

Insights into Turkish Domestic and International Politics

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Key Points:

- *Russian President Vladimir Putin announces the annulment of the South Stream project, proposing instead a new pipeline to run from Russia to Turkey.*
- *President Putin and Turkish counterpart Tayyip Recep Erdogan meet and discuss converging views on economic and energy issues, but note their stark differences on the Syrian Civil War.*
- *The two countries' partnership in economic and energy sectors has yet to thaw their strategic divergence in regional affairs, especially in light of Russia's disputed annexation of Crimea and the different approaches to the conflict in Syria.*
- *Gulen Movement adherents, including the chief editor of the country's largest daily newspaper, are arrested on allegations of their part in a coup conspiracy.*
- *Both the Trans-Adriatic and Trans-Anatolian pipeline projects might be boosted by South Stream's demise, as the two projects lead the way in the burgeoning Southern Gas Corridor.*
- *Turkey will stick to its deficit cutting plans despite low energy import prices, though unemployment continues to rise while the lira loses value to the American dollar.*

South Stream's end

Russian President Vladimir Putin visited Turkey at the start of December and held a joint conference with Turkish counterpart Recep Tayyip Erdogan. One leading piece of news that emerged during President Putin's visit to Turkey was the Russian leader's announcement that the South Stream Pipeline was no longer feasible.

Gazprom CEO Alexei Miller confirmed the project's cessation, telling media "The project is closed." ("Russia drops South Stream gas pipeline plan," www.BBC.com, 1 December 2014.)

Though construction began with ceremonial weldings in 2013, it halted in June 2014 after the European Commission announced that the project was in violation of the bloc's competition statutes. Bulgaria's Interim Economy and Energy Minister, Vassil Shtonov, announced in August that the pipeline project would be suspended until it was in compliance with EU law. Bulgaria, the first EU-transit point after South Stream emerged from the Black Sea, has subsequently noted that it was being pressured by Brussels to cease construction. Minister Shtonov's predecessor had previously called the project "irreversible." (Reed, "A Conduit for Russian Gas, Tangled in Europe's Conflicts," *The New York Times*, 30 June 2014.)

The influence of the United States and its NATO allies, who continue to oppose the Russian military intervention into eastern Ukraine, may have had some part to play in that mid-summer decision by the European Commission. For its part, however, Russia's past disputes with its gas customers, particularly the gas supply shutdowns that affected EU-member states in the winters of 2006 and 2009, have tainted its reputation in Brussels.

Putin announced that in South Stream's place, Gazprom would propose a new pipeline to Turkey instead. The project would increase Russia's gas deliveries to Turkey, which already receives supplies via the Blue Stream pipeline. Putin also mentioned that, should the project go forward, Turkey would

receive discounts on its imports of Russian gas beginning in 2015.

The European Geopolitical Forum's Dr Jack Sharples' analysis of the Gazprom u-turn predicts that the new Russian plan is, on its face, unlikely to succeed. Though energy starved, Turkey's demands for imports simply do not match the figures needed by European customers when South Stream was initially conceived. Moscow's decision to abandon the project came as construction hit a critical phase.

As Dr Sharples notes:

Gazprom has already built the connection between the northern end of its Southern Corridor and the main distribution point for gas production... Under these conditions, it is clear that re-routing South Stream to Turkey, rather than abandoning the project altogether, means that the money already invested is not wasted, even if some will accuse the Russian gas giant of throwing good money after bad.

Energy Minister Taner Yildiz's view reflected a similarly cautious sentiment after the announcement. Yildiz told media members that, despite the Russian president's assurances of a six percent discount on gas imports, it was too soon for the offer to alleviate consumer prices for Turkish buyers. ("Turkey becomes the nexus of gas trade," *Daily Sabah*, 3 December 2014.)

For Turkey, an expansion of its gas transit and import capacity will be a boon if the plan ultimately succeeds. The country will not only have increased much needed energy imports to fuel its economic growth, but it will also enhance its stature as stable transit hub. Increased gas transit capacity through Turkey to European markets might be a significant geopolitical bargaining chip for Ankara, as both its Western allies and Eastern neighbours seek development of southern energy transit routes. However, the proposed plan would likely increase Turkey's dependency on Russian gas supplies, which might in

turn result in decreasing Ankara's geopolitical leverage in the Black Sea region. Therefore, Turkey's ability to play this bargaining chip remains to be seen.

