish Kurdish rebels affiliated with the Kurdistan Workers' Party (PKK), and separatist groups in Iraq, Iran, and Syria operated in Moscow and other Russian cities. A mutual crackdown during the past 10 years by Moscow and Ankara on both separatist elements—another historic shift—significantly broadened the two capitals' foundation of trust.

Although threat perceptions on the part of Russia and Turkey about each other saw ups and downs in the immediate aftermath of the Cold War, the overall trend throughout the 1990s and early twenty-first century saw a shift from rivalry to relaxation. The sudden independence of new Black Sea littoral and Caucasus states and Russia's military and economic collapse after the Soviet Union's dissolution coupled with the quick failure of Ankara's post-Cold War pan-Turkic policies within Moscow's Near Abroad allowed for significant mutual changes of perception in Russian and Turkish strategic doctrines.⁶ The security priorities of both states subsequently turned inward toward extremist Islamist and Kurdish terrorism in Turkey and North Caucasus separatism in Russia.⁷

The growth in economic ties predates the collapse of the Soviet Union. In 1988, Ankara and Moscow signed an agreement under which Turkey could pay for 70 percent of its natural gas imports by exporting goods and services to the Soviet Union. This 1988 agreement helped the trade volume between the two countries to increase, almost doubling from \$714 million to \$1.3 billion from 1988 to 1989⁸ and fostered a growing lobby of Turkish entrepreneurs who saw Russia not as a threat, but as an opportunity. With the economic basis in place (and growing), a pervading sense of alienation from the United States and Europe was needed to tip the relationship toward substantial geopolitical rapprochement.

This interpretation explains why Russo-Turkish relations have grown only closer during the presidencies of Vladimir Putin and Dmitri Medvedev, when Moscow has reasserted its political and military influence in the broader Black Sea region and around the world. Turkey's actions in the wake of Russia's violent intervention in Georgia, not far from the Turkish border, certainly do not indicate a shift in policy toward Russia that is based primarily on threat perception.

While Turkey's shift in policy must be understood within the context of Ankara's multivector foreign policy approach of improved relations with all of Turkey's neighbors, there is an increasingly vocal group in Turkish decisionmaking circles (including reportedly within the Turkish General Staff) advocating a beefed-up and long-term partnership with Moscow.⁹

6. Igor Torbakov, "Making Sense of the Current Phase of Turkish-Russian Relations," Occasional paper (Washington, D.C.: Jamestown Foundation, October 2007), p. 6.

7. Lerna K. Yanik, "Allies or Partners? An Appraisal of Turkey's Ties to Russia, 1991–2007," *East European Quarterly* 41, no. 3 (2007): p. 358.

8. United Nations Commodity Trade Statistics Database (UN Comtrade).

9. C. Cem Oğuz, "Wait, Russia, Many Are Coming to Join You!" *New Anatolian*, February 20, 2007.

The Putin-Erdoğan Relationship

The personal relationship between Vladimir Putin and Recep Tayyip Erdoğan appears to have played a considerable role in the deepening of bilateral ties between Moscow and Ankara during the most recent five years. It is always a challenge to understand how deeply felt and significant personal relations among leaders are for bilateral relations between states, but the frequency of summit meetings and phone calls as well as the substance of their comments suggest that Putin and Erdoğan not only view their personal relationship in an instrumental way but also genuinely share some chemistry and a common outlook on many issues. In fact, just after his Justice and Development Party (Adalet ve Kalkınma Partisi; AKP) won elections in December 2002 and before he became prime minister, Erdoğan traveled to Moscow to meet with Putin. In a meeting with journalists in Sochi in June 2007, Putin warmly reminisced about this first meeting with Erdoğan:

He was not a prime minister yet. He came to Moscow and told me about the politics he will follow. He talked about his views regarding the outlawed Kurdistan Workers' Party (PKK). I explained to him what the Chechen terrorists do and asked for his support. He said Turkey will not give support to Chechen terrorists. First, I couldn't believe it, because his former party (Refah) was supporting the Chechens, even collecting and sending money here. However, it surprisingly dawned a while later that Turkey indeed did not allow terrorists. For this reason, I have a great confidence in Turkey.¹⁰

When Putin visited Ankara in December 2004, it marked the first visit of a high-level Russian official to Turkey in 32 years (since nominal head of state Nikolai Podgorny visited in 1972). *Kommersant* reported the strategic significance of the trip, noting that "Turkey stands at both an internal and external crossroads, where opposition to both EU membership and U.S. influence is growing. This presents an opportunity for Russia to enter the game in a direction previously closed."¹¹ This visit stands as a stark contrast to when the then Turkish prime minister Bülent Ecevit visited Russia in 1999 and could not secure a meeting with Boris Yeltsin.¹²

By 2004, Russia had become Turkey's second-largest trade partner, with an annual turnover of about \$10 billion. But political and security factors may have been a greater driver in the bilateral relationship at the time. In the fall of 2004, Putin felt unusually vulnerable after the series of terrorist acts in Russia culminating in the tragedy of Beslan. He was also extremely angry with the United States and Europe over their support for the Orange Revolution in Ukraine. In fact, his state visit to Turkey took place while the outcome of the Ukrainian presidential election was still in dispute. No doubt Putin was pleased with the coordinated arrest by Turkish police of 12 Chechens with suspected ties to al Qaeda.¹³

The pace of personal diplomacy went into overdrive in 2005. Only a month after Putin's historic trip to Turkey in December, Prime Minister Erdoğan reciprocated by meeting with Putin at his residence in Sochi. Turkish press reports accented both the unusual protocol of such a rapid return visit as well as the favor Putin had bestowed on Erdoğan by hosting him at his residence in Sochi, where at that time Putin "usually welcomes his European friends such as French President

10. "First We Established the BSEC, Then We Forgot about It," *Turkish Daily News*, June 26, 2007.

11. "Vizit dvoynogo naznachenia [Visit of dual significance]," *Kommersant*, December 5, 2004.

12. "Era of Tireless Meetings with Russia," *Today's Zaman*, January 12, 2005. It is certainly possible that Yeltsin's snub was due to sickness, but it is striking the extent to which the Turkish press emphasizes the close personal relationship between Putin and Erdoğan.

13. "Vladimir Putin podpisal neobyazatelnoe soglashenie [Vladimir Putin signs optional treaty]," *Kommersant*, December 6, 2004.

Jacques Chirac and German Chancellor Gerhard Schröder. . .”¹⁴ Erdoğan followed up his visit with Putin in Sochi by taking 500 Turkish business leaders to Moscow for the official opening of a Turkish trading center in the city.

When Erdoğan came to see Putin again in Sochi in July 2005, their fourth meeting in seven months, mutual concerns about terrorism were very high on the agenda. Only two months earlier, Uzbek president Islam Karimov had brutally suppressed an uprising in Andijan, an event that marked the reversal of momentum of “color revolutions” in Eurasia and was a blow as well to U.S. strategic interests when later in the year Karimov forced the United States to withdraw from its military base in Karshi-Khanabad. During Erdoğan’s visit, alleged Kurdish rebels carried out a terrorist act at a Turkish resort popular with Russian tourists. Russia’s failure to label as terrorists the PKK and other Kurdish organizations had been a sticking point for years in the bilateral relationship. It is not clear from press reports how Putin responded in this meeting to Erdoğan’s concerns about Kurdish terrorists, but Russian reports at the time indicated that although “in Central Asia Turkey’s position is not well defined, it is likely closer to Russia’s than the U.S., preferring the status quo over uncertainty,”¹⁵ meaning a preference for a perceived stable authoritarian leader over democratic elections.

Again, although it is difficult to ascribe causality to leadership relations, there is no question that both Putin and Erdoğan saw considerable political utility in bolstering their bilateral ties at a time when their relations with both the United States and Europe, for different reasons, were deteriorating. This flurry of meetings and deepening of political ties also coincided with the dramatic takeoff of economic relations.

Economic and Energy Factors in Russo-Turkish Relations

During 2008, Russia was projected to displace Germany as Turkey’s leading trade partner, with bilateral trade predicted to near \$40 billion. The trade relationship is highly unbalanced, however, owing to massive Turkish energy imports, and in 2007 Turkey had an \$18 billion trade deficit with Moscow. Turkey and Russia also have developed a major investment relationship, with the volume of mutual investment valued at more than \$10 billion as of September 2008. Turkish construction firms in 2007 alone completed 59 projects in Russia, with a total value of \$3.6 billion.

Despite fluctuations since a boom in the mid-1990s, shuttle trade between Russia and Turkey has remained consistently high since the end of the Cold War. Although Turkish officials do not provide estimates of direct shuttle trade between the two countries, it is thought that shuttle traders from the states of the former Soviet Union exported more than \$40 billion worth of goods from Turkey between 1996 and 2006.¹⁶ This, along with the fact that Turkey has become the most popular destination for Russian tourists—whose numbers grew to 2.5 million in 2007—creates powerful people-to-people contacts that contribute to a greater portion of society in both countries having a personal stake in improved Russo-Turkish relations. (See appendix B.)

Turkey is dependent on Russia for about 65 percent of its natural gas imports and nearly 40 percent of its oil imports. Imports of Russian gas are set to increase from 24 billion cubic meters (bcm) in 2007 to 30 bcm in 2010. The Blue Stream undersea natural gas pipeline, finished in 2003, was built specifically to directly link Russian and Turkish territory and thus avoid transit countries. It presented significant leaps of faith for both Moscow and Ankara, in tying Russia into a

14. “Erdoğan, Putin Meet in Resort Town for Key Talks,” *Turkish Daily News*, January 12, 2005.

15. “Putin sozdast napryazhenie v Irake,” *Nezavisimaia Gazeta*, July 18, 2005.

16. Yanik, “Allies or Partners?” p. 361.

monopsonistic arrangement (future projects may allow for further transit of Russian gas to Israel) while greatly increasing Turkey's direct energy dependence on one supplier. The 1997 agreement to build Blue Stream was accompanied by a 25-year commitment for Russian natural gas exports to Turkey. It was later revealed that Turkey had agreed to pay for Blue Stream gas at prices higher than most EU importers. Blue Stream also spawned talk of a possible partner pipeline, or Blue Stream II, that would continue to southeastern Europe, but this plan was replaced by Russia's South Stream proposal, which would avoid Turkey.

Turkey is in the process of negotiating a number of agreements that would provide Russian investment, expertise, and uranium for the development of a new generation of nuclear power plants in Turkey. Although part of the rationale for nuclear power plant construction has been to diversify away from dependence on Russian natural gas, the only company to submit a proposal for the first plant's construction was the Russian firm AtomStroyExport in consortium with the Turkish firms Inter RAO and Park Teknik in September 2008. The go-ahead was given in December 2009 to construct the reactor in Mersin—a seismically active area in southern Turkey.

Trade and investment ties have fostered a significant growth of business-oriented civil society interest groups advocating for closer Russo-Turkish relations. The Union of Russian-Turkish Businessmen and the Russian-Turkish Research Center are major actors in Moscow; the Turkish-Russian Business Council and the Turkish Eurasian Business Council are influential in Istanbul. According to Suat Kınıklıoğlu, a former German Marshall Fund scholar who is now an AKP member of parliament and spokesperson of the Foreign Affairs Committee, the ties of a number of Turkish media outlets to business interests have led to generally positive coverage of events in Russia.¹⁷

Moscow's powerful new economic leverage over Turkey was demonstrated after the Georgia war in a brutal manner that virtually amounted to blackmail. To pressure the Turkish government to invoke the Montreux Convention and not allow U.S. military ships to transit the Black Sea to provide aid to war-devastated Georgia, Russian customs officials began targeting Turkish truck shipments for increased scrutiny, resulting in massive delays and more than \$1 billion in lost revenues for Turkish businesses. With hundreds of Turkish trucks stopped at the Russian border, Ankara threatened Moscow with retaliation, but then quickly backed off. Ankara realized that, as Turkish Prime Minister Erdoğan put it, "otherwise we would be left in the dark." An agreement to simplify procedures was reached in mid-September 2008, but it has yet to be fully implemented. Speculation abounds about a link between the temporary restrictions and Turkey's support for Georgia's territorial integrity.

Political and Security Factors in Russo-Turkish Relations

While high-profile disagreements between Ankara and Washington have increased anti-U.S. sentiment in Turkey and allowed for a climate of general skepticism about U.S. policies, Turkish and U.S. strategic priorities have been reordered since the end of the Cold War. In contrast, EU accession has been the number one stated strategic priority of successive Turkish governments during that period, and the current AKP administration has placed better relations with Europe as a centerpiece of Turkey's foreign policy. The frustration felt by Turkish leaders and public over the slow pace of the process and the explicit opposition of some European governments to Turkish membership has been a major factor in encouraging a multivector foreign policy, with Russia as a key partner.

17. Suat Kınıklıoğlu, "The Anatomy of Turkish-Russian Relations," Brookings Institution and Sabancı University, 2006, p. 14, http://www.brookings.edu/comm/events/20060523sabanci_3a.pdf.

