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Russia – Turkey: An Ambiguous Energy Partnership

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Abstract

Russian – Turkish relations have experienced some difficult turns in the last couple of years. As for energy, Turkey is a significant country for Russian energy diplomacy because Turkey is both a consumer and a transporter country. Turkish straits have been very significant particularly for Russian oil export. The problem between Turkey and Russia is that Turkey is part of the Blue Stream Pipeline, which bypasses Russian monopoly and allows other Caspian states to develop projects. As for their cooperation, Turkey needs Samsun – Ceyhan oil pipeline and Russia needs South Stream gas pipeline, so they are both interdependent in this field. Generally speaking Turkey is highly dependent on Russian energy resources, especially for natural gas. Turkey and Russia have simultaneously agreed on realization of the two above projects, which will at least for now suspend the Nabucco gas pipeline and Burgas – Alexandroupoli pipeline.

Keywords: Turkey, Russia, energy cooperation, rivalry, Samsun – Ceyhan oil pipeline, energy dependency, Burgas- Alexandroupolis oil pipeline, Nabucco gas pipeline

1.1 Introduction

Russian and Turkish relations are very ambiguous and they are based on a solid economic foundation. Over the last couple of years these two European powers had a lot of political crises at hand due to their conflicting geopolitical ambitions. Despite their conflicting ambitions, the economic rationale prevails. Also Erdogan and Putin have one common thing, which is that they are criticizing the Western policies for inactivity over serious issues.

These two leaders are so ambitious and opportunistic that they will keep swinging from making pledges for political partnerships to quarrels that could direct them to a high-risk conflict. To better understand Russian – Turkish relations one must see through the most recent facts.

Starting this decade the world experienced the Russian annexation of Crimea, which President Erdogan was unhappy about, but he did not join the sanctions that Western states had imposed. Also, Turkey remained disappointed from the way the European Union handed the accession process, and has spread the news of joining the Shanghai Cooperation Organization, which is led by Russia and China.¹

One more incident to better illustrate the difference between Russian and Turkish foreign policy agendas is the crisis in Syria. Where Turkey wants to overthrow the Syrian President Bashar Assad from office, and Russia's policy is to maintain Al-Assad in office.

On November 2015, the downing of a Russian bomber by a Turkish F-16 triggered another quarrel between the two countries, in which Moscow imposed economic sanctions on Turkey, and finally in June 2016 Erdogan offered an apology, which Putin found opportune to accept, and then Russia condemned the coup attempt by the Turkish military in July 2016.

¹ Pavel Baev and Kemal Kirisci: (2017) “An ambiguous partnership” p. 1

The two countries have clearly been in disagreement for a couple of years, but they have managed to quickly solve their differences for economic purposes, some of which concerned the energy dependency of Turkey. Because Turkey is currently importing 50-55 percent of its gas needs from Russia, Ankara is the second most valuable market for Russian gas after Germany, and Gazprom aims at further expansion.

The purpose of this report is to present the energy relations between Russia and Turkey and to prove that the relations between the two countries are based on a solid economic foundation that keeps the balance of power. It also explores the energy partnership and whether Turkey is energy-dependent on Russian energy resources and the reasons for the controversial diplomatic relationship between these two countries.

1.2 Energy partners or energy competitors?

On the energy diplomacy scale, Turkey is a very important country for Russia's plans, because Turkey is both a consumer and a transporter. To be more specific, Turkey controls the Bosphorus and the Dardanelle Straits, which means that Turkey has the only access to the Black Sea region.

Also, Turkey is located in proximity to 72% of the world's proven gas and 73% of oil reserves^{II}, in particular those in the Middle East and the Caspian Basin, thus it forms a natural energy bridge between the source countries and consumer markets.

Apart from the access to the Black Sea, Turkey is the "bridge" between Central Asia, the Caucasus and Europe. As for its (Turkey) role as a transporter country, compared to Russia, Turkey has a clear passage to Caspian, unlike Russia, which borders the EU, has access to international ports and is an established exporter to the West. So Turkey is more likely to compete with Russia for the transit of Caspian Exports than to become its energy transit route.^{III}

Concerning the oil transportation, Turkey has 3.7% of the world's daily consumption shipped through its straits.^{IV} On the other hand Turkey is dependent and a consumer of gas.