Pipelines and Energy

Though South Stream's demise came as a shock, it will not impact the Trans-Adriatic Pipeline (TAP) project. "As far as TAP and the Southern Gas Corridor are concerned, the South Stream is irrelevant," said TAP Managing Director Kjetil Tunland. (Kutlu and Abay, "Trans Adriatic Pipeline unaffected by South Stream," Anadolu Agency, 5 December 2014.)

Azeri gas from Shah Deniz 2 will traverse the Trans-Anatolian Natural Gas Pipeline Project (TANAP) starting at the Turkey-Georgia border, before connecting to TAP at the Greek border. The plan has been a major beneficiary of South Stream's demise, as it now appears to be the only viable short-term solution for gas shipments through the much-discussed Southern Corridor, and, furthermore, is outside of Russia's direct control.

Turkey's role as a major transit hub for the myriad of pipelines is also a boon economically, as the billions being spent on construction projects filter back into the country's local economies.

The recent agreement between the Kurdish Regional Government of Iraq and the Iraqi Federal Government has been a positive for Turkey. Ankara no longer finds itself in the unenviable position of buying oil exports from the KRG, which Baghdad claimed were illegal in international court. The rapprochement between Erbil and Baghdad has also allowed other projects to move forward that will benefit Turkey. In mid-December, Energy Minister Taner Yildiz and Iraqi Electricity Minister Qassim al-Fahdawi signed a construction agreement for a \$3 billion electricity combine project. The combine will be built by Turkish firm Enka, and will serve the electrical grid needs of the Iraqi city of Bismayah.

Energy relations have not all been positive, however. Prime Minister Ahmet Davutoglu issued a stark response to a November meeting between Cyprus,

Greece and Egypt concerning energy cooperation in the Eastern Mediterranean.

"If Greece signs the agreement with Egypt, we would not accept it, if it affects our national interests. This agreement will not exist for us." Davutoglu told Greek media. ("Turkey to not accept Greece-Egypt Mediterranean deal," Anadolu Agency, 8 December 2014.)

Turkey's issues with Greece and Cyprus are well known, especially given the latter's lack of unity with the northern portion of the island. However, in recent years the AKP has also taken a hard line against Israel and the military coup-installed Egyptian government, straining relations with many of the eastern Mediterranean's major players. This is not even to speak of relations with civil war ravaged Syria.

Ultimately, Turkey's stance towards these players has resulted in their alignment on a shared interest: cutting Ankara out of the lucrative eastern Mediterranean's energy potential. Prime Minister Davutoglu claimed that such an alignment isn't a concern, saying "We do not feel any threat. No one can threaten us."

That said, in a hostile neighbourhood where potential profits are vast and resources are at stake, Turkish leaders cannot totally shrug off the talks. The AKP's style is not to negotiate when facing a challenge, but its typically confrontational modus operandi may prove less beneficial with external actors as it does with those inside Turkey.

Economy

In many respects Turkey's reliance on energy imports hampers its overall economic success. The energy starved nation's budget deficit ballooned in recent years largely due to these imports, though Turkey has benefitted from recent cratering energy prices.

Deputy Prime Minister Ali Babacan, the ruling party's leader of economic policy, has reiterated that though the drop in prices has helped, Turkey would remain focused on its deficit cutting goals. In September, the country's account deficit fell by more than a third compared to 2012, the lowest it has been since 2011.

“Oil price slump won’t ease Turkey’s budget discipline,” Anadolu Agency, 5 December 2014.) Dow Jones and Wall Street Journal correspondent Yeliz Kaazn reported that figures available in early December indicated that October’s account deficit had narrowed to \$1.8 billion, down from September’s \$2.2 billion.

A narrowing deficit aside, Turkey’s economy continues to slow. According to the Turkish Statistics Institute, the non-agricultural unemployment rate is at a three year high of 10.5 percent. Youth unemployment is estimated to be at nearly 20 percent. The lira has also fallen to an eleven month low of \$2.34 to the American dollar.