It is not uncommon to hear Turkish policymakers or commentators use the phrase “Russia treats Turkey with respect” as a quick explanation for improved relations. This is a not-too-subtle reference to resentment felt among Turkey’s leaders and population about the EU’s handling of accession negotiations. In the minds of many Turks is a sense of indignity that a great regional power such as Turkey needs to prostrate itself before an unsure and noncommittal EU. This has been a topic of commiseration between Russia and Turkey—between leaders and in popular discourse. It is common for Russian diplomats to court Turkey’s EU skeptics, and even Vladimir Putin has publicly questioned Ankara’s drive for membership.¹⁸ Russian commentators have also enflamed Turkish sensitivities to other countries, notably Ukraine and Georgia, that might jump the queue for consideration as EU members.

Moscow also effectively plays upon the Turkish traditional view of the Black Sea as its inland lake shared with Russia. Ankara has resisted expanded NATO operations in the Black Sea, arguing that they are unnecessary and will only feed Russian fears of encirclement, with damaging consequences for Turkey’s regional interests, including stability in the Caucasus. BLACKSEAFOR, the Black Sea Naval Cooperation Task Force, was initiated by Turkey to develop regional maritime security cooperation. Russia is a major contributor to BLACKSEAFOR, which includes NATO members Bulgaria and Romania as well as Ukraine and Georgia. Turkey’s Black Sea Harmony naval operations, which include Russia and other littoral states, were designed as an alternative to expanding NATO’s maritime counterterrorism Operation Active Endeavour from the Mediterranean to the Black Sea. Nonlittoral state vessels, even those that meet Montreux Convention requirements, are explicitly barred from participating in Black Sea Harmony operations. Although these initiatives have promoted regional maritime cooperation, they have also helped the Russian Black Sea Fleet remain the dominant force on the sea, and they have done nothing to prevent Russia from violating Ukrainian sovereignty and using the fleet in operations against Georgia.

Despite Turkey’s strategic energy and transport relationship with Georgia as a conduit for the Baku-Tbilisi-Ceyhan (BTC) and Baku-Tbilisi-Erzurum (BTE) pipelines and the Baku-Tbilisi-Kars railway, Ankara tried to play the role of a mediator between Moscow and Tbilisi after Russia’s August 2008 invasion of Georgia. Although in the aftermath of the conflict Turkey supported NATO actions such as the suspension of the NATO-Russia Council and the founding of a NATO-Georgia Commission, Ankara attempted a delicate balancing act during the crisis. Turkish authorities denied a U.S. request to allow the transit through the Turkish straits of two hospital ships that exceeded Montreux Convention weight limits, but they did approve the passage of three smaller U.S. military vessels to provide humanitarian relief to Georgia. Subsequently both Ankara and Moscow underscored the importance of the convention’s 21-day limit for nonlittoral vessels in the Black Sea while the military heads of both countries’ navies met on a Turkish warship on September 1. It was also striking that, while much of the West was still invoking new Cold War imagery after the Georgia war, in September Turkey signed a contract for \$70 million to receive Russian antitank guided missiles; this was Turkey’s first arms deal with Moscow in more than a decade.¹⁹ This balancing act seems likely to persist, as most Turkish officials assess the Russian invasion of Georgia as an aberration unlikely to be repeated if Russia does not again feel threatened.

Cooperation on exclusion extends even to soft security organizations in the Black Sea region. When the United States petitioned to become an observer in Turkey’s Black Sea Economic Cooperation (BSEC) organization, Russia opposed participation and successfully pressured Turkey to abstain from voting. Both Moscow and Ankara limited cooperation with the EU’s Black Sea

18. Ibid., p. 4.

19. Torbakov, “The Georgia Crisis and Russia-Turkey Relations,” p. 21.

Synergy initiative despite a concerted effort by Brussels to include the initiative in its development.

Ankara's policy toward regional power Iran also has come closer to that of Moscow. Neither Turkey nor Russia views Iran's nuclear ambitions as an immediate security threat. Although Ankara's relationship with Tehran is still circumspect, economic, infrastructural, and energy based cooperation between Turkey and Iran is steadily increasing as another component of Turkey's regional zero-problems foreign policy. There has also been some tacit security cooperation in recent years, coordinating attacks against mutually perturbing Kurdish rebel groups. Ankara's threat perception of a nuclear-armed Iran remains high, but the calculation of Turkish leaders and public has so far been that engagement of Tehran can help stem that threat. Russia's approach to Iran has been characterized by opportunism and a threat assessment of Tehran's nuclear ambitions significantly less urgent than the U.S. assessment. The key difference in approaches between Moscow and Ankara toward Iran lies with the Russian motivation on this and many points to view itself as a counterbalance to the United States, while Turkey's motivations are driven by regional security and economic drivers and not necessarily to thwart U.S. interests. For Turkey, a nuclear-armed Iran has deeply unsettling implications for regional security in the greater Middle East.

Despite historic rapprochement, notable sticking points stand in the way of closer cooperation between Russia and Turkey. At the top of the list are diverging interests in the Caucasus. Close Russian ties with the Republic of Cyprus based on significant business ties (tax benefits have caused many Russian companies to register there) and Moscow's traditional affinity for Greek interests put Russia at odds with Ankara over the future status of the island.

Turkey was the first NATO member to sign a defense cooperation agreement with Russia after the Cold War, but as long as its NATO membership remains a key part of its defense policies and Turkey procures most of its arms from Western countries, decisionmakers in Moscow (in their current guise, at least) will likely place limits on the extent of security cooperation with Turkey.

Collaboration and Competition in the Caucasus and Caspian Region

Developments in the aftermath of the August 2008 Georgia war underscore the concerns and opportunities of Russo-Turkish rapprochement. Ankara was the only NATO member to propose a vague but comprehensive approach to the security crisis in the Caucasus after August 2008. The Turkish-proposed Caucasus Stability and Cooperation Platform is to include Turkey, Russia, Georgia, Azerbaijan, and Armenia and will focus on opening Turkey's closed border with Armenia, resolving Karabakh, and coming to a modus operandi on Georgia's separatist regions.

It was surprising to Washington that Prime Minister Erdoğan first approached Prime Minister Putin before Turkey approached its NATO allies, the EU, or any heads of the Caucasus states to discuss the Caucasus Stability and Cooperation Platform. Although Georgia was initially skeptical about the proposal (presented in August while Russian forces were still menacing Tbilisi), Moscow and all five of the South Caucasus capitals are now engaged in the dialogue and held a second round of talks in Istanbul on January 26, 2009. At the moment, both Washington and Brussels are reviewing the idea and agree it has merits. In late October 2008, Erdoğan mentioned that Turkey would be open to U.S. and French participation in the platform. Washington and Paris are co-chairs of the Minsk Group that is sponsored by the Organization for Security and Cooperation in Europe (OSCE) and charged with overseeing negotiations on the Nagorno-Karabakh conflict.

Moscow's assessment of its interests in the Caucasus has led to a policy of undermining the sovereignty of South Caucasus states to keep them in Russia's sphere of influence, primarily through exacerbating separatist conflicts in Abkhazia, South Ossetia, and Nagorno-Karabakh. Among the energy-rich states of the Caspian region, Moscow has done its best to prevent the

development of alternative routes to alternative energy consumers in order to dominate the East-West flow of gas and oil.

Turkey has an abiding interest in solving the conflicts of the Caucasus because they present significant governance and security concerns, foster transnational threats, and act as impediments to the development of alternative energy, trade, and transport routes to the Caspian region that would also likely move through Turkey. Somewhat paradoxically, in recent months, while Turkey has softened its pro-Azerbaijani approach to resolving Karabakh and has opened substantive dialogue with Armenia, Russia has gradually shifted away from its buttressing of Yerevan in the conflict to court Azerbaijan in a bid to secure all of its available natural gas exports. Until recently, Moscow's close ties to Yerevan and the activities of the Armenian diaspora in Russia have been sticking points in relations with Turkey. Moscow and Ankara found themselves on opposing sides of the Nagorno-Karabakh conflict in the 1990s, and Turks bristled at the Russian Duma's 1995 and 2005 decisions to recognize events between 1915 and 1922 in Turkey as including a "genocide" of ethnic Armenians.

Despite its reduced profile in the Caucasus and Caspian regions, Turkey holds the potential to play a key role in their stabilization and development. The fruits of more than a year of closed-door dialogue between Turkish and Armenian officials have recently become apparent as Turkey's president, Abdullah Gül, visited Yerevan for a Turkey-Armenia World Cup qualifier match in early September 2008. It seems that one of the objectives of Ankara's Caucasus Stability and Cooperation Platform is to open the closed border with Armenia and move toward the establishment of normal diplomatic relations in what would also be a historic rapprochement. Opening the border would serve the interests of both Ankara and Yerevan as it would allow for an additional transport route in the region. The government of Armenia, led by President Serge Sargsyan, has shown increasing openness to dialogue with Turkey and interest in Ankara's platform, but the issue of historical interpretation of early twentieth-century massacres of Armenians in Turkey remains a sticking point yet to be fully addressed.

Turkey facilitated Armenian-Azerbaijani negotiations on the Nagorno-Karabakh conflict on the margins of the September 2008 UN General Assembly. Although no breakthroughs were announced, none was expected, and assessments of the exchange were generally positive. Turkey's shift from being Azerbaijan's close supporter in the conflict to becoming an increasingly trusted go-between has met only some skepticism in Baku. Increasing urgency on the part of Azerbaijan's leaders and public to see Karabakh resolved has meant a favorable interpretation of Turkey's Caucasus platform in the hope that it may provide a more workable alternative to the lackluster OSCE-sponsored Minsk Group that has been officially designated as facilitator of negotiations on the conflict.

The 1990s saw a brief flowering of pan-Turkic ideas advocating significant Turkish engagement with the newly independent linguistically similar states of the broader Caspian region, but Ankara's current involvement in Central Asia is limited. This is partly due to lack of capacity and only moderate reciprocity on the part of other Turkic states (Azerbaijan excepted), but it is notable that Russian and Chinese influence in Central Asia has increased as Turkey's influence has been limited by resource and other constraints in the post-Soviet period. That said, Turkey would most likely be the key route for Western-oriented trans-Caspian hydrocarbons if a pipeline were to be built across the Caspian Sea.

According to government officials, Turkey's trade with the countries of the Caspian is set to grow substantially in coming years. In a visit to Astana in mid-October 2008, Turkey's parliamentary speaker, Köksal Toptan, said, "our trade volume currently stands at \$2.5 billion. We aim at

bringing it up to \$5 billion by the year 2010. Direct investments by Turkish businessmen in Kazakhstan amount to \$2 billion, and their construction services total \$8.5 billion.”²⁰ During a visit by Erdoğan to Ashgabat in early October 2008, Turkmenistan president Gurbanguly Berdimukhammedov mentioned that Turkish investment in Turkmenistan during the previous 18 months had grown to \$2.7 billion. Turkish companies, particularly in the construction sector, are major business players in Kazakhstan, Turkmenistan, and Uzbekistan. Increasing economic clout in the eastern Caspian region may yet lead to greater geopolitical influence for Turkey.

Challenges and Opportunities for U.S. Policy

The dramatic Russian-Turkish rapprochement of the past decade need not be contrary to U.S. interests, but Washington and its European allies need to review several policies to ensure this is the case. One of the biggest problems for Washington derives from its loss of leverage on account of the dramatic deterioration in relations with Moscow. The breakdown in the relationship has led both Washington and Moscow to develop policies that are interpreted, often correctly, as designed to undermine each other’s interests. Russian concerns about Washington’s neocontainment policy toward Moscow are not just the product of traditional pathological paranoia; they have some basis in fact, and claims otherwise are disingenuous. Likewise, Russia’s defensive claims that it does not intend to dominate and intimidate its neighbors also ring hollow. But the reality is that a country like Turkey, with multiple cross-cutting interests, does not want to feel forced to choose between Moscow and Washington in a neo-Cold War environment.

Another large factor the Barack Obama administration needs to address regarding Turkey and its relations with Russia and other neighbors in the region is the perception of the United States as a weakened force, or a destabilizing force, or both, for regional security. Here the biggest challenge is stabilizing a unified Iraq and especially ensuring that the Kurdish region of Iraq does not serve as a safe haven for terrorists threatening Turkey.

Below are the challenges and opportunities for the United States in the context of Russo-Turkish and broader Turkish-Eurasian relations.

1. U.S. support and involvement in the implementation of Turkey’s Caucasus Stability and Cooperation Platform offers real opportunity to advance U.S. interests. Washington could also derive benefit from enlisting NATO as an institution, along with key alliance members, to support Ankara’s initiative, not only as a serious solution to the Caucasus conundrum but as an avenue of dialogue and possible cooperation with Russia. As cochairs of the Minsk Group, the United States and France are well placed to take up Erdoğan’s offer of involvement in brokering a solution to Nagorno-Karabakh. The United States could be at the forefront of moves toward resolution of the conflict and could also be in a position to help end Armenia’s isolation by supporting developing efforts to normalize its relations with Turkey. Involvement would further ensure a key presence for Ankara, Paris, and Washington in any negotiating format that arises for Georgia’s separatist regions of Abkhazia and South Ossetia.

Any direct involvement by NATO as an institution will inevitably raise Russian objections. Thus, although NATO as an institution should not be directly involved with the implementation of initiatives under the platform, coordination among NATO members Turkey, France, and the United States on stability in the Caucasus would best occur within a NATO framework. This would serve to multilateralize activities and dampen Georgian, Ukrainian,

20. “Turkey Courts Central Asia,” *Eurasia Daily Monitor* (Jamestown Foundation), October 22, 2008.

and Azerbaijani concerns that the platform is a concert of great powers deciding the fate of their region. At the moment, Turkey's focus through the platform seems to be moving toward opening its closed border with Armenia and facilitating fruitful negotiations over Karabakh. To a large degree Turkey believes that if it can normalize or move forward in improving relations with Armenia, it will blunt the influence of the Armenian diaspora in capitals around the world—and particularly in Washington, where the reintroduction of the Armenian genocide resolution (H. Res. 252) could derail U.S.-Turkish relations in a dramatic fashion. Although pressing, Georgia's concerns will likely be approached only after substantive progress has been achieved on the other two fronts. Washington would be unwise to focus on only this issue. Lasting stability in the region is best achieved in a holistic fashion.

2. **As part of any involvement in Turkey's Caucasus Stability and Cooperation Platform, the United States would find its interests best served by working with France to include Turkey as a cochair of the OSCE-sponsored Minsk Group charged with overseeing negotiations on the Nagorno-Karabakh conflict.** Although it is already a member of the 12-country group, Turkey's inclusion as a cochair (together with Russia, France, and the United States) would serve to bring the clout of an increasingly influential regional player into a lackluster framework. The obvious obstacle to Turkey's past involvement would have been Armenia's objection, but Yerevan may well be open to the prospect within the context of the Caucasus platform and rapprochement with Ankara.²¹ Turkey's formal inclusion would also allay Azerbaijani concerns that the three current cochairs tacitly favor Armenia owing to large Armenian diaspora populations in each country and dispel hard-line notions in Baku about forcing resolution of Karabakh through military means (Azerbaijan's defense budget now exceeds Armenia's entire national budget).

If the process is handled skillfully, Moscow may not object to Ankara's inclusion as a Minsk Group cochair and the presence of a fourth cochair would go a long way in revitalizing international negotiations that Moscow is attempting to dominate. On November 2, 2008, President Dmitri Medvedev invited his Armenian and Azerbaijani counterparts to Moscow for talks on the Karabakh resolution that resulted in an agreement signed by those three leaders only. Although U.S. and French representatives were present, Washington and Paris were pointedly excluded from the official outcome of the meeting. Turkey's inclusion as a fourth cochair could serve to discourage such usurpations of the format by Moscow and would likely go a long way toward ensuring that a final resolution does not include Russian troops in the conflict zone.

3. **Washington can play a leadership role in prioritizing the development of alternative energy pipelines through Turkey and the Black Sea region in order to engage the countries of the Caspian together with Ankara.** Washington might achieve this by again appointing a senior-level official to provide political support to development of a Southern Corridor natural gas pipeline, which would bring Caspian resources directly to central Europe through Turkey. Drawing from historical precedent, the United States could make significant headway by devoting permanent senior-level attention to the issue with very high level trips to the region marking key moments in energy development. This would serve to counter Turkish and regional perceptions that Washington sees alternative route development as a secondary issue, whereas Russia—which regularly puts together presidential-level trips to secure energy agreements—regards energy geopolitics as its first priority. The United States could also work

21. On November 7, 2008, Yerevan apparently rejected Ankara's offer of hosting a summit on the Karabakh resolution on the technical grounds that Turkey is not a Minsk Group cochair.

with Turkey to promote the economic autonomy and political independence of the oil- and gas-producing states in the Caspian as a way to increase the likelihood that these governments will see an advantage in diminishing their dependence on Russian pipelines.

The development of alternative energy routes goes far beyond diversifying Europe's Russia-dependent market. If new reserves are proven commercially viable, a direct connection to Turkmenistan gas would contribute to the alleviation of Turkey's energy dependence on Russia as well as bolster Turkish designs to serve as an energy hub for Europe and the region. In addition, the development of the BTC and BTE pipelines in Turkey, Georgia, and Azerbaijan has contributed substantially to the Western orientation of those countries. Further development of alternative routes would reinforce this functional anchor to the West, complement other Turkish East-West projects such as the Baku-Kars railway and the Marmaray tunnel, and serve as a mechanism for greater engagement of Caspian producers Turkmenistan, Kazakhstan, and Uzbekistan. The potential of both the trans-Caspian and Nabucco pipelines was recently heightened by the confirmation by a British auditing firm that Turkmenistan likely holds the world's fourth-largest natural gas field.²² With Moscow seeking to monopolize eastern Caspian resources, there is no time to lose in working with Turkey to ensure that an energy and geopolitical alternative is available for the states of the region and for Europe. Using the development of the BTC pipeline as an example, Washington could enlist Ankara, Brussels, and enthusiastic European capitals to provide a coordinated package of seed investment and reputational support for alternative routes through their respective development agencies.

- 4. To counterbalance Russian maritime dominance in the Black Sea and help counter aggressive behavior in the region, Washington could encourage more active Romanian, Bulgarian, and Ukrainian involvement in Black Sea Harmony and Black Sea Force and also quietly discuss with Turkey how to handle future crises in the region that might require a more robust naval response than can be conducted under the Montreux Convention restrictions.** In addition, the United States could encourage all the littoral states to advance cooperation within the context of the Black Sea Economic Cooperation (BSEC).

22. On October 14, 2008, the independent British auditing firm Gaffney Cline and Associates confirmed that Turkmenistan's southeastern South Yolotan–Osman natural gas field most likely contains the world's fourth-largest deposits. Estimates for the supergiant field range from 4 to 14 trillion cubic meters. For comparison, Russia's famed Shtokman gas field is thought to contain 3.8 trillion cubic meters at the high estimate. South Yolotan's reserves can be added to Turkmenistan's 1.5 trillion cubic meters at Yaslar and 1.4 trillion cubic meters at Daulatabad.

5

TURKEY AS AN ENERGY BRIDGE

Edward C. Chow

Turkey is well located geographically to play a major role in energy transit as it borders on the Middle East, with its vast oil and gas resources including in neighboring Iran and Iraq, as well as on Russia and the Caspian region. Turks hope their country's strategic geography can be leveraged to enable Turkey to emerge as an essential energy bridge or hub between major producers and European consumers in order to advance a number of domestic and foreign policy goals. Turkey needs to secure enough gas and oil to meet rising domestic demand and hopes that energy transit income and associated downstream development in refining and petrochemicals can boost the country's growth. Political leaders envision this role will enhance Turkey's influence with key neighbors, prospects for accession to the European Union, and international stature.

Turkey has had mixed success and experience with energy transit in the past, however, owing not only to international factors over which Turkey had little control but also partly to its own internal energy and policy dynamics.

Existing Major Transit Projects

A review of major energy transit projects illustrates the significant scope of existing infrastructure and the challenges Turkey confronts in maintaining and expanding its role as an energy bridge.

- **Kirkuk-Ceyhan oil pipeline.** This 20-year-old pipeline has a design capacity of 1.6 million barrels per day and links major producing fields in northern Iraq to the Mediterranean Sea. Its major impetus was to diversify Iraqi oil exports away from the Persian Gulf and closer to European markets. It has suffered major interruptions throughout its project life, however, because of international sanctions after Iraq's invasion of Kuwait in 1990, sabotage on the line by insurgents in both Iraq and Turkey, and production problems in Iraq. Current operable capacity is approximately 300,000 barrels per day, and repair will be necessary to restore it to its prewar operation level of 800,000 barrels per day.¹
- **Iran-Turkey gas pipeline.** Inaugurated in 2002 after several years of delay, this pipeline has a nominal capacity of 10 billion cubic meters per year, although both sides have consistently reneged on their annual contractual volume of 8 billion cubic meters. At the beginning, Turkey refused to accept Iranian gas because of lower-than-projected Turkish gas demand. In January 2008, Iran shut off supply because of abnormally cold weather in the region and reduction in gas exports from Turkmenistan to Iran.

1. "Country Analysis Briefs: Current Monthly Energy Chronology," U.S. Energy Information Administration, June 12, 2006, http://www.eia.doe.gov/cabs/MEC_Past/2006.html.

- **Blue Stream gas pipeline.** This Black Sea pipeline that runs underwater directly from Russia to Turkey began operating in 2005, after years of delay in startup and with low initial volumes as a result of a gas pricing dispute between Russia and Turkey. It is reportedly operating today at half of its 16 billion cubic meters per year capacity. Because of high construction costs associated with the submarine segment, pricing for Russian gas via Blue Stream is higher than from the traditional land route through Ukraine and the Balkans, which this pipeline was designed to bypass.

The scheme for building Blue Stream led in Turkey to a major political scandal and criminal investigation called the White Energy Operation that implicated senior politicians and government officials. Although Russia and Turkey discussed doubling volume with a second set of pipelines after Blue Stream's inauguration, Russia currently favors a competing route, called South Stream, under the Black Sea. This route would connect Russia directly to Bulgaria, thus bypassing Turkey, in order to deliver gas to European markets. Blue Stream operations did prove valuable as a gas supply route to Turkey during the January 2009 Russia-Ukraine gas crisis.

- **Baku-Tbilisi-Ceyhan oil pipeline.** The BTC pipeline started operations in 2006 and is currently moving approximately 850,000 barrels per day from major offshore fields in Azerbaijan to the Mediterranean.² Volume may soon increase to its design capacity of 1 million barrels per day with the addition of crude oil from Kazakhstan shipped by tanker across the Caspian and fed into the pipeline. Capacity can be increased to 1.2 million barrels per day and perhaps higher with modification. For Turkey to attract international oil companies to invest in this pipeline, it had to provide a controversial cost overrun guarantee for the Turkish segment of the project, which Turkey subsequently disputed.
- **South Caucasus gas pipeline.** In 2007 this pipeline opened to connect the offshore gas field of Shah Deniz in Azerbaijan with Turkey via Georgia. Throughput is currently about 8 billion cubic meters per year, and capacity can be increased to 16 or possibly 20 billion cubic meters with additional compressor stations. No investment decision has been made yet on the next stage of Shah Deniz production or other future gas development in Azerbaijan.
- **Turkey-Greece Interconnector gas pipeline.** This pipeline was completed at the end of 2007 with an initial capacity of 7 billion cubic meters per year and the possibility of expansion to 11 billion cubic meters after a Greece-Italy connector is built. Almost immediately after startup, in January 2008, Turkey cut off gas supplies to Greece when its own imports from Iran were shut off.
- **Turkish Straits bypass pipeline projects.** In spite of Turkey's understandable safety and environmental concerns, 2.5 to 3 million barrels per day of oil continue to transit by tanker through the Bosphorus. A plethora of bypass pipeline projects (including Burgas-Alexandroupolis, Burgas-Vlora, Constanza-Trieste, Constanza-Omisalj, Thrace) have been discussed during the past 15 years without any resolution. Turkey is now promoting a longer pipeline from Sam-sun to Ceyhan, which is already the terminus of two major pipelines. None of these pipeline proposals is likely to mature into real projects in the immediate future. The Turkish Straits will remain a major transit point for marine transportation of oil.

2. "Country Analysis Briefs: Current Monthly Energy Chronology," U.S. Energy Information Administration, August 7, 2008, http://www.eia.doe.gov/cabs/MEC_Past/2008.html.

Challenges to Increasing Energy Transit through Turkey

Given its significant but mixed record, Turkey's reputation and investment conditions will need to be further enhanced before major oil and gas producers and consumers will commit to using Turkey for additional transit. Nevertheless, it continues to pursue economically ambitious projects such as the Nabucco gas pipeline to Europe, pipelines to Israel and beyond, and new export refineries. If diversity of supply routes is a major objective, it is not clear that Turkey is the natural choice. It is generally considered by industry to be a vulnerable rather than a dependable transit route.

Industry also generally favors marine transportation over overland routes for reasons of capital costs, commercial flexibility, and diversity of markets. Turkey's penchant for using safety of navigation as bargaining leverage for overland pipelines, which has resulted in Turkey's delayed deployment of a modern vessel-tracking system in the Turkish Straits and reluctance to enhance its capability to permit tanker traffic after dark, has the ironic effect of leading the international oil industry to regard Turkey cautiously as a transit partner. Diversifying away from Turkey rather than further concentration of transit through Turkey becomes a consideration.

Nature of International Pipelines as Economic Projects

Pipelines are part of the midstream segment of the petroleum industry, between upstream production and downstream markets, and they are generally considered to be cost centers rather than profit centers by the international industry. Outside of North America, with its deep and liquid market, there are no major merchant pipelines in the world that are not directly supported and controlled by producing companies or countries. In the case of gas pipelines, they also require financial support from consuming companies or countries in the form of long-term offtake volume guarantees through at least the loan duration or capital payback period of the project.

Consequently transit countries almost never build pipelines on their own. Long-haul pipelines, which easily cost \$5 to \$10 billion, are difficult to finance without throughput guarantees from creditworthy oil and gas producers. Such producers are reluctant to provide their credit capacity without ownership or control over projects. The commercial champion of a project is the best indicator for the likelihood of its success, and it is rarely, if ever, transit countries alone.