Currently natural gas is carried from Russia to Turkey via two routes: The eastern branch of the Trans-Balkan pipeline, which reaches Turkey via Ukraine, Romania and Bulgaria (completed in 1987 during the Soviet Union) and Blue Stream, which runs from Isobilnoye, Russia to the Black Sea port of Dzhugha, then beneath the sea, to Samsun on the Turkish Black Sea Coast.^V

Ankara's demand on gas has grown unexpectedly over the years, but Turkey is not short of gas. On the contrary, it has signed contracts with Russia and Iran to buy more natural gas than it actually needs. That's why Erdogan has already build infrastructure for storing gas so it can be re-exported to the third countries.

Table 1: Turkey's Natural gas supply and demand^{VI}

Year	2003	2004	2005	2006	2007	2008	2009	2010	2020
Total demand	24	30,8	32,2	46	47,9	49,5	52,2	55,1	82,8
Volumes of Gas via contract									
Russia	6	6	6	6	6	6	6	6	-
Russia (Turusgaz)	8	8	8	8	8	8	8	8	8

^{II} Turkey' Energy Strategy (2010), Republic of Turkey, Ministry of Foreign Affairs Deputy directorate General for energy, water and environment

^{III} Ali TEKIN and Iva Walterova: (2007) "Turkey geopolitical role: the Energy angle" Middle East Policy XIV No1 spring no 89

^{IV} Arda Baykal: (2009) "Turkey's energy politics", House of Commons Library, Sn/IA/ 5301, International Affairs and Defense Section

^V Gulden S Ayman (2009) "Turkey courts Russia on Energy" Institute Thomas Moore, September 8. Available on http://www.institut-thomas-more.org/pdf/370_en_GAyman-Sept2009.pdf

^{VI} Gareth M. Winrow: 2004 " Turkey and the East West Gas Transportation Corridor" Turkish Studies, p.29

Russia (Blue Stream)	2	4	6	8	10	12	14	16	16
Iran	5	6	7	9	10	10	10	10	10
Azerbaijan	-	-	-	2	3	5	6,6	6,6	6,6
Turkmenistan	-	-	-	5	7,2	7,2	8,2	9,2	16
Algeria (LNG)	4	4	4	4	4	4	4	4	-
Nigeria (LNG)	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Total Supplies	25.9	28.8	31.8	42.4	48.4	52.3	56.8	59.7	56.1

Turkey and Russia have already signed three agreements under three different subjects in order to improve their partnership in the energy field: gas, oil and nuclear energy.

In exchange for more gas, Turkey officially allows the Russian Federation to route South Stream gas pipeline through Turkey’s exclusive zone, which is in rivalry to the Nabucco project.

Except from the above agreement, Turkey’s Atomic Energy Agency and Russia’s RUSATOM signed two agreements, one is for use of nuclear energy for peaceful purposes and the other is for early notification of nuclear accidents.^{VII}

The above agreements over nuclear energy highlight the current trend that the two countries have, especially when one considers that Turkey is a NATO country with ties with the US and signed the contract to construct the Akkuyu nuclear power plant, which is not sanctioned by NATO.

Map 1: Turkey’s natural Gas Pipeline System^{VIII}



1.3 Current and Future pipeline projects

Since the 2000s, Turkey’s strategy is to play the role of a powerful regional actor, one who brings together east and west. As analyzed above, Turkey is both a consumer and a producer country, so the country is building the means that will allow the transport of resources to world markets through Turkey.

^{VII} Vladimir Sotnikov (2010) “Russia to build Nuclear Power Plant in Turkey”, RIA Novosti, June 2010

^{VIII} Turkey’ Energy Strategy, Republic of Turkey, Ministry of Foreign Affairs Deputy directorate General for energy, water and environment

The existing and the future projects between Russia and Turkey are the following:

- a. Russian – Turkey Natural Gas Pipeline
- B. Blue Stream Gas Pipeline
- C. Blue Stream Pipeline II
- D. Nabucco Gas Pipeline
- e. Trans – Anatolia Natural Gas Pipeline Project
- F. Turkish Stream Gas Pipeline

1.4 The West Line Project

In fact this is the oldest agreement between Russia and Turkey. In September 1984 was signed an Intergovernmental Agreement between the Republic of Turkey and the Former Soviet Union regarding natural gas delivery.

After the signature of the above-mentioned agreement and after the fulfillment of the Natural Gas Usage Survey, the two parties have determined potential consumption as well as feasible routes. After these first steps of the agreement, BOTAS and SoyuzGazExport have signed a 25-year Natural gas purchase – sale agreement in February 1986.

Natural gas imports started gradually from 1987 and reached their full potential of 6 billion m³/year in 1993. The Russia – Turkey Pipeline is 845 km long, enters Turkey from Malkoclar on the Bulgarian Border, and then follows of other route Hamitabat, Ambarli, Istanbul, Izmir, Bursa and Eskisehir and then reaches Ankara.

Also it is important to know that the construction works started in October 1986, and reached Hamitabat on June 1987, and Ankara in August 1988. Within this project the capacity of the Malkoclar Metering Station has reached its full potential, which is from 8 billion m³/year to 14billion m³/year.

1.5 Blue Stream Gas Pipeline

Under the scope of the above mentioned 25-year agreement, Russia made an offer to Turkey in 1996 to supply additional gas via a pipeline under the Black Sea, and in December of the following year the agreement was signed^{IX}.

It was executed by the joint venture between Gazprom and ENL. Gas flows started in 2003 and the official opening ceremony was in November 2005. The total length of the pipeline is 1.213 k, and the subsea section is 396km long and the total cost of the Blue Stream Pipeline was 3.2\$ bil.

Blue Stream has three main parts:

- a. In Russia, a Pipeline System with a length of 370 km between the Izobilnoye – Djubga, which consists of 308 km long 56” pipeline and 62 km long 48” pipeline
- b. In Black Sea, between Djubga and Samsun, there are 2 lines of 24” diameter, each about 390 km in length
- C. In Turkey, a pipeline system, which is 501 km long 48” pipeline

As for the Turkish part of the Blue Stream, it starts from Samsun and reaches Ankara via Amasya, Corum and Kirikkale, and it is connected to the Main Line near Polatli.

1.6 Blue Stream pipeline II

In 2002, the Russian side first mentioned a second gas pipeline parallel to Blue Stream, and in August 2005 President Putin proposed the building of the Blue Stream II to the Turkish Prime minister. This new pipeline intended to supply gas to Turkey and Middle Eastern countries, including Israel.

^{IX} Kevin Rosner (2006) “Gazprom and the Russian State”, GMB Pub p.51

In 2007, Putin has changed his mind and proposed the South Stream project. In 2009 the Russian leader proposed again a revised version of Blue Stream II, which was parallel to existing Blue Stream pipelines but to connect Trans-Turkey pipeline in order to supply Syria, Lebanon, Israel and Cyprus.

1.7 Nabucco Natural Gas pipeline

In 2009, the Russian Federation signed an agreement for early gas purchases from Azerbaijan starting the following year. With this agreement, Europe's hopes for gas from Azerbaijan via Nabucco were destroyed.

The capacity of Nabucco project was narrowed in the lowest of levels, when Turkmenistan signed a 30-year agreement in order to supply gas to China. This project has a great uncertainty on the subject of the supplier, because Nabucco's gas would come from Azerbaijan, Turkmenistan and maybe later from Iran and Iraq.

The reason of the uncertainty of the suppliance is that Azerbaijan, Turkmenistan, Iraq and Iran have great amounts of gas below ground, but haven't developed their fields so much that sufficiently large quantities can come to the top. In addition to this, Nabucco Gas pipeline is a work in progress because there is not enough gas to flow into the pipeline, which is supposed to carry about 30 bcm of gas per year to Europe.

1.8 Trans-Anatolia Gas Pipeline

SCP project, also known as Trans-Anatolian Pipeline, is meant to carry oil between Black Sea oil terminal in Samsun and Mediterranean oil terminal in Ceyhan in Turkey.^X

This pipeline is 550 km long and has the capacity of 1.5 mil b/d, and is currently developed jointly by ENI and Calik Holding of Turkey. The sole purpose of this project is to provide an alternative route for Russian and Kazakhstan's oil and also do something about the Bosphorus and Dardanelles traffic.^{XI}

The SCP project plays a very significant role for both Russia and Turkey. Although the NATO partners of Turkey had a different opinion and wanted the Central Asian Oil to be reached by non-Russian pipelines.

Turkey has a clear interest in this deal, because after the Russian and Kazak oil arrive to the Ceyhan port in the Mediterranean, there is a possibility to expand the pipeline even more to reach over to Israel, and then to the Gulf of Aqaba, where the supertankers will carry them to India.

1.9 Turk stream natural gas pipeline project

In October 2016, was signed the Intergovernmental Agreement concerning the Turk stream natural gas pipeline between the Russian Federation and the Republic of Turkey.

Turk stream is a new pipeline with a capacity of 31.5 billion m3 per annum for two lines, each having 15.75 billion m3 per annum. It runs from Russia through Black Sea to the terminal on the Black Sea coast of Turkey, and it consists of an offshore section and an onshore section.

This pipeline serves two purposes. The first one is to supply natural gas from Russia to Turkey and the second one is to supply Europe with Russian gas through Turkey. The construction and operation of the two pipelines in the offshore section will be carried out by the Russian Federation.

As for the onshore section, one pipeline will be constructed by BOTAS, and the other pipeline of the onshore section will be constructed by BOTAS and TürkAkım Gaz Taşıma Anonim Şirketi, with a partnership of 50% share.

^X Yigitguden p.15 Blad Popovici (2009) "Black Sea Region stands at energy crossroads", Oil and Gas Journal, 107,45, December 7, p. 59

^{XI} Vladimir Socor (2009) "Russia shows Interest in Samsun – Ceyhan Oil Pipeline Proposal, Eurasia Daily Monitor Vol 6, Issue 157, August 14

The construction of the first line to Turkey and the second to Europe were planned to be in operation at the end of 2019.

As for the usage of this pipeline, it is to correct the supply from Russia to Turkey, which is cut off from time to time. That's why Turk stream is made solely to supply gas to Turkey. With this solution, it will be ensured that the gas transported from any country to Turkey without the use of the transmission system will not be exposed to any kind of external interruptions of the gas flow from third parties.

Conclusion

As mentioned in the Introduction part of this article, political relations between Turkey and Russia are controversial and underpinned with strong economic ties. A relationship based on economy has stability, but can easily generate tensions in the political sector, such as the Syria crisis.

Russia and Turkey have a similarity in terms of their leaders. Both Presidents Putin and Erdogan are two autocratic leaders that share the mistrust to European policies and resentment for being excluded from the European Integration project. Nevertheless they remain different in their political experiences and worldviews.

Additionally, both countries have very different economic structures and have experienced a lot of turns throughout their history. Both had state – centric models and went through rapid economic reforms.

In political terms, while Erdogan came to power after 20 years of growth that had made Turkey a middle income country, where as Putin inherited from his predecessor a country with a degraded economy making economic growth his key political asset. So when Erdogan wanted to expand the economic ties with Russia, Putin was happy to reciprocate.

In the energy sphere, both countries have strong ties. Turkey is energy-dependent through the extended gas imports from Russia, and Russia needs Turkey for its geopolitical position, which makes Turkey a producer and a consumer country.

Indeed Turkey is the second most valuable market for Russian gas after Germany and Gazprom aims at an even further expansion. On the other hand, most elites in Ankara don't want Turkey to be energy-dependent to Russia, which accounts for most of Turkey's trade deficit with Russia.

One of the key targets of Turkey's energy agenda is to diversify supplies, such as natural gas and the greater goal is to be a "gas hub", meaning that exports flow from the Eastern Mediterranean, Azerbaijan, Iraq, Iran and Turkmenistan to the European Market.

Of course, Russia is not thrilled with this plan, because eventually the Federation will lose the monopoly of natural gas, especially if we consider that the US has started shipping LNG to Europe.

In conclusion, Russia needs Turkey's geopolitical position to have access to the Black Sea Region, and Turkey needs Russia because of the natural gas imports, but tries to be a "gas hub" so it can be soon energy independent.

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