With higher interest rates likely coming in 2015 after the U.S. Federal Reserve ends its quantitative easing program, Turkey faces a trying New Year given its reliance on outside investment funded by these low interest rates.

On top of this less than enthusiastic economic news, the government’s continued interference in the economic sector may also rattle markets. Amongst its list of shadow enemies in recent years, the ruling AKP has made references to an interest rate lobby that President Erdogan claims is trying to undermine the country’s economic growth. The scruples of international credit ratings agencies aside, these criticisms and Erdogan’s feud with the Turkish Central Bank have left some investors cautious about the rule of law in Turkey. With the EU-bloc and emerging markets like Turkey slowing, the ruling party should be doing all it can to push through this minor downturn. Making vague allusions to a shadowy economic conspiracy, without evidence, only makes the flight of foreign capital and investment more likely.

Turkey-Russia relations in regional affairs

In a change of course from these normally scripted affairs, during their early December press conference Turkey and Russia’s leaders offered frank and distinctly different takes on Syria. The only thing the two men agreed on regarding that country’s ongoing

civil war was their nations’ mutual opposition to the Islamic State.

Erdogan remained unequivocal in his denunciation of President Bashar al-Assad, saying the Syrian leader had to go. The Turkish leader was quick to clarify though, that Ankara was not eager to replace al-Assad with a group like the Islamic State.

President Putin insisted that Russia maintained its alliance with an al-Assad regime that had been legitimately elected with major support, but admitted that the situation in the country was not normal. Erdogan responded that “coup rulers come to power in the world by taking a high percentage of votes,” though he conceded Russia and Turkey must work together to end the civil war.

The exchange between the leaders reflected the two nations’ evolving relationship, which can be summed up as cooperative but wary. Turkey, spurned by a glacial EU accession process and unhappy with the United States’ recent actions in the Middle East, has found a sympathetic partner in Russia. It does not hurt that this partner also accounts for the majority of Turkey’s energy imports. For its part, Russia’s ability to forge a closer relationship with a NATO ally is a key factor given the military alliance’s growth in what Moscow views as its own sphere of influence.

It must be said, however, that Russia’s seizure and annexation of Crimea alarmed many in Turkey. For years, its muscular tone in the Black Sea region was viewed as a reflection of a resurgent Russia under Putin following the stagnation of the 1990s. The 2008 invasion of Georgia was similarly explained away, as being Georgia’s aggressive stance towards two rebellious regions on its territory that caused Moscow’s military reaction. Like Washington D.C., Turkey’s leaders did not view the Georgia conflagration as reason enough to confront Moscow over something not directly impacting their country’s core national interests.

Yet the sight of Russian paramilitaries in Crimea and later in eastern Ukraine stood as a vivid example of Moscow’s determination to enforce its will by means

of force in the Black Sea region. The ill treatment of Crimea's Tatars, who have historical ties to Turkey, has not diminished that example in the months since the territory's seizure from Ukraine.

Toeing the line of its fellow NATO allies, some of whom were once subjugated by Moscow, Turkey has refused to recognize the annexation of Crimea into Russia. Notably, however, Turkey has also not chosen to join in the economic sanctions placed on Russia by the U.S. and EU.

Turkey continues to allow American, French and other NATO vessels to enter the Black Sea via the Dardanelles and Bosphorus straits, which one prominent Russian academic claimed was a violation of the Montreaux Convention given the length of their stay in the sea. (Bugriy, "Issues in Russia-Turkey Relations After Crimea," *Eurasia Daily Monitor* v. 11, Issue 223, 15 December 2014).

Allowing NATO vessels to continue their scheduled patrols in the Black Sea is telling when it comes to the Russo-Turkish relationship. Ankara realizes that its fortunes do not lie in antagonizing Russia, especially when its energy supplies play such an important role to Turkey's economic growth. Yet a relationship based on economic cooperation does not necessarily make a strategic partnership. Russia's actions in Syria and to a greater extent, in Crimea, have solidified Turkey's view that even with a cordial relationship with the neighbours, it is always best to keep one's doors locked.

Gulenist crackdown

On December 11, the anonymous Twitter account 'Faut Avni' posted a series of tweets listing the names of figures tied to the Gulen Movement. The tweets accurately listed several individuals who were eventually arrested in what the government has deemed an anti-coup operation.