Governments are perfectly capable of building pipelines on their own, of course, regardless of whether it is a wise use of their credit capacity. Turkey did offer a \$400 million cost overrun guarantee to subsidize the BTC oil pipeline and is paying a higher gas price to support the Blue Stream pipeline. Ukraine's Odesa-Brody oil pipeline is a prime example of why transit countries should not take sole risk in such projects and of how not to build a commercially viable pipeline, given its large sunk costs, period of disuse, and continued underutilization in the opposite direction than originally intended. It has become a white-elephant project that deepened Ukraine's dependence on Russia rather than diversifying its crude oil supply sources as planned.

Unfortunately, a number of mistaken lessons have been learned, including by certain parts of the U.S. government, from the BTC pipeline experience. It is true that diplomacy played a vital role in aligning the interests of the regional governments and in making sure that investment conditions were provided to allow the project to go forward; however, it was Western oil-producing companies that were the major promoters, owners, and operator of the project, and it was their credit capacity that funded it. In doing this, they were driven by commercial motivations that

had little to do with government's powers of persuasion. BP lawyers wrote the initial drafts of the intergovernmental and host-government agreements that allowed the project to go forward, and they participated in their negotiations. Oil shippers' large financial stake is the best guarantee of a pipeline's future success.

For transit projects to be pursued without upstream resources and upstream champions is analogous to putting the cart before the horse. Transit countries have their own legitimate interests—for example, higher transit fees and favorable pricing for future supply—some of which are at variance with those of producers. Raising these issues before conditions are ripe on a project has the tendency to discourage rather than encourage producer interest in transit routes. Navigating multiple transit countries, each with its own economic and political agenda, makes these expensive projects even more complex to execute. For example, it is not clear that with its first-stage volume estimated to be 8 billion cubic meters per year Nabucco would have any gas to feed into its ultimate destination of Baumgarten, the European gas hub in Austria, after each of the other transit countries—Turkey, Bulgaria, Romania, Hungary—lifts its desired offtake volume.

Because of the long gestation period for long-haul pipelines (at least three to five years; arranging financing alone can easily take more than a year), these projects are not very elegant foreign policy tools. Here the normal interests of governments and companies frequently diverge. Governments prefer publicity for broader state objectives and keeping diplomatic momentum going. Companies avoid publicity because it invites opposition and raises project hurdles.

External Factors

Turkey is already a major transit point for crude oil. Future potential lies with restoring volumes for the Kirkuk-Ceyhan pipeline, which depends on conditions in northern Iraq, and filling the potential capacity of the BTC pipeline with additional cross-Caspian oil flows from Kazakhstan. Neither is within Turkey's control or influence, but the long-term trends are promising.

On natural gas, external conditions are more challenging. In the near term, there is no available upstream production capacity for feeding gas into a new major pipeline.

Both Iran and Iraq are desperately short of gas for critical domestic use. Even if Iran were to decide to export gas, it would be more likely to use a major pipeline transiting Turkey as a bargaining chip than as a serious project. Both a pipeline to India via Pakistan and liquefied natural gas for export to world markets offer better economic return and risk-reward ratio to Iran than a long-distance pipeline to Europe over numerous political jurisdictions, being continually subject to the possibility of Western sanctions.

The pace of gas development in Azerbaijan is still unclear. Even the second stage of Shah Deniz gas field development to fill the South Caucasus gas pipeline has yet to receive permission from the Azerbaijan government or project sanction from its oil company owners. The deep gas development rights, currently owned by the Azerbaijan government, under the Azeri-Güneşli-Chirag oilfields operated by the Azerbaijan International Operating Company have not been awarded. The BTC and South Caucasus gas pipeline partnerships own the rights to further development of that corridor. They are unlikely to permit others to use it without major economic concessions. There are also technical limitations on placing additional pipelines in that corridor; thus, a new and expensive route will almost certainly be needed to bring major new volumes of oil and gas to Turkey from the direction of the Caucasus.

Although Turkmenistan has significant gas resources, no major Western companies are operating there that might have an interest in moving future gas production west. Two years after the death of its mercurial and authoritarian leader, Saparmurat Niyazov, Turkmenistan in its gas rela-

tions is closer than before to Russia. The only other major development is the onshore concession in eastern Turkmenistan awarded to the Chinese, who are building a major pipeline to transport gas via Uzbekistan and Kazakhstan to China. Although Turkmen-Azeri relations are warming, Caspian demarcation will have to be better resolved before a cross-Caspian gas pipeline can be built or even considered.

Russia has offered Central Asian gas producers market-related pricing for taking their production. With existing infrastructure and therefore lower transportation costs, Russia is in a position to beat any competing new pipeline with a higher border price for Central Asian gas producers. Iran can do the same with its pipeline connection with Turkmenistan. The best alternative to these existing routes is actually China, which has demonstrated its willingness to subsidize expensive long-distance pipelines. The West up until now has not.

Internal Factors

Turkey's oil and gas sector has traditionally been dominated by parastatals such as TPAO, Botaş, and Tüpraş. Although there have been various attempts to liberalize the sector and privatize the national champions, the reform process is incomplete. In many ways the sector still responds to ministry direction and political interference rather than to market forces and interaction of private players. This presents advantages but also disadvantages for transit. For example, the state's political or foreign policy interests can be used as justification for subsidizing economically suboptimal or immature projects.

Turkey, in fact, in the past overestimated domestic gas needs, leading to chronic failure to honor volumes it contracted to buy. This was true most recently for both Blue Stream and the gas pipeline from Iran.³ This poor record of honoring contracts creates commercial difficulty when the counterparty is not another parastatal, such as Gazprom or the National Iranian Oil Company in the two previous examples. Pent-up energy demand, which is certainly increasing rapidly in Turkey, cannot be confused with bankable volume guarantees from creditworthy customers in financing a pipeline. Nor is it financially prudent for Turkey to purchase gas on a long-term take-or-pay contractual basis to serve potential demand for the sake of supporting expensive pipeline projects.

Confusion over Turkey's role as gas customer, transport provider, or aggregator and re-exporter of gas (similar to Gazprom) also complicates its dealings with Middle Eastern and Caspian gas producers and European downstream gas consumers. Producers and consumers, even in Turkey, prefer to deal directly with each other rather than through the transport provider. Thus, a BP would much rather sell directly to a creditworthy customer like Koç Industries and not through Botaş, never mind for markets beyond Turkey.

Transit customers would prefer that Turkey concentrate on its role as transport provider by improving its track record in transparent pipeline regulations and operations, governing access and tariff methodology. The pipeline operator generally does not compete with its multiple shipping customers to sell or distribute gas. Otherwise it could use its ability to block market access as an unfair competitive advantage, with the best example once again being Gazprom, whose business practices some European customers would like to be able to avoid.

Turkey's stated objective of being an energy transit hub is a curious ambition. The U.S. transport and storage hub for crude oil in Cushing, Oklahoma, and the one for natural gas in Henry Hub, Louisiana, are not exactly garden spots, and these activities are not huge moneymakers for

3. David O'Bryne, "Russia Rescues Turkey on Natural Gas Supply; Gazprom to Move More through Blue Stream as Iran Cuts Persist," *Platts Oilgram News* 84, no. 242 (December 15, 2006): p. 6.

the locales. To play a similar role, Turkey will have to build a lot more storage facilities than it currently has. This is particularly critical but also more expensive for natural gas with the need to balance seasonal swings in demand, domestic needs, and transit obligations.

One suspects that Turkey actually has Rotterdam and Singapore in mind instead as models of oil-trading centers. Both are in small and stable countries in the midst of major consuming and producing areas. The relatively small sizes of the two countries and their dependence on international commerce offer a source of comfort and security to their neighbors. Turkey does not fit that profile. In addition to convenient locations for marine transport, refining, and storage, they also offer international financial services by multinational banks that are transparently regulated according to international standards. Contract dispute resolution and the rule of law for commerce under independent courts are other important elements of their success. These are important assets built over decades and not merely the result of fortuitous location for transportation, which is the only advantage Turkey currently enjoys.

Prospects for Transit

Despite these very real challenges, there are numerous concrete steps that Turkey can take to further enhance its already significant position as a transit country for energy.

First and foremost it should take full advantage of its considerable existing transit infrastructure and improve the performance of this sunk capital. Nothing builds future confidence on the part of shippers, investors, and lenders more than current performance as an efficient and effective transit provider.

Major renovation of the Kirkuk-Ceyhan pipeline is needed to allow it to operate closer to its original capacity above one million barrels per day. When operating conditions in Iraq permit higher oil flows, Turkey must improve security conditions in the southeast of the country as well as its relations in northern Iraq in order to take full advantage of this pipeline's favorable location. The resulting increase in tanker traffic, including another million barrels per day or higher from the BTC pipeline, means maritime control and protection will merit higher priority for Turkish security forces.

Turkey can stimulate faster development of gas production in Azerbaijan to fill the South Caucasus pipeline to capacity by providing bankable guarantees for additional volumes that Turkey can realistically afford to buy and, more important, by offering to be a neutral transport service provider for Caspian gas to reach Greece and Italy.

Another possibility is to cooperate rather than compete with Greece on a joint Bosphorus bypass oil pipeline through Thrace, which would offer the shortest distance and a superior operating environment. Not only would such a project have the best cost-benefit ratio, it would clearly have important political side benefits regionally as well as in Turkey's Europe-wide relationships.

Building a better track record in honoring its contract commitments and converting supply relationships into straightforward commercial transactions rather than as strategic assets to be traded in bilateral relations would greatly enhance Turkey's reputation as a reliable transit partner. The position of Botaş as a monopoly pipeline operator and monopoly gas importer should be reformed in order to encourage privately financed and built pipelines. In any case, transparent regulation is needed and Botaş leadership should be depoliticized. Otherwise new transit investment will continue to require substantial financial guarantees from the Turkish state, which may or may not be the best use of its sovereign credit capacity, and prolong the politicization of energy in Turkish domestic policy.

U.S. Interests and Policy Implications

First and foremost, policymakers need to properly assess and prioritize U.S. interests in the region with respect to energy, including:

- Economic autonomy and consequent political independence of the oil- and gas-producing states in the Caspian;
- Significant incremental oil and gas supply coming into the global market; as the world's largest consumer the United States would benefit even if those volumes never arrive on U.S. shores;
- U.S. commercial interests; and
- Energy supply diversity for U.S. allies in Europe.

Understanding U.S. priorities and capacity to execute should inform policy. For example, a U.S. oil company producing in Central Asia may be perfectly happy to sell at market prices into a pipeline to China, subsidized by the Chinese. This may advance the first three U.S. policy objectives, but not the fourth. Would the West be willing to financially support expensive transportation projects in order to achieve the last objective?

Given Turkey's location advantage, sound economic projects will be developed there as Turkey improves its transit conditions and reputation. In general, U.S. policy on engaging Turkey to fulfill its full potential in energy transit to the global market will be well served by a more realistic assessment of the current situation, how that situation can be improved over time, and what tools are required to execute a well-formulated policy. Once Washington and Ankara clarify their own policy goals with respect to energy in the region, the two governments can develop and cooperate on a positive agenda for coordinated action based on overlapping but not identical interests.

The first focus has to be to increase upstream production capacity, particularly for gas from Central Asia. This is especially vital for Turkmenistan, which has the largest gas resources in the region (aside from Russia and Iran) and is least advanced in attracting significant foreign investment to develop those resources. Without significant sustained investments of billions of dollars annually for five years or more, these currently stranded resources cannot be developed into commercial gas reserves.

Turkey's rising gas demand should be seen as a positive factor for it to join in persuading Azerbaijan and Turkmenistan to accelerate their gas development and cooperation, not as a detriment to European energy diversity by taking away Caspian supply. Unintended consequences can easily emerge if Turkey considers itself secondary to U.S. objectives and humors Washington only to improve its bargaining position with the Russians and Iranians. Working together to enhance sovereignty and governance in Central Asian countries would improve conditions for the emergence of governments there that see the advantage of diminishing their dependence on existing pipeline routes through Russia for transit of their energy supplies, despite Moscow's momentarily attractive pricing offers.

A sustainable and effective U.S. strategy for the Southern Corridor would focus on incremental development of short, economically viable oil and gas transport projects that might over time be linked together, such as gas pipeline connections between Turkey, Greece, and Italy. A valuable but often neglected lesson from the BTC experience was the importance of building the less expensive Baku-Supsa pipeline first as a confidence builder to demonstrate the viability of a new route before the much more expensive main export line became commercially viable. Liquefied

natural gas receiving terminals currently absent in southeastern Europe can also serve to develop a more robust and connected regional gas market with multiple supply sources.

The recent Russian gas cutoff in Ukraine showed that the lack of pipeline interconnections and the absence of an integrated European gas market present the biggest immediate vulnerabilities for the continent, not merely the interruption of 20 percent of supply. Here Turkey has much to contribute, given its existing infrastructure and robust potential, but Turkey is unlikely to make much headway without U.S. help in Europe. As upstream production capacity grows and once the attractiveness of the Southern Corridor is demonstrated, more ambitious and expensive projects such as Nabucco, involving simultaneous development of pipelines over greater distance through many countries, can be pursued with higher probability for success.

Quiet diplomacy is needed to align various state and commercial interests and avoid provoking potential competitors into strong action in opposition. A high-profile and prematurely aggressive policy is likely to be counterproductive and waste political capital before upstream oil and gas reserves are available for transport and the downstream market builds confidence to receive more supplies from the direction of Turkey. Unless the U.S. government is willing—as Russia is—to financially subsidize transit projects, discretion is the better part of valor. Overpromising and overreaching are risky—not only for Turkey but also for the United States—in a sector that is not amenable to quick solutions.

6

IMPLICATIONS FOR U.S.-TURKEY RELATIONS

Stephen J. Flanagan and Samuel J. Brannen

Turkey remains a pivotal country for advancement of many U.S. interests, and Turkey still considers the United States its most important ally. The United States and Turkey have convergent interests in stability in the Middle East, countering terrorism and extremism, sustaining an open global economy, securing energy flows from the Caspian basin, enhancing the sovereignty of the states in the Caucasus and Central Asia, and maintaining productive relations with Europe. This unique intersection of interests presents wide-ranging opportunities for cooperation.

In recent years, however, mistrust and suspicion, much of it related to differences over the Iraq War and its aftermath, along with lingering concerns in Washington about Turkey's long-term orientation, have obscured this strategic alignment and complicated cooperation. Much ground has been regained since 2006, when the leaders of both governments recommitted themselves to the pursuit of a broadly shared vision, and the United States later agreed to provide expanded intelligence support to Turkey in combating the Kurdistan Workers' Party (PKK). Still, bilateral relations today lack the strategic quality they once enjoyed and remain tactical and transactional. Each side has found it difficult to look beyond recent disagreements or expectations of reciprocation of the latest favors, and each has yet to clearly articulate what it wants from and can contribute to the partnership. The administration of President Barack Obama has an opportunity to forge a more strategic relationship with Turkey, one in which both governments find ways to manage lesser differences in order to maintain effective cooperation in the advancement of critical, long-term interests.

Enduring Interests, Managing Cooperation

The U.S.-Turkey relationship is increasingly complex and sometimes messy. Fundamental changes and uncertainty in Turkey's domestic situation and neighborhood have altered how Turks perceive and pursue their interests. U.S. global and regional priorities have also shifted since 2001. These differing political and geostrategic situations will continue to lead the two countries to pursue distinct and sometimes divergent policies, and relations may remain somewhat volatile. Ankara's "zero problems" approach to dealing with its neighbors and commitment to dialogue with them will sometimes be problematic for Washington. The question will linger whether Turkey can be counted on to take a tough stance with the United States when more palatable options are exhausted. There will also be times, however, when Turkey's ability to engage independently with some of its nettlesome neighbors can be used to advance mutual interests, as has been the case with Ankara's facilitation of the Syria-Israel indirect talks.

A new strategic framework for bilateral relations that reflects these evolving geopolitical dynamics and articulates a concrete positive common agenda could help keep relations on course. Such a framework could allow each country to forge common or complementary policies where

there is consensus and manage areas where policy preferences or interests diverge. A sustained, high-level dialogue and a more structured process to orchestrate diplomatic, economic, and military cooperation would be a useful mechanism to manage this complexity.

A U.S. proposal to develop a joint action plan would be welcome in Ankara. This framework should bolster Turkey's ties with the United States and Europe, including in the context of the North Atlantic Treaty Organization (NATO) and the European Union (EU). President Obama's February 16, 2009, telephone calls to Prime Minister Recep Tayyip Erdoğan and President Abdullah Gül, welcoming cooperation "on a broad agenda of mutual strategic interest," and Secretary of State Hillary Rodham Clinton's March 7, 2009, visit to Ankara, where she and Foreign Minister Ali Babacan reaffirmed the Shared Vision and Structured Dialogue document agreed to by the two governments in 2006, have set the stage for launching this kind of process during President Obama's April 2009 visit to Turkey.¹

With careful management and high-level attention, effective policy coordination can be achieved and the alliance can be strengthened. Ankara would like fuller consultation from Washington on major U.S. policies and initiatives vis-à-vis the Middle East, Russia, and the Caucasus. The worst surprise the United States could foist on Turkey would be to undertake a major move in the region without first consulting Turkey. Turkey also wants to be treated as a trusted ally even as it pursues distinct policies in advancing its interests. Washington wants Ankara to be a reliable regional and global partner, at peace with its neighbors but not overly close to undemocratic regimes, and able to exert influence with its Muslim neighbors through its leadership and example. This role is best assured if Turkey deepens its democracy and pursues reforms required for EU integration.

Legacy of Recent History

Throughout the Cold War, the United States and Turkey had a clear strategic relationship, embraced by leaders of both countries, that anchored bilateral ties in a multilateral security framework. Although the relationship suffered strains at times, particularly over the issues of Cyprus and Turkish internal governance, it remained basically unchanged. Beginning with the Truman Doctrine, Turkey was the linchpin of a containment strategy that protected the West from communist expansion and, in turn, underlined Turkey's decision to orient its society and institutions toward integration with the transatlantic community. Turkey was a participant in the Korean War and shortly thereafter became a member of NATO thanks to strong U.S. backing.

When the Soviet Union collapsed, a central rationale disappeared for the transatlantic framework of which Turkey was a part. The United States and Europe continued to look on Turkey as an ally, but the *raison d'être* of the alliance became unclear as concerns about turmoil or Russian probing on NATO's flanks diminished. Turkey proceeded on its march to integration with the West, but Europe felt less urgency—and considerable unease—in embracing what many on the continent see as a not-quite-European nation. Secondary and tertiary issues soon began to dominate bilateral relations between the United States and Turkey and between Europe and Turkey as well.

The Gulf War of 1991 appeared to give new purpose to the relationship. Turkey played a key role in the U.S.-led campaign and came to be viewed by U.S. officials as "an anchor of stability in a

1. "Readout on the President's Call to Turkish President Gül and Prime Minister Erdoğan," Office of the Press Secretary, White House, Washington, D.C., February 16, 2009.

region of growing volatility.”² Iraq’s invasion of Kuwait in turn suggested Turkey’s need for strong ties with the United States. Ian Lesser’s 1992 study predicted that “the United States, both bilaterally and through its role in NATO, will remain the best guarantor of Turkish security in relation to the most dangerous risks facing Turkey over the longer term (notably, those emanating from Syria, Iran, and Iraq).”³

U.S.-Turkey relations have had their ups and downs during the past two decades, and Europe’s limited engagement of Turkey has not necessarily pushed Ankara closer to the United States. U.S.-Turkey military cooperation including within NATO remained robust through the 1990s in Bosnia, Kosovo, and northern Iraq as well as in Afghanistan following September 11, 2001. The relationship also expanded during this period to incorporate nonsecurity issues such as energy cooperation, reaching its high-water mark with President Bill Clinton’s visit to Turkey in 1999 following the İzmit earthquake.⁴

These positive outward signs disguised a general unease beneath the surface. Many Turkish leaders felt betrayed by Washington’s failure to deliver assistance they were promised for their robust support of the Gulf War and facilitation of stabilization efforts such as Operation Provide Comfort and Operation Northern Watch. Indeed, the economic and political costs of Turkish support for the Gulf War and the subsequent sanctions and isolation of Baathist Iraq led a 2002 Turkish General Staff (TGS) report to conclude that Turkey had come out behind and, in the future, “the activities of the United States should be followed with skepticism.”⁵

Another misstep in the relationship came in the context of Washington’s post-9/11 and post-Iraq War efforts to support moderate elements and build democracy in the Islamic world. The George W. Bush administration rightly recognized that Turkey demonstrates for many other countries a path toward reconciling Islam with democracy and globalization. In a 2004 speech in Istanbul, President Bush praised Turkey as a model for the Muslim world and welcomed it as a partner in promoting democracy and good governance through the U.S.-conceived Broader Middle East and North Africa Initiative. As Ömer Taşpınar has noted, however, these well-intentioned references about Turkey’s form of moderate Islam as a model for the Middle East were “music to the ears of the AKP but an insult to the Kemalist secularists.”⁶ Secularists saw this initiative as Washington taking sides in Turkish domestic politics by endorsing AKP’s “moderate Islam,” and some saw it as an effort to nudge Turkey from its Euro-Atlantic orientation and toward the Middle East. At the same time, many devout Turks were uneasy about being anointed by the United States as the counterweight to extremist Islam.

2. Heinz Kramer, *A Changing Turkey: The Challenge to Europe and the United States* (Washington, D.C.: Brookings Institution, 2000), p. 225.

3. Ian Lesser, *Bridge or Barrier? Turkey and the West after the Cold War* (Santa Monica, Calif.: RAND, 1992), p. 40.

4. Steven A. Cook and Elizabeth Sherwood-Randall, *Generating Momentum for a New Era in U.S.-Turkey Relations* (New York: Council on Foreign Relations, 2006), p. 7.

5. Cengiz Çandar, “The Post-September 11 United States through Turkish Lenses,” in *The United States and Turkey: Allies in Need*, ed. Morton Abramowitz (New York: Century Foundation Press, 2003), p. 160. To participate in the Gulf War, Turkey severed irrevocably its previously close ties with Iraq—its largest trading partner at the time. From those present at negotiations, the authors of this report have learned that many economic promises made by the United States in the lead-up to the Gulf War were never delivered. This was a bitter experience for Turkey, especially as it struggled economically in the 1990s. Without a doubt, the memory of being previously shortchanged by its ally played a role in Turkey’s economically driven approach to negotiations prior to the infamous, failed March 2003 vote to authorize a U.S. northern front into Iraq.

6. Ömer Taşpınar, “The Old Turks’ Revolt,” *Foreign Affairs*, November/December 2007, p. 128.

Domestic politics in both Turkey and the United States have also complicated the relationship. It has become increasingly popular across the Turkish political spectrum to voice anti-American sentiment; and anti-Turkish sentiment also has increased in the United States in recent years. Although in Turkey public opinion of the United States remains quite low, inching up from 9 percent positive in 2006 to 12 percent positive in 2008 Pew polling, this reflects lingering discontent with and suspicion of specific policies, not dislike of the United States, and the low poll numbers are not a driver of foreign policy decisionmaking. But Turkey is a democracy, and its leadership is susceptible to pressure from the electorate. There is undoubtedly a tipping point at which anti-Americanism among the Turkish public could influence Turkish policy.

On June 14, 2007, four members of the U.S. House of Representatives introduced H. Res. 106, Affirmation of the United States Record on the Armenian Genocide Resolution.⁷ The introduction of the resolution triggered yet another crisis in the U.S.-Turkey relationship, with frantic action by the Turkish government to stop passage. Days later, with high-casualty PKK terrorist attacks unfolding in Turkey's southeast and Turkish opinion of the United States at an all-time low, the House leadership, pressured by the president and secretary of defense, withdrew support for the resolution and convinced other members to stand aside in the interest of U.S. national security. When the House Committee on Foreign Affairs approved the resolution, Ankara recalled its ambassador to the United States and hinted that it would curtail U.S. access to Incirlik Air Base—a critical supply hub for ongoing operations in Iraq and Afghanistan—if the resolution passed.

Military-to-Military Relations

The U.S. military and intelligence communities have a long history of close cooperation with the TGS and the Turkish national intelligence organizations (including the Milli İstihbarat Teşkilatı [MİT]), but bilateral security cooperation is not as deep as it once was. This is a consequence of a number of factors, including the disappearance of a “common enemy,” that is, the Soviet military forces; the reduction of the U.S. military presence in Turkey from 15,000 in the late 1980s to approximately 2,000 personnel today; some mutual distrust and discontent between the two militaries; and changing Turkish national security priorities. The Turkish military is heavily focused on what it sees as internal enemies, including the PKK and radical Islamist groups, while the U.S. armed forces are engaged in a wide range of operations around the world.

U.S. military relations with the Turkish armed forces deteriorated markedly between 2003 and 2007. On March 1, 2003, the relatively new AKP government failed to muster the required absolute majority in the Turkish Grand National Assembly to approve the U.S. request for the Fourth Infantry Division to use Turkish territory to invade Iraq. Washington made its disappointment clear. Turks took the subsequent U.S. decision to decline their government's conciliatory offer to send 10,000 troops to Iraq as members of the coalition as a major rebuff.

Under agreement with the Kurdistan Regional Government, Turkey had deployed forces since 1997 inside northern Iraq to counter the PKK. However, in mid-2003, the United States decided to take action to curtail Turkish military operations in northern Iraq, particularly in urban areas. On July 4, 2003, U.S. forces raided a Turkish special forces safe house in Suleimaniyah, Iraq. The U.S. team handcuffed the 11 Turkish officers and enlisted personnel and placed black hoods over their heads as they were taken into custody—an image that would later be compared countless times with the treatment of prisoners in U.S. custody at Abu Ghraib prison. After two days in U.S. cus-

7. *Affirmation of the United States Record on the Armenian Genocide Resolution*, H. Res. 106, 110th Congress, 1st sess., January 30, 2007, §3.

tody in Baghdad, the Turkish military personnel were released unharmed, but the political damage was enormous. The incident generated front-page headlines of outrage for weeks in the Turkish media, which portrayed it as a loss of face and a U.S. betrayal. It was also the inspiration for what would be the country's highest-grossing film ever, *Kurtlar Vadisi—Irak* [Valley of the Wolves—Iraq], and a bestselling book, *Metal Fırtına* [Metal Storm].⁸ All this contributed to further declines in popular opinion toward the United States. Even today, Suleimaniyah remains a painful episode for many Turks in and out of the military.

Under the former chief of the TGS, General Yaşar Büyükanıt (2006–2008), contacts with the United States were limited and perfunctory. The establishment of the Ankara Coordination Center in November 2007 for exchange of intelligence information on PKK activities in northern Iraq helped put military-to-military ties on a better footing, even if the extent of the intelligence sharing is still not widely known among the rank and file of the Turkish armed forces, political elites (including members of parliament), or the general Turkish public.

A major shift in TGS attitudes occurred when General İlker Başbuğ took command in August 2008. At his change of command ceremony, Başbuğ declared that the United States and Turkey had been working in “cooperation and communication” on countering the PKK and that communication between countries “is at an excellent level.”⁹ He further declared that “this relationship today is more important than ever for both countries.” He subsequently took steps to engage more regularly with senior U.S. commanders and officials. Many of Başbuğ's senior TGS deputies have had NATO experience and see strong links with NATO and the United States as key to the continued modernization and relevance of the Turkish military.

But there are some serious impediments to closer cooperation between the United States and Turkey on defense issues. First, there are no bilateral operational or contingency plans between the United States and Turkey, which restricts the level of bilateral exercises and joint planning. Second, the highly bureaucratic process and restrictions that Turkey imposes on U.S. use of Incirlik Air Base and the Habur Gate—including allowing only the transport of nonoffensive weapons systems and sustainment matériel—is an irritant to many in the U.S. military. Significant differences in military culture and leadership practices also can make interaction difficult. The Turkish military maintains a rigid, top-down command-and-control structure with effectively no civilian control (save public opinion to a limited extent). It remains a largely conscript force in which 70 percent of its soldiers are changed out every two years. This is very different from the modern, all-volunteer U.S. military in which key decisions are most often made jointly with civilians.

The quality of military-to-military interactions with Turkey varies by service. Cooperation with the Turkish Air Force (TUAF) is given the highest marks, with the annual Anatolian Eagle exercise with the TUAF, other NATO forces, and Israel seen as very valuable by both sides. Without question, the TUAF is the most modern and outward-looking service in Turkey. The Turkish Navy's planning is still focused on the Aegean and the Black Sea. Much of the interaction between the two navies takes place only in the context of NATO operations and exercises.

8. The film is a graphic depiction, akin to the *Rambo* series, of how to even the score, in which the abduction of the Turkish special forces personnel is avenged. Americans are depicted as colluding with Kurds to slaughter local Arabs and Turkmens, with reenactments of famous images from Abu Ghraib and a Jewish doctor harvesting prisoner organs. *Metal Fırtına* postulates a war between Turkey and the United States leading to the U.S. bombing of Ankara and Istanbul and the eventual detonation of a nuclear weapon in Washington by Turkey in response.

9. “Excerpts from General İlker Başbuğ's speech as translated by the ATC,” American-Turkish Council, Washington, D.C., <http://www.americanturkishcouncil.org/data/updates/080829basbugspeech.htm>.

There is very little interaction between the U.S. Army and the Turkish Land Forces, even though the Turkish Land Forces are the biggest component—500,000 strong and almost entirely conscripts—of the Turkish armed forces and dominate the TGS (all but two of the top TGS leadership positions are occupied by generals from the Land Forces). The Land Forces are also the least modernized service of Turkey's armed forces and the least exposed to foreign militaries and cultures. They have three modern brigades, and General Başbuğ has been pushing for two more to be fully modernized with contracted professional soldiers, rather than relying on 15-month conscripts.¹⁰

Progress has been made recently in cooperation between the two armies. The first-ever talks between the U.S. Army Staff and the TGS took place in January 2009, leading to a plan of future command post exercises and unit-level exchange. Cooperation in the special operations forces area is also improving, and special operations exercises resumed in 2008 after a six-year hiatus. But much work remains.

The Turkish military is still heavily reliant on U.S.-origin equipment, particularly for fighter aircraft. During the past decade, however, the TGS and the Turkish Ministry of Defense have gone global in their defense acquisitions, including coproduction arrangements with diverse foreign suppliers to meet mandates for domestic production. Recently, for example, the Turks have entered into coproduction arrangements with Korean firms for their basic trainer aircraft and the next-generation main battle tank. The Turkish government is notionally on board for the Joint Strike Fighter but is also looking at Euro Fighter options. In recent years, U.S. defense firms have found it difficult to close new deals with Turkey because of complex procurement regulations and difficult negotiations.

NATO Issues and Extended Deterrence

The Turkish government remains committed to NATO as a foundation of its national security strategy and the forum for its full participation in Euro-Atlantic security policy deliberations. The Turkish public and elites are showing signs of doubt, however, about NATO's enduring value and relevance to Turkey. On the eve of the Gulf War in 1991, several allies initially resisted but ultimately approved the deployment of NATO air and air defense capabilities to deter Iraqi attacks against Turkey. In 2003, several allies refused a U.S. request to undertake prudent contingency planning to deter or defend against a possible Iraqi threat to Turkey. These hesitations still weigh on the Turkish psyche. The lack of a coherent NATO response to the Georgia crisis in August 2008 was also troubling to many Turks and was seen as a justification for Ankara's cautious response and limited consultation with NATO allies in pursuing its diplomatic engagement with Russia and its Caucasus neighbors in the wake of the crisis.

Polling conducted by the German Marshall Fund from 2004 to 2008 found that support for NATO in Turkey was the lowest among any NATO country surveyed. The number of Turks who felt "that NATO is still essential for their country's security" dropped steadily from 53 percent in 2004 to 34 percent in 2007, rising only slightly to 37 percent in 2008.¹¹ Roughly an equal number

10. The Turkish Land Forces peacekeeping brigade has already completed three tours in Afghanistan.

11. "Transatlantic Trends 2008: Key Findings" (Washington, D.C.: German Marshall Fund and Compagnia di San Paolo, September 2008), p. 20, http://www.transatlantictrends.org/trends/doc/2008_English_Key.pdf; and "Transatlantic Trends: Key Findings 2007" (Washington, D.C.: German Marshall Fund and Compagnia di San Paolo, 2007), p. 22, http://www.transatlantictrends.org/trends/doc/Transatlantic%20Trends_all_0920.pdf.

in 2007 and 2008 said that NATO “is no longer essential” or “did not know or refused to answer” on the topic, suggesting that the Turkish public does not adequately understand the function of NATO—now seldom mentioned by political leadership. During this same period support for NATO dropped among other member countries, but not as precipitously and not to levels as low.¹²

Some in the Turkish national security policy community express the view that NATO has been diluted by its expansion in the 1990s and that it is not as “serious” an organization as it once was in terms of the military capabilities of members and their willingness to meet commitments. In internal policy deliberations, including within the Turkish Ministry of Foreign Affairs, invoking NATO obligations or commitments is said not to carry the same weight it once did.

Ankara has chosen to express its discontent with the EU, particularly its exclusion from decisionmaking on European Security and Defence Policy (ESDP) and participation in the European Defence Agency—owing to objections from various EU governments—by obstructing development of NATO-EU cooperation. Ankara blocked approval in 2007 of new activation orders for NATO’s missions in Kosovo because they involved support to an EU mission, and Ankara took a similar stance against NATO-EU cooperation in Afghanistan. Turkey does not oppose NATO-EU cooperation: its redline is giving EU member Cyprus special access to NATO resources and information when Turkey is excluded from ESDP policy deliberations and EU operations and defense activities.¹³ Ankara’s willingness to grind NATO operations to a halt on this matter of principle concerning Cyprus has angered other allies and could be damaging to Turkey’s long-term standing within the alliance. This is another reason for the United States and the EU to work urgently with Turkey and the parties to resolve the Cyprus issue.

Some segments of the Turkish military, particularly in the junior officer corps, seem to be somewhat ambivalent about NATO. Officers who have served in NATO missions and command assignments are more likely to see NATO’s enduring value, but many whose service has focused on Turkey’s counterterrorism operations in the southeast see NATO as placing increasingly costly demands for expeditionary operations on the Turkish armed forces but providing few current benefits in return to Turkish security.

Nonetheless, the Turkish Grand National Assembly granted permission to deploy Turkish forces to Afghanistan beginning in October 2001. Since that time Turkey has worked effectively with U.S. and NATO forces, having as many as 1,300 troops deployed in country. Turkey currently has approximately 750 troops deployed in Afghanistan as part of the NATO International Security Assistance Force (ISAF) mission, leads a provincial reconstruction team in Wardak Province, and is preparing to assume command for the third time of Regional Command Capital in Kabul. Former Turkish minister of foreign affairs, Hikmet Çetin, served two consecutive terms in Afghanistan as the senior civilian representative of the NATO secretary general, and Turkish general officers have twice commanded ISAF forces.

Another sensitive NATO and bilateral security issue that needs to be addressed at some point is the future of U.S. nuclear weapons in Turkey. The United States retains approximately 150–240 nuclear warheads in six European NATO countries—the United Kingdom, Belgium, the Neth-

12. Support for NATO in the United Kingdom fell from 70 percent in 2004 to 62 percent in 2008; in Germany over the same period it declined from 70 percent to 62 percent; in Poland, from 64 percent to 51 percent; and in France it actually increased from 61 percent to 62 percent. “Transatlantic Trends 2008: Key Findings,” p. 13.

13. See İhsan Kızıltan, “Improving The NATO-EU Partnership: A Turkish Perspective,” *Turkish Policy Quarterly*, Summer 2008, pp. 33–46, http://www.turkishpolicy.com/images/stories/2008-03-tpq/ihsan_kiziltan.pdf.

erlands, Germany, Italy, and Turkey—as a manifestation that the full range of alliance military capabilities is available for the defense of all allies and as a concrete linkage to the U.S. strategic nuclear deterrent.¹⁴ These weapons can be delivered by aircraft—either by U.S. bombers stationed in Europe or by host country dual-capable aircraft. This arrangement, known as “NATO nuclear sharing,” plays an important role in extended deterrence in Turkey.

Some within the U.S. Air Force feel this is an anachronistic mission and that nuclear custody duties in Europe are a distraction from more immediate requirements. Withdrawal of U.S. tactical nuclear weapons in Europe is also favored by those advocating deeper cuts in the U.S. nuclear arsenal. U.S. and NATO decisionmakers should approach this issue with great caution and a careful consideration of how it would affect Turkey’s calculus of its long-term security and nonproliferation goals. As Iran’s nuclear program has progressed unchecked and doubts about the value of NATO’s extended deterrent have remained, some national security analysts in Turkey have called for developing the basic infrastructure for a countervailing nuclear weapons capability.¹⁵

Immediate Challenges

U.S.-Turkey relations face two immediate challenges: the Armenian genocide issue and Turkey’s relations with Israel.

The Armenian Issue

A near-term uncertainty in bilateral relations will be what happens with respect to the congressional resolution that would recognize the deaths and forced relocation of hundreds of thousands of Armenians at the end of the Ottoman Empire as an act of genocide for which the modern state of Turkey should be held responsible. Resolution 106 in the U.S. House of Representatives was nearly brought to a vote on the floor in 2007, until the Bush administration and a bipartisan group of opponents made clear its passage would lead to loss of critical Turkish support for U.S. military operations in Iraq and Afghanistan.

When he was a U.S. senator, President Obama called for Turkey’s acknowledgement of the Armenian genocide. A statement released by the Obama presidential campaign near the end of the 2008 campaign said: “The Armenian Genocide is not an allegation, a personal opinion, or a point of view, but rather a widely documented fact supported by an overwhelming body of historical evidence. Barack Obama strongly supports passage of the Armenian Genocide Resolution (H. Res. 106 and S. Res. 106) and will recognize the Armenian Genocide.” This announcement set off alarm bells in Ankara, which was already concerned about how an Obama administration would deal with the issue. On March 17, 2009, 77 members of the House of Representatives introduced the same resolution in the 111th Congress as H. Res. 252. The Armenian National Committee of America observed, “As the Turkish foreign minister has noted, Mr. Obama promised five times that as president he would acknowledge the Genocide. We trust he will do as he promised.”¹⁶

14. For a discussion of the importance of U.S. nuclear weapons in NATO countries to uphold credible extended deterrence, see “Report of the Secretary of Defense Task Force on DoD Nuclear Weapons Management Phase II: Review of the DoD Nuclear Mission,” Washington, D.C., December 2008, pp. 14–17.

15. Mustafa Kibaroglu, “Iran’s Nuclear Program May Trigger the Young Turks to Think Nuclear,” *Proliferation News and Resources* (Carnegie Endowment for International Peace), Washington, D.C., December 20, 2004, http://belfercenter.ksg.harvard.edu/publication/920/irans_nuclear_program_may_trigger_the_young_turks_to_think_nuclear.html

16. “U.S. Representatives Renew Drive for Armenian Genocide Recognition,” Armenian National Committee of America, March 17, 2009, http://www.anca.org/press_releases/press_releases.php?prid=1677.

Although other Turkish allies and partners (including France, many other NATO allies, and Russia) have passed declarations labeling these events a genocide, Turkey feels particularly strongly that the United States should not pass such a resolution. One reason is financial: with the large population of ethnic Armenians in the United States and its particular laws and court system, Turkey could be contesting lawsuits in U.S. courts for decades. Another reason is that many Turks feel it would be hypocritical for the United States to point a finger at Turkey because of the systematic relocation and killing of Native Americans in the nineteenth century in the United States and the U.S. conduct of various twentieth-century conflicts. With top Turkish political leaders and the media fanning the flames, this issue has become for many Turks the test of whether the United States values its relationship with them.

If the Armenian genocide resolution were enacted by Congress or a presidential proclamation were to recognize the events of 1915 as genocide, Ankara's response would be harsh and would trigger a bitter and very difficult period in bilateral relations. It is very likely that the Turkish government would curtail access to Incirlik Air Base and probably the Habur Gate crossing for some time. Damage to the relationship would be lasting and possibly more disruptive than historical naivetés such as the 1964 Johnson letter, which harshly suggested that continuation of Greek-Turkish conflict over Cyprus could bring into question NATO security guarantees to both countries vis-à-vis the Soviet Union, and the 1974 Cyprus embargo. The effects on U.S. military operations could be severe in the short term. Approximately 70 percent of air cargo for Iraq passes through Incirlik Air Base and approximately 30 percent of fuel shipments for forces in Iraq transit Habur Gate. Access to Incirlik and Habur Gate will be invaluable in completing the withdrawal of U.S. forces from Iraq, and Incirlik remains an important transshipment point for operations in Afghanistan and elsewhere in Southwest Asia.

When the French National Assembly in 2001 passed a resolution making denial of the Armenian genocide a crime, the Turks cut off military-to-military ties with Paris, and as of 2009 they have not been fully restored. Turkey would also likely become even more obstructionist in NATO and reach out to strengthen its ties with Russia, Pakistan, India, and China, not to mention that it might seek to increase cooperation related to the future of Iraq, not with the United States but with Syria and Iran.

Rather than seek to legislate history, the United States and the international community should provide maximum encouragement and support to the diplomatic rapprochement being pursued by the governments of Turkey and Armenia, as well as to emerging regional cooperation. Creation of a joint Turkish-Armenian commission to explore this painful chapter in history and its continued legacy could also be helpful to that process. Ankara, seeking in essence to make congressional action a referendum on the future of Turkish-Armenian relations, is hoping that its quiet and slow-moving diplomatic dialogue with Yerevan will prevent passage of the resolution.

In recent months top Turkish officials and AKP members have reinforced the message to Americans in and out of government that normalization of relations with Armenia is just around the corner. Washington now expects Turkey to make good on this pledge, and much trust will be lost between the allies if it does not. Yerevan, in turn, appears to be very cautious in giving this dialogue too much profile, perhaps under pressure from the Armenian diaspora. At the Munich Security Conference in February 2009, Armenian president Serge Sargsyan did say that the dialogue was going well and hinted at the possibility of significant progress toward normalization of relations with Turkey by the end of 2009.

Relations with Israel

The volatility of Turkey's relations with Israel could also be damaging to Turkish-U.S. relations in the long term. During the December 2008–January 2009 Israeli military operations against Hamas in Gaza, Prime Minister Erdoğan and other senior government officials were highly critical of Israel's actions. Turkish officials endeavored to downplay the impact of the prime minister's sometimes fierce criticism on relations with Tel Aviv, and they and the prime minister were careful to note that criticism of Israel did not carry with it any anti-Semitic implications whatsoever. They argued that Erdoğan was responding to public sympathies for the plight of Palestinian civilians killed and wounded in the Israeli military operations and not in any way aligning Turkey with Hamas or condoning the Hamas rocket attacks on Israel.

Erdoğan did undertake a vigorous diplomatic effort to try to bring the conflict to an end, but there is little question that the AKP government was also burnishing its image in the Islamic world and stoking public outrage for the March 2009 municipal elections, ahead of which opposition parties appeared to be gaining some ground. The minister of education, for example, ordered all Turkish schoolchildren to observe a moment of silence for the people of Gaza. Criticism of Israel in the media and public protests were quite vitriolic. Although Turkey did not officially criticize U.S. support for Israel, U.S. and Israeli flags were burned together during some of the public protests, and newspapers reported widely that white phosphorus munitions used in Gaza—an act in the war singled out by the prime minister in a tearful description—were supplied by the United States.

Turkish officials contend that relations with Israel remain on track and that despite criticism from political leaders no agreement or aspect of bilateral cooperation had been disrupted, including training missions for the Israeli Air Force at Turkey's air base in Konya. These officials argue that there is a silent majority in Turkey that continues to see Israel as a vital partner for Turkey but that the government needs to maintain some balance in relations with its Muslim neighbors as well as reflect public sentiments.

The impact of the Turkish criticism of Gaza on relations with Israel was further exacerbated in late January when Prime Minister Erdoğan directed his criticism at Israeli president Shimon Peres at the World Economic Forum in Davos, Switzerland, and then stormed off the stage vowing never again to return to the venue. This added another diplomatic blow that will not soon be forgotten in Tel Aviv. The long-term impact of all this on Turkish-Israeli relations remains to be seen. In public Israeli officials preferred to downplay the criticism, although in private there has been growing concern over Turkey's increasing involvement in the Palestinian arena and Turkey's recognition of Hamas as a legitimate Palestinian actor. Turkish officials hope to resume their role in brokering talks between Syria and Israel, but that role will also be shaped by the future of U.S. direct engagement with Syria. The Israeli government remains committed to maintaining strong relations, but the more that Erdoğan and other Turkish leaders heighten their rhetoric on this or other issues during the next months, the more pronounced the political fallout will likely be.

The Israeli government, the American Jewish community, and other supporters of Israel in the United States have been alarmed by Erdoğan's recent rhetoric regarding Gaza and the Turkish government's steady criticism of Israeli policy in general during the past few years. This is likely to diminish their willingness to be as supportive as they have been in the past to try to head off congressional passage of an Armenian genocide resolution. These groups will not likely have a significant impact on the congressional decision, but the important point is that Turkey is alienating some of its traditional allies on the issue.

Anti-Israeli sentiment, anti-Americanism, anti-Semitism, and anti-Westernism are interwoven in an ugly side of xenophobic Turkish nationalism that clearly exists.¹⁷ As concerted an effort as Turkey's leaders may make to separate these issues from one another, they are linked in some Turkish minds. Turkish officials insist that there is no anti-Semitism in Turkey. Although the Ottoman Empire and the Turkish republic have had notable historical instances and prolonged periods of tolerance of people of all faiths—and especially of Jews—Turkey's insistence that no problem exists masks a growing trend. Turkish society should address the issue and its root causes in more honest terms.

Energizing U.S.-Turkey Relations

The Obama administration faces a number of challenges as it works with Turkey to advance bilateral relations and cooperation in various regions. It also has an opportunity, through sustained engagement and close consultation with Turkish officials, to energize this relationship and set it on a sound, long-term footing.

Bilateral Relations

- An Obama administration initiative to engage the Turkish government in articulating a positive common agenda for strategic cooperation would be well received in Ankara. Establishing such a framework will require rebuilding trust, developing consensus on priorities, and working out mechanisms to manage policy differences so that they do not undermine pursuit of overarching mutual interests.
 - This agenda should build on the Shared Vision and Structured Dialogue that was developed by the two governments in 2006 and reaffirmed during Secretary Clinton's March 2009 visit to Ankara. This effort yielded some progress in coordinating policy and fostering a shared understanding of evolving common interests.
 - This model could be expanded by the creation of a periodic high-level policy dialogue and an action agenda, with timelines to advance cooperation and manage policy differences, supported by working groups charged with monitoring implementation of specific initiatives. Such mechanisms have been used successfully in the past to give additional dynamism to U.S. cooperation with various countries; the Clinton administration, for example, set up the Southeast Europe Action Plan and the U.S.-Baltic Partnership Commission.¹⁸
 - An alternative that could be emulated in the U.S.-Turkey context is U.S.-Israel cooperation, which is shaped through twice yearly meetings of a High-Level Strategic Dialogue; annual security consultations in a Joint Political-Military Working Group; a Joint Counterterrorism Group; bilateral science and technology efforts; the United States-Israel Education Foundation, which sponsors educational and cultural programs; and the joint economic development group, which maintains a high-level dialogue on economic issues.¹⁹

17. The November 2003 truck bombings of two Istanbul synagogues, an HSBC bank building, and the British consulate point to the most extreme example of this.

18. "Fact Sheet on the Southeast Europe Action Plan," White House, Washington, D.C., February 10, 1998, http://www.fas.org/man/nato/national/98021009_wpo.html; "U.S.-Baltic Partnership Commission Communiqué," U.S. Information Service, July 16, 1999, <http://www.fas.org/man/nato/news/1999/990716-baltic-usia2.htm>.

19. "Background Note: Israel," Bureau of Near Eastern Affairs, U.S. Department of State, Washington, D.C., October 2007, <http://www.state.gov/r/pa/ei/bgn/3581.htm>.

- The positive agenda could focus on long-term stabilization and development of Iraq, Afghanistan, and Pakistan; expansion of trade and investment; military-to-military cooperation; and promoting Turkey's EU membership.
- This agenda could also include cooperation on several issues of great impact where interests are broadly similar but important policy differences persist, sometimes exacerbated by difficult domestic political considerations; these issues include relations with Russia, Armenia, and Greece; development of the southern corridor routes for Caspian energy resources; fostering an Israeli-Palestinian settlement; and dealing with frozen conflicts in the Caucasus and Cyprus.
- Several Turkish-U.S. issues are more fundamental or involve potential policy differences that will need to be carefully managed; these include dealing with Russian assertiveness in the Black Sea and the Caucasus, managing energy and trade relations with Iran, slowing Iran's nuclear program, and safeguarding democracy and the rule of law in Turkey.
- A Turkish-U.S. business dialogue, akin to the TransAtlantic Business Dialogue, could help bring together business leaders, trade associations, and other nongovernmental groups interested in promoting lagging bilateral trade and investment. This could build on existing official efforts such as the Economic Cooperation Partnership Council, the Trade and Investment Framework Agreement, and the Turkey-United States Economic Partnership Commission. U.S. trade associations might be encouraged to work with the Union of Chambers and Commodity Exchanges of Turkey in its efforts to promote private sector cooperation between Palestinians and Israelis in the Ankara Forum and Pakistanis and Afghans in the Istanbul Forum.
- Bilateral defense relations have a management mechanism in place, the annual meeting of the High Level Defense Group (HLDG), which has endorsed the "Shared Defense Vision in the 21st Century," designed to advance NATO transformation goals and interoperability, with three-year progress milestones in capability areas and working-level implementation reviews every six months. Key areas of cooperation at present are energy security; professionalization of special forces; and countering proliferation, terrorism, and narcotics trafficking. There is also increasing emphasis on interagency cooperation and coordination.
 - The HLDG has concrete outcomes, and it could be given a more strategic agenda. Discussion of the future of Iraq and plans for U.S. military disengagement would be a good place to start. The implementation committees could be given more authority to drive the process to ensure timely progress.
 - Although interaction with the Turkish Land Forces has improved markedly during the past few years—especially between U.S. and Turkish special forces—there is untapped potential in military-to-military cooperation and exchange. The Turkish Land Forces remain the core of the TGS, and they are most in need of U.S. assistance in efforts to modernize. There is particular room for U.S. and Turkish forces to exchange expertise on counterterrorism and irregular warfare. Whether they intensify cooperation on this topic through NATO or on a bilateral basis, the application is clear, with potential for future combined operations.
- There is scope for a more robust U.S. soft-power agenda given declining person-to-person contacts (a dwindling number of U.S. tourists since 9/11, fewer exchange students, and tough U.S. visa requirements) and few business relationships (such as European, Middle Eastern, and Russian companies have). In this context, Turkey should be seen as a priority country because its population traditionally has had pro-American sentiments although such sentiments are weaker now than they once were.

- U.S. actions could include expanded educational and cultural exchanges, which could help change negative attitudes about the United States in Turkey.
 - There is also room for growth in civil-society relations, drawing upon the increasingly active Turkish-American community and the large number of Turkish students studying in the United States.
- Mutual understanding and strengthened domestic support for the alliance could also be bolstered by more regular exchanges between the Turkish Grand National Assembly and the U.S. Congress.

The Middle East

- Turkey can play a critical role in facilitating U.S. military disengagement from Iraq and promoting long-term economic and energy development in that country. This should be a focal point of U.S.-Turkish bilateral consultations.
- A U.S. diplomatic initiative could bring together Turkish and Iraqi Kurdish leaders to negotiate a comprehensive agreement that deals with the PKK threat, guarantees Turkey's territorial integrity, and facilitates badly needed Turkish investment in and trade with the Kurdistan region of Iraq.
- Turkey's ties with Iran should not be another litmus test of the alliance, and Turkey can potentially play a useful role in future U.S.-Iranian dialogue. Nonetheless, significantly divergent policies on Iran are bound to create tension in other areas of bilateral cooperation in the Middle East and beyond.
- Although the Turkish government has reassured the United States and the international community that it opposes Iranian acquisition of a nuclear weapons capability, Ankara should also indicate a willingness to support additional coercive measures against Iran, beginning with tougher sanctions in the UN Security Council, should further diplomatic engagement fail to halt Tehran's pursuit of nuclear weapons.
- Turkey has been an effective diplomatic player in the region and has great potential. Turkey has yet to prove that it can play a leading role in regional affairs, however; and it remains unclear how much influence Turkey actually possesses over a range of actors in the region.
- It is in the interests of both the United States and Turkey to define areas where Turkish diplomacy in the Middle East can best serve common goals. With stronger bilateral consultation and coordination, Ankara's diplomatic activism can be an asset and enhance regional stability. Turkey's role in brokering the Israel-Syria indirect talks helped advance this dialogue, and the Turks were on the verge of initiating direct negotiations on the eve of the Israeli invasion of Gaza. It is possible this channel could again be useful.
- Concrete steps to actualize the Obama administration's welcoming of Turkey's role as an interlocutor and intermediary with its neighbors in the Middle East will be warmly received in Ankara. Turkey could play a useful role in ongoing U.S. efforts to open dialogues with Syria and Iran.
- The United States has helped foster the development of Turkish-Israeli relations over the years, relations that enhance regional stability and Israel's security. The Obama administration should look for opportunities to help put strained Turkish-Israeli relations on a more positive course.

The EU and Cyprus

- Quiet but consistent U.S. diplomacy with European governments is the most effective way for Washington to support Turkey's accession discussions on EU membership.
- The most helpful near-term step Washington can take to advance Turkey's EU prospects and also overcome differences over the modalities of NATO-EU cooperation would be to lend its diplomatic resources and influence to help achieve a settlement of the Cyprus issue, including committing a senior official to work with the UN special envoy.
 - Take steps, even if largely symbolic, to reduce the economic isolation of the Turkish Republic of Northern Cyprus (TRNC) as a commitment to change, to encourage EU movement on the issue, and as a contribution to improved relations with Turkey, including bolstering its image with Turkey's people.
 - Support efforts toward a Cypriot solution before conditions change, and reinforce the very useful intercommunal programs already in place under U.S. and other auspices.
 - Encourage Cypriot participation in wider transatlantic projects aimed at security and development in the Mediterranean and the Levant, beyond the confines of the Cyprus problem.

Russia, the Black Sea, the Caucasus, and Central Asia

- Given its concerns about the enduring threat from PKK terrorism, the Turkish government will be reluctant to provide additional combat forces to the NATO ISAF mission in Afghanistan. Ankara would be more willing to provide additional military and police trainers in Afghanistan. Building on its good ties to both governments and its civilian presence in the region, Turkey could play a larger role in fostering economic development and improved relations between Afghanistan and Pakistan.
- The Obama administration should actively help Turkey's efforts to flesh out its Caucasus Stability and Cooperation Platform concept, which has some potential to change regional dynamics. As part of its involvement in the platform, the United States could also work with France to include Turkey as a cochair of the Minsk Group, which is sponsored by the Organization for Security and Cooperation in Europe and charged with overseeing negotiations on the Nagorno-Karabakh conflict.
- Washington should continue to support Turkey's efforts to promote economic and security cooperation in the Black Sea region. It should also encourage Romanian, Bulgarian, and Ukrainian involvement in Black Sea Harmony and Black Sea Force naval activities and quietly discuss with Turkey how to handle future crises in the region that might require a more robust naval response than can be conducted under Montreux Convention restrictions.

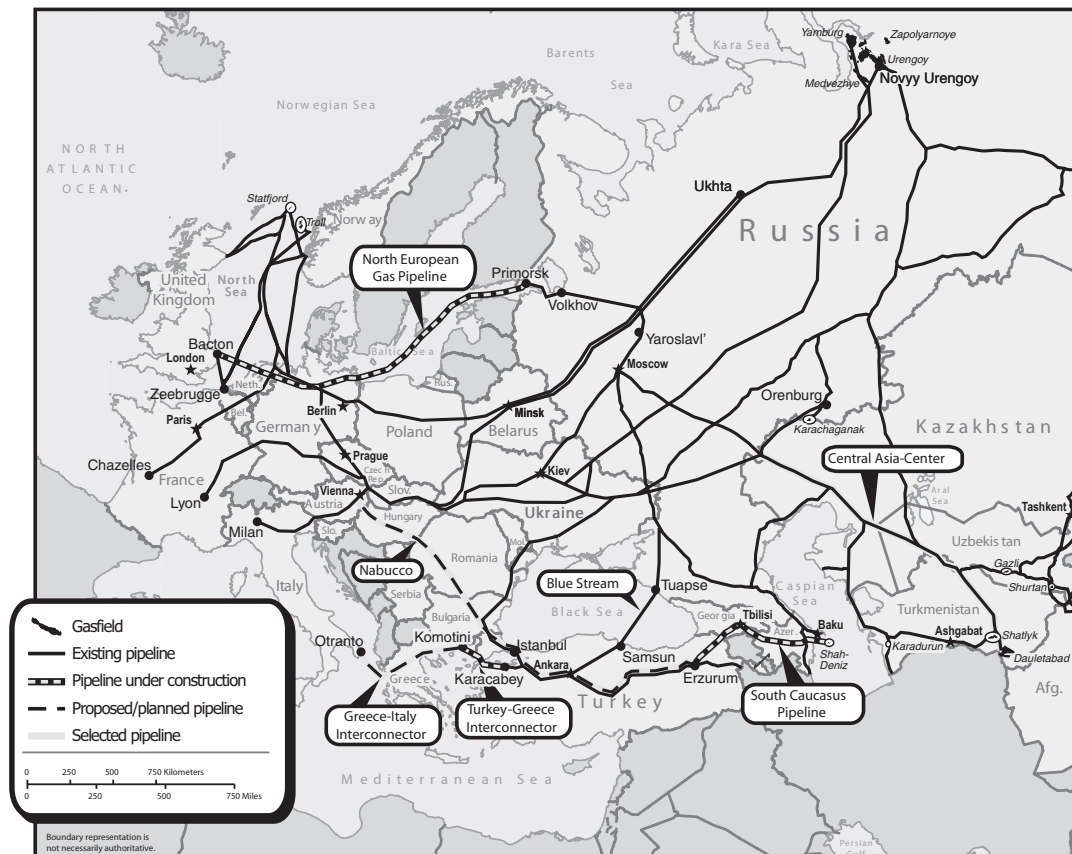
Energy

- The United States should bolster its support for Turkey's development as an energy transit corridor to the global market. Washington should first work with Ankara to develop a realistic assessment of the current situation, how it can be improved over time, and what tools are required to advance mutual goals. The two governments can then develop and cooperate on a positive agenda for coordinated action based on convergent interests.

- The first priority has to be to increase upstream production capacity, particularly production of gas from Central Asia. Quiet diplomacy in Central Asia and the Caspian is needed to align various state and commercial interests and not provoke potential competitors into early action in opposition. Working together to enhance sovereignty and governance in Central Asian countries would improve conditions for the emergence of governments there that see the advantage of diminishing their dependence on existing pipeline routes through Russia for transit of their energy supplies, despite Moscow's momentarily attractive pricing offers, and undertaking some of the economic and legal reforms required to attract Western investment.
- The Obama administration should appoint a senior official for Eurasian energy to enhance interagency policy coordination and orchestrate U.S. engagement with foreign governments and the energy industry.
- A sustainable and effective U.S. strategy would be to support incremental development of short, economically viable pipeline projects that might over time be linked together, such as the gas pipeline connections between Turkey, Greece, and Italy. Commercial success of these connections could demonstrate the viability of the Southern Corridor and build confidence among investors for more ambitious projects such as Nabucco. Construction of the shorter Baku-Supsa pipeline helped pave the way for development of the Baku-Tbilisi-Ceyhan main export route for Caspian basin oil.
- Quiet diplomacy is needed to align various state and commercial interests and not provoke potential competitors into early action in opposition. A high-profile and prematurely aggressive policy is likely to be counterproductive and waste political capital before upstream oil and gas reserves are available to transport and the downstream market has the confidence to receive more supplies from the direction of Turkey. Unless the U.S. government is willing to financially subsidize transit projects as Russia does, discretion in this case may be the better part of valor. Overpromising and overreaching in a sector that is not amenable to quick solutions are risky not only for Turkey but also for the United States.

APPENDIX A

OIL AND GAS PIPELINES



Gas fields and pipelines that deliver natural gas to Europe.

Source: U.S. Energy Information Administration.

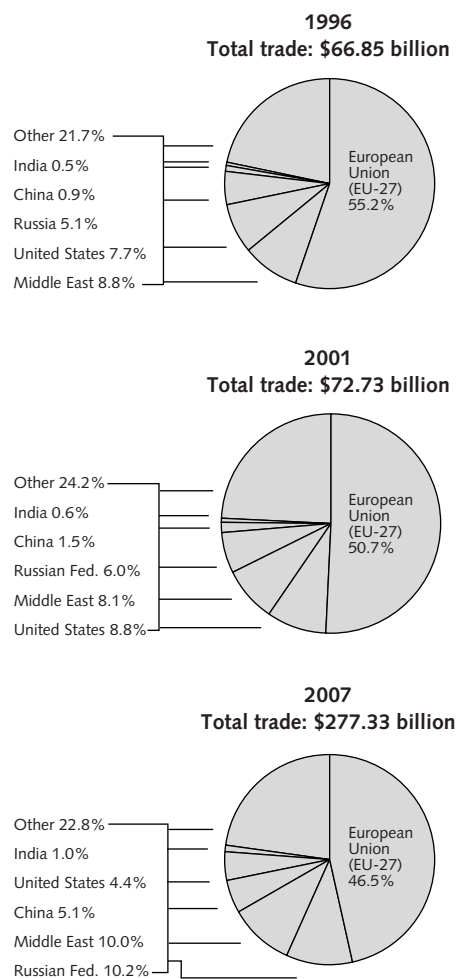


Oil pipelines; proposed Bosphorus bypass pipelines.
Source: U.S. Energy Information Administration.

APPENDIX B

TURKEY'S FOREIGN TRADE

Figure B.1. Turkey's Trade with Top Six Trade Partners (Regions or Countries), 1996, 2001, and 2007, Percentage



Source: Turkish Statistical Institute (TurkStat), Ankara, <http://www.turkstat.gov.tr/>.

Figure B.2. Turkey's Trade with Top Country Trading Partners, 1996, 2001, and 2007, Percentage

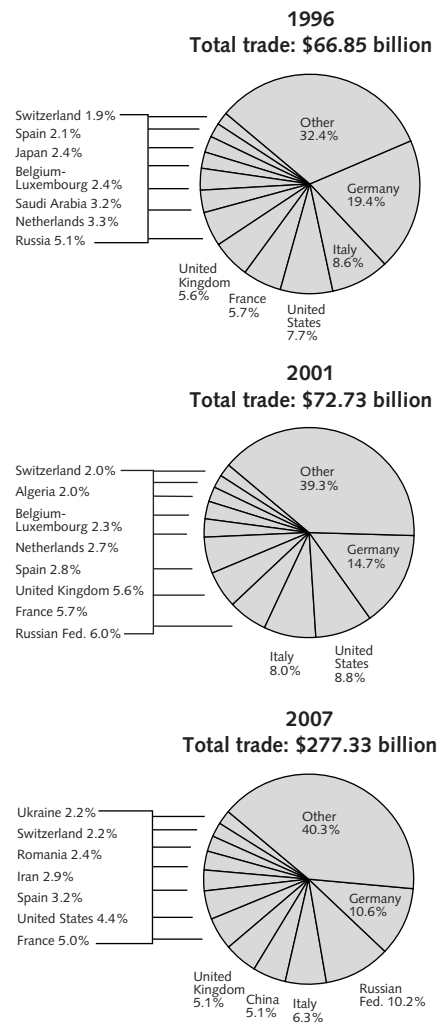
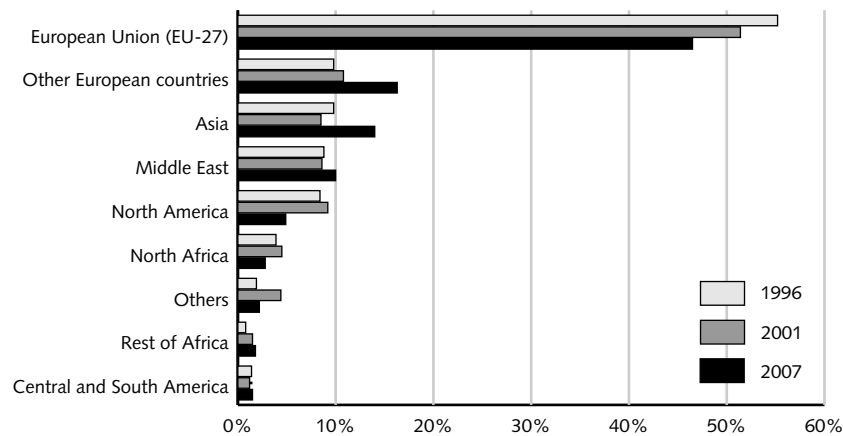


Figure B.3. Turkey's Trade with Regions of the World, 1996, 2001, and 2007, Percentage of Total Trade



Source: Turkish Statistical Institute (TurkStat), Ankara, <http://www.turkstat.gov.tr/>.



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