Abstract: The post-Cold War era has seen Russia and Turkey become close trading partners, mainly with regard to gas imported via the undersea Blue Stream pipeline. Such trade cooperation and the ensuing economic interdependence have created euphoria and optimism that this will spill-over to high politics. Many analysts have concluded that, at least, the prospect of economic growth and increasing energy cooperation will cause political and strategic disputes in the Caucasus, the Middle East, Central Asia and elsewhere to wane. Moreover, the debate is referred to as a ‘win-win’ situation, for Turkey could find adequate quantities of cheap natural gas to sustain its flourishing industrial sector and Russia could increase its revenues via new energy exports. However, is this enough for a convergence of strategic interests? The classic debate on the meaning of economic interdependence returns again and again as long as monolithic and teleological arguments keep being made. Can structural the political-strategic determinants of the Russo-Turkish energy gamble be neglected? The two powers’ policies in the Caucasus, Ukraine and Syria seem to indicate that causes of war – or strategic antagonism – arise beyond materialist convergences.

Keywords: Russo-Turkish Relations, energy trade, natural gas, blue stream, economic interdependence.


Anahtar kelimeler: Rus-Türk ilişkileri, enerji ticareti, doğalgaz, mavi akım, ekonomik bağımlılık.

* Postdoc Researcher, University of Piraeus, Department of International and European Studies.
Correspondence: mark.troulis@gmail.com. Address: 150, Androutsou str. Piraeus, Greece.

DOI: dx.doi.org/10.12658/human.society.5.10.M0140
İnsan ve Toplum, 5 (10), 2016
Introduction

The “old-fashioned” debate for or against economic interdependence as a stabilizing intervening variable is still relevant as long as international relations empiricism continues to surprise policy-makers, academics and analysts in general. This paper refers briefly to the economic interdependence theoretical debate in the light of the “energy gamble” between Russia and Turkey and emphasizes the gas trade volumes and relevant bilateral agreements. The apposition of this economic relationship’s parameters is followed by an analysis of the structural determinants as well as the destabilizing variables that characterize the regional strategic environment.

As this paper seeks to indicate the meaning of this economic relationship and consequentially, to evaluate the relevant theoretical debate, the primary question is whether a conflictual strategic environment or relationship may be appeased for the sake of trade. This issue represents – more or less – the crux of the matter concerning the events occurring in the Greater Middle East, the Caucasus, Central Asia and the Black Sea region in the aftermath of the destabilization caused by the Arab Spring and the rise of the Islamic State of Iraq and the Levant (ISIL), also known as ISIS, or mainly “Daesh” in the Greater Mesopotamia which stands for “al-Dawla al-Islamiya fi al-Iraq wa al-Sham”. Thus, the paper focuses on these issues by using those classic theoretical tools which best account for the diachronically conflictual relationship that exists between these two regional powers. Apart from the current situation in Syria, Ukraine and the Caucasus, this research is timely due to the rising significance of energy for Turkey, Europe and the world.

Some Theoretical Remarks on Economic Interdependence

The dependence-interdependence debate indicates that dependence is rendered visible through exogenous actors’ possibly decisive interventionism in policy-making. Interdependence, on the other hand, is identified with the concept of mutual dependence and thus can be best seen in the transport of people, funds, or the trade of goods and services on a global scale. These interstate transactions represent examples related to the concept of interdependence (Keohane and Nye, 1977, pp. 8-9; Knorr, 1975, pp. 208-210). However, the debate starts from whether the undisputed reality described above can be evaluated at the level of grand strategy.

The argument that economic prosperity attained through cooperation contributes to a more stabilized and peaceful strategic environment is very popular among international relations analysts. Increasing interstate trade volumes could lower the endogenous conflictual characteristics and, therefore, the causes and effects of the antagonisms among international actors. In this regard, international anarchy and state sovereignty are not neglected on the grounds that they are international relations phenomena, but rather are presented as manageable pathogenies. According to this view, increasing economic interdependence at the interstate level essentially increases the cost of ending this cooperation, and thus states will neglect security issues for the sake of trade-based economic prosperity (Oneal, 2006, p. 75). Such a view is contrasted with the argument that the major determinant behind state behavior, not to mention war and peace, is the existing balance of power.