Prime Minister Ahmet Davutoglu joined a growing chorus pro-AKP commentators by referring to those arrested on Dec. 14, 2014 as members of a "parallel structure." The prime minister called the media reaction, outside of pro-AKP outlets, a smear

campaign directed against the government that would be countered with public diplomacy. (Demirtas, "Turkey under siege of a massive smear campaign: PM Davutoglu," *Daily Hurriyet*, 24 December 2014.)

According to an excellent summary of the situation by Mustafa Akyol, the justification for the issuance of arrest warrants stems from an attempted crackdown by Gulenists on a separate Islamist group called Tahsiyeciler. (Akyol, "Another Turkish witch hunt begins," www.al-monitor.com, 15 December 2014.) In 2010, eleven Tahsiyeciler members were arrested by Gulenist members of the police on what turned out to be faulty evidence. Police officers allegedly planted grenades in the homes of Tahsiyeciler followers in an effort to prosecute the group, which some Gulenists allegedly see as a rival in Turkey.

The faces of those in this latest 'parallel structure' to haunt Turkey's ruling AKP include police, leading journalists and even a producer of a fictional television series. Many of those rounded up have well-known ties to the Fethullah Gulen movement, the erstwhile ally of the Islamist government under Erdogan. The highest profile member of those arrested was Today's Zaman editor-in-chief Ekrem Dumanli, who faced charges of deprivation of liberty, forgery in official documents, forming a crime organization by force, menace and compulsion. ("Turkey: Police detain Zaman chief editor in probe," *Anadolu Agency*, 14 December 2014.)

Fethullah Gulen's name was also on the original arrest indictment. His extradition from the United States seems unlikely. Despite what pro-AKP media outlets have reported about the Islamic scholar's disdain for the West, it is doubtful that a post-9/11 Washington would have harboured a Muslim extremist bent on the overthrow of a NATO ally. It is equally unlikely that the administration of President Barack Obama will agree with the extradition request. The arrest warrants appear to be politically motivated in nature, which, under the guidelines of the countries' criminal justice agreements, is not a valid reason for extradition.

While the arrests of journalists affiliated with the movement have provoked backlash from the international media, there is also a feeling of chickens coming home to roost. In recent years, media outlets affiliated with the Gulen movement were advocates of dubious 'coup' prosecutions. Trials in the Ergenekon and Sledgehammer cases relied on unconvincing evidence that defendants claimed was forged or invented by prosecutors. These arguments sound eerily familiar to those accused in this latest coup conspiracy.

Long-time Turkey watcher Claire Berlinski, who correctly notes Gulen's radical views of the West from previous decades, sums up the situation in Turkey in the aftermath of the arrests:

For those still friendly to the idea of Western-style democracy in Turkey, there are two ways to look at this. In the optimistic view, any counterweight to the growing authoritarianism of Erdogan's government is a positive development. If the Gulen movement is the last meaningful barrier to one-man rule, at least it's a barrier. In the alternative view, a balance of power only serves a nation well if it is a legitimate one. No one has elected Gulen, he and his movement did not come to power

transparently and there is no mechanism by which they may be peacefully and transparently removed. (Berlinski, "Turkey's Political Civil War," U.S. News and World Report, 17 December 2014.)

In one sense, it is difficult to find sympathy for those affiliated with the Gulen Movement, despite its loud proclamations of being unfairly targeted by the AKP. As Berlinski notes, some of these very individuals cheered on previous coup trials against the military, secularists and Kemalists despite a lack of justifiable evidence.

However, the past missteps of those affiliated with the Gulen Movement should not equal convictions today on equally ambiguous charges. Perhaps the evidence that will be presented at trial will be convincing. But the past decade's worth of coup-related prosecutions makes the most recent charges hard to fathom. It increasingly appears that no matter what the accused stand for, if they oppose the AKP and its leader, a coup trial may be just around the corner.

Though in power since 2002, the AKP cannot seem to rid itself of internal enemies and sees a putsch around every corner. If Turkey is as plagued by parallel structures as the AKP is so wont to allege, questions arise of the ruling party's ability to manage Turkey's affairs.

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