Uncertainty about the other actors’ intentions leads states to maximize their own power vis-à-vis their real or potential competitors. This uncertainty causes the weaker party in any
bilateral relation to remain suspicious, regardless of whether the stronger side is behaving offensively or not. In this sense, peace via economic interdependence is shadowed by an enduring security dilemma, for states and especially great powers manage their policies in light of the worst-case scenario. Indicatively, Robert Gilpin (1981) has written:

Unfortunately, the growth of economic interdependence and the prospect of mutual gain have not eliminated competition and mutual distrust among nations. Trade has not always proved to be a force for peace. On the contrary, with increasing interdependence, nations have become more apprehensive over the loss of autonomy and such matters as access to foreign markets, security for sources of raw materials, and the associated costs of interdependence (p. 220).

Supporters of this view usually cite the example of the First World War. In brief, they underline that French-German and Russian-German trade volumes increased by 137% and 121%, respectively, between 1900 and 1914. During the same period, British-German trade doubled from 60 million pounds to 120 million pounds, representing 9% of Britain’s overall trade (Kondylis, 1998, pp. 77-78). Nevertheless, this amount of trade was not enough to prevent the “Great War,” as it is often called due to the major changes and devastation it provoked. The facts that the absence of a regulatory modus determines a state’s behavior in light of its leaders’ uncertainty of the state’s intentions, as well as the need for self-help, are also stressed. The ensuing security dilemmas that arise from continuous antagonism for the sake of power and the pathogeny of uneven growth among states represent the general conceptualization of the action-reaction logic found in international relations.

Furthermore, as state positioning within the international system is relative and thus always perceived in relation to the other actors (Art, 1996, pp. 7-8), security dilemmas are identified with fear and uncertainty. These concepts increase analogously, meaning that higher capabilities cause higher uncertainty and that the level of intensity is inversely proportional to the possibility of cooperation. Jean-Jacques Rousseau (d. 1778) summarizes the substance of the international system in the following words:

It is quite true that it would be much better for all men to remain always at peace. But so long as there is no security for this, everyone, having no guarantee that he can avoid war, is anxious to begin it at the moment which suits his own interest and so forestall a neighbor, who would not fail to forestall the attack in his turn at any moment favorable to himself, so that many wars, even offensive wars, are rather in the nature of unjust precautions for the protection of the assailant’s own possessions than a device for seizing those of others. (quoted in Waltz, 2001, p. 180)

This framework assumes that states are rational actors, since they are interested in analyzing all of the possible costs and benefits associated with cooperation or competition. Subsequently, this is explained by their interest in improving their relative positioning among their real or peer competitors within the international system (Mearsheimer, 1990, p. 12). In this sense, economic interdependence increases the cost of conflict but cannot bring about perpetual peace. On the contrary, under certain circumstances it can actually increase competition.

These above-mentioned theoretical remarks help one evaluate Russo-Turkish relations. As indicated below, Russia and Turkey have forged substantial economic relations during the last two decades, despite being two of the most important state actors in the broader
region of Central Eurasia and having converging and diverging interests. For this reason, these theoretical remarks are used as an analytical tool to position these economic relations among the two countries’ priorities. In other words, does the convergence of economic interests make any sense before one of the states attains its political-strategic objectives?

The Energy Trade between Russia and Turkey

The economic interdependence between Russia and Turkey is best seen in the trade balance data. Of course, there are many mutually implemented foreign direct investments (FDIs), basically in the banking and construction sectors. However, the sharp rise in this interstate trade relationship is the most characteristic indication of their economies’ high level of interdependence. In 2014, Russia was the seventh destination for Turkey’s exports, which brought in an estimated US$ 5,943,014 thousand. What is more interesting, however, is that in the same year Russia was the largest importer of Turkish products. The value of these imports was estimated at US$ 25,288,597 thousand, surpassing China, the United States and the European Union (EU) member states, with Germany, the United Kingdom, France, and Italy included (Turkstat, 2015).

Russia and Turkey become close energy partners after the Cold War ended, and energy has dominated their overall mutual trade volumes. Cheap and stable Russian natural gas has supported Turkey’s growth, especially after the inauguration of the Blue Stream pipeline. The primary consumer of Russian gas flows is Turkey’s industrial sector – about 57.493 Mtoe (million tonnes of oil equivalent) out of a total 120.15 Mtoe in 2010 (Toklu et al., 2010, p. 1177). During the same period, primary production flourished in Turkey and was able to support an annual growth rate of nearly 8 and 9 percent. The relevant data made Turkey an attractive destination for FDI and caused it to ranked among the most successful countries. In 2011, Turkey attracted about US$ 15.9 billion and, in 2012, US$ 12.4 billion, most of which was earmarked for knowledge-intensive and heavy industry sectors (Ernst & Young, 2013, pp. 13 & 18)).

The Russo-Turkish energy trade dates back to the 1980s Prime Minister Turgut Özal (1983-1989), who made several agreements with Moscow for gas purchases via a pipeline crossing the eastern Balkans. However, the peak of this bilateral cooperation was reached after the 2005 inauguration of the Blue Stream pipeline, the world’s deepest undersea pipeline. Beginning at the Russian coast, it passes under the Black Sea and ends at a gas terminal outside Samsun. Turkey now depends upon this gas for 66% of its domestic use (Bacik, 2001, pp. 85-93). Furthermore, President Vladimir Putin’s December 2014 visit to Ankara was followed by an agreement to construct an additional pipeline parallel to the already-existing one. Known as the Blue Stream II, it is expected to further Turkey’s dependence upon Russia because 20% of the transferred product will be added to the overall gas purchases destined for Turkey’s internal market. The increasing leverage of Russian gas can be seen in the data below. In 1991, Turkey imported 142.4 billion cubic meters (bcm); in 2007, this number rose to 1,264.3 bcm (U.S. Energy Information Administration, 2015).

Another significant part of this energy cooperation concerns the production of nuclear energy in Turkey, the technology of which is attributed by Russia. The Turkish Ministry of
Foreign Affairs has stated the country’s intention to consume about 5,000 MW produced by nuclear reactors by 2015. Ankara has announced the construction of a nuclear energy plant that will be able to produce about 5,000 kWh at Akkuyu, in Büyükeceli, Mersin province by 2017 (see Akkuyu Nükleer A.Ş., 2011); another plant at Sinop is scheduled to be established by 2020. According to the “Law on Construction and Operation of Nuclear Power Plants and Energy Sale (no. 5710)”, which was adopted on November 21, 2007, the primary goal of developing nuclear energy is believed to be to satisfy the country’s internal demand at a rate of 5% to 6% directly (Ministry of Foreign Affairs, 2015). The magnitude of these nuclear projects confirms the level of Turkey’s commitment to Russia as long as Rosatom continues to offer the relevant technology and know-how.

This energy relationship has enabled Turkey to create a sustainable economic environment; however, it has also raised a question of one-sided dependence and has moved Turkish foreign policy-makers toward involvement with the intermediate transit countries, such as those in the Caucasus, which the pipelines cross. In Gilpin’s (1981) words, a rational actor seeks to own and control geographical areas, even if they have “little intrinsic economic value”, if the possible loss of them could disrupt its stable and normal access to the necessary energy reserves (p. 53). Besides, such energy reserves secure its national income and, therefore, are defined as strategic goods. Strategic goods are considered items “for which the marginal elasticity of demand is very low and for which there is no readily available substitute”, while “from the standpoint of international trade, a ‘strategic’ item is anything that is needed to pursue a given strategy and that is relatively inefficient to produce at home” (Baldwin, 1985, pp. 214-215). Under the narrow conditions of international trade, such goods represent integral parts of policy-making and strategy implementation, especially when they are not produced internally in adequate quantities and thus have to be imported.

For this reason, trading a strategic good could represent a dependence relationship between the consumer and the producer, especially if the producer has already realized its main strategic goal, namely, in this case to export its strategic goods to multiple markets so it will not be dependent on any one market. In line with the above-mentioned remarks, Russia’s diversified export markets make it less vulnerable to possible turbulence regarding the EU-Russian energy trade. Moscow currently exports 37% of its gas to the Commonwealth of Independent States (CIS) and 14% to Turkey, while earning high oil export revenues from China and other non-European markets (Snoj, 2013). Given that Turkey’s continued growth depends upon Russian gas, which now is more than 66% of its total gas imports, this relationship is clearly one Turkish dependence as opposed to true interdependence.

The energy strategy debate between Turkey and its major Western partners reflect the worries that this reality has engendered. Much of the relevant post-Cold War discussion concerns the need to limit Russia’s energy leverage by constructing diverse networks of producers and routes. This need was mentioned in the 1998 Declaration of Ankara, when diversification was highlighted as the major politico-economic question for future generations: “[T]he Presidents affirm that it is necessary to carry the oil and gas resources of the region through multiple pipelines, which is also optimal economically and commercially for strengthening the independence and security of the Caspian states and their neighbors.” In
accordance with this, the Presidents were entrusted with giving the necessary “directives to the relevant authorities in their countries for the realization of the East–West energy corridor and Baku–Tbilisi–Ceyhan (BTC) pipeline” (Karaosmanoglu, 2001, p. 158). The BTC oil pipeline and the Baku-Tbilisi-Erzurum (BTE) gas pipeline were the first projects that began in the former Soviet republics and sought to circumvent Russia.

The Russo-Turkish Strategic Gamble: Aims and Objectives

The high level of Russo-Turkish economic relations has not permitted Ankara to ignore its fear of one-sided, instead of mutual, dependence. Moreover, it has not let either Russia or Turkey neglect their politico-strategic priorities in the Middle East, Eastern Europe, the Caucasus, and Central Asia. Their interests are divergent in a series of cases along the Central Eurasian periphery, due to the structure of the international system and the regional balance of power and balance of interests. International anarchy and the international system’s state-centric structure are endemic phenomena that, at least in the case of the major actors, gives rise to uncertainty about the others’ intentions and how to manage any imbalances of power against them in light of security dilemmas that have to be balanced (see Jervis, 1978, p. 178; Montgomery, 2006, p. 156; Glaser, 1997, pp. 174-175). Given that structural facts or pathogenies are endemic, such major actors tend “not to have permanent friends or allies, but only permanent interests,” as Lord Palmerston (d. 1865) would remind us (Gartzke and Weisiger, 2013, p. 1).

In the Russo-Turkish case, the most important conflict is Syria and Bashar al-Assad’s continued rule. Although the turmoil remains ongoing, which makes it very difficult to draw any definite conclusions, Syria has clearly become a torn country in which both regional and global powers are using the warring parties to fight proxy wars. On the one hand, the fact that Turkey is more or less the heir of the Ottoman legacy should not be ignored, for the Ottomans ruled the largest part of the Greater Middle East for nearly four centuries. Turkey has not always tried to benefit both politically and economically from this legacy. For example, during the First Turkish Republic (1923-1950), Mustafa Kemal Ataturk neglected it in order to establish a modern nation-state. Ankara promoted westernization of the state and society, and thus severed its historical ties with the region. At the same time, the dominant presence of European colonialism prevented other countries from getting involved because the peripheral balance of power did not favor of such ventures. But this has changed, for in the aftermath of decolonization and basically after Özal’s years in power, Turkey abandoned Ataturk’s one-dimensional foreign policy.

Currently, Turkey supports Assad’s removal, whereas Russia is now bombing ISIL and rebel enclaves to help him stay in power. Moscow’s continuing aid to Assad has displeased Ankara, since Assad’s continued rule has become identified with the ongoing turmoil and refugee crisis, which have turned Turkey into both a host country and transit station for those wanting to enter Western Europe (Katz, 2013, pp. 2-3). On the one hand, Turkey supported many of those pro-Islamist Arab Spring events in the Greater Middle East and North Africa and thus has stood diplomatically side-by-side Syria’s internal anti-Assad movements. In this regard, in July 2015 Washington and Ankara agreed that the anti-ISIL coalition’s aircraft would have free access to the latter’s military infrastructure (Spaulding,
2015, pp. 1-2). On the other hand, Moscow has a preferential strategic relationship with Damascus and competes with the West in its struggle against ISIL. In addition, the port of Tartus is Moscow’s only Middle Eastern base, and this at a time following an era of decline as well as post-Cold War Washington’s essentially “unipolar moment” during the 1990s (Mastanduno, 1997, pp. 49-88).

For the above-mentioned reasons, several points of antagonism will affect the future of Assad’s regime. Another timely issue concerns Russia’s “Ukraine policies”. Essentially, its annexation of Crimea has not changed much due to the region’s Russian background. The two most important aspects concern Turkey’s interests in the Black Sea. First, Russians comprise 58.32% of the population, contrasted to Ukrainians (24.32%) and Crimean Tatars (12.1%), while 77% of Crimeans claim Russian as their native language (Crimea: Historical society, 2015). Turkey has regarded the issues of the Crimean Tatars’ human and the civil rights, as well as their subsequent Russification, as a major stake for Russo-Turkish relations. In this sense, on June 2015, President Recep Tayyip Erdoğan submitted a report to Putin that described a series of abuses against the Tatar minority (Alkan, 2015). The governing Justice and Development Party (JDP) has identified the country’s foreign policy with the development of soft power and the protection of Turkic and Muslim minorities living in the broader region. The Turkish Cooperation and Coordination Agency (Türk İşbirliği ve Koordinasyon Ajansı [TİKA]) is a major example. Part of the Ministry of Foreign Affairs, TİKA mainly focuses on issues related to educational, cultural, and technical cooperation in order to bridge private initiatives with state objectives (Çelik, 1999, p. 127). Therefore, Turkey has undertaken the role of a guarantor and, at the same time, works to increase its influence and presence in strategically crucial geographical zones.

Second, the port of Sevastopol has been the home of Russia’s Black Sea fleet for decades and thus one of its legacies in Crimea. Russo-Turkish naval competition in the Black Sea dates from the era of the Tsarist Russia and the Ottoman Empire. In the aftermath of the Soviet Union’s collapse, and especially due to the subsequent independence of Ukraine and Georgia, Russia lost 22 of its 26 naval bases and ports. In terms of the naval balance of power in the Black Sea, the 2:1 ration (1991) changed to 1:1 (1994) (Mufti, 2009, p. 88). The general decline of Russian power also gave a boost to Turkey’s return and the ongoing relevant increasing competition.

A final issue deals with the balance of power and the regional powers’ influence in the Caucasus and, secondarily, in Central Asia. In the latter region, Moscow’s strategic leverage is undisputed, as was demonstrated in 1994 with its “nuclear umbrella” and Near Abroad doctrines; Ankara’s efforts were limited to the soft power level, especially in the aftermath of the above-mentioned Russian demonstrations. However, in the case of the Caucasus, the Russo-Turkish antagonism is identified with the Armenian-Azeri conflict over Nagorno-Karabakh. The latest stage of this particular conflict started in February 1988, when the then-Soviet Republic of Armenia demanded the region’s annexation. At that moment Moscow maintained a pro-Azeri stance so that the status quo within the USSR would not change. The relevant analysis of the USSR’s Institute of Oriental Studies concluded that:
The reunification of Karabakh with Armenia is not desirable [...] Mountainous Karabakh must not be reattached to Armenia. It is now necessary to create the impression of pervasive glasnost in contrast with the preceding period, and to highlight as much as possible, the slightest confrontations which should be blamed on the Armenians. (Mutafian, 1994, p. 151).

Moscow changed its stance on January 12, 1989, when the Supreme Soviet of the USSR gave Nagorno-Karabakh a “special form of administration” (Mutafian, 1994, p. 155). On the other side, Turkey’s role was limited but still important. It closed its borders with Armenia and, although it maintained land and air communications with Erevan, blockaded the landlocked country’s access to the world markets via Turkish soil. Moreover, even more important was Armenia’s exclusion from the fermentations related to constructing the BTC oil pipeline (Baran, 2004, p. 273), which began in a post-Soviet area in order to circumvent Russian territory. In line with Baku’s positions, the Turkish Defense Ministry’s “Defense White Paper 2000” stressed that:

It is necessary to find a lasting solution to the Nagorno-Karabakh problem on the basis of the territorial integrity of Azerbaijan [...] The efforts by Armenia, directed at having their own special perception of historical events accepted in the international arena, is considered by Turkey to be an obstacle to the normalization of bilateral relations. Adoption by Armenia of a positive point of view for the future in the relations and trying to find a solution to the Nagorno-Karabakh dispute will facilitate the normalization of its relations with Turkey (Turkey: Ministry of National Defense, 2000, p. 21).

In 1992, a Turkish general stated indicatively that “a number of retired officers had gone as ‘volunteers’ to train and advise Azerbaijani troops, and that ‘rocket launchers, surface-to-air missiles, and light and heavy infantry weapons’ seized from the PKK ‘may have secretly been sneaked’ to Azerbaijan” (Mufti, 2009, p. 110). In accordance with this, Özal remarked that “the Armenians should be frightened a little” (Jones, 1999, p. 61).

In the post-Cold War era Armenia has kept pace with Russia, while Turkey’s interests are in conflict with Armenia’s mainly over the issue of recognizing the “genocide” of 1915. Furthermore, implementing the BTC pipeline on the basis of avoiding Russian and Armenian territory was a clear example of geo economic antagonism. In this sense, a series of open and unsolved issues between Moscow and Ankara, despite their economic interdependence, seem to have caused Russo-Turkish relations to deteriorate: Assad’s continuance in power, the naval balance of power in the Black Sea being related to the status of Crimea, and the future of Nagorno-Karabakh epitomize the patron-client relations between Turkey and Azerbaijan as well as between Russia and Armenia. This gamble profoundly subverts the spillover of the Russo-Turkish cooperation into the political-strategic sphere, as well as any chance to upgrade the level of economic cooperation to interdependence between units of equal power and coordinated interests.

As mentioned above, Russo-Turkish economic relations refer more or less to Ankara’s one-sided dependence upon Moscow, given that Turkey’s economic growth requires the continuation of normal and uninterrupted flows of Russian gas primarily to the country’s industrial sector. In contrast, Moscow has adequately diversified its exports so that Russia is not seriously dependent upon the Turkish market. Thus it will suffer far less than Turkey will if the current the two countries’ current interdependence ends. For this reason, the Russo-Turkish geo economic gamble seems to be rather unbalanced, for it is hard to imagine Ankara’s having any serious leverage over Moscow.
Conclusion

The limiting causes and effects of interstate competition are derived from the development of economic interdependences. In rationalist terms, the cost of a probable conflict is so high that states tend to prefer stability. Economically integrated states are far more wary of competing against each other; however, this does not mean that they neglect any political and strategic interests that directly affect their continued survival. Therefore, and first of all, the existence of so many political and strategic causes of competition between Russia and Turkey makes it impossible for them to cooperate fully and equally with each other. In other words, they keep worrying about each other’s actions. Second, any spillover of their mutual cooperation into the political sphere is extremely unlikely, for both countries define the Black Sea, the Caucasus, and the Middle East as regions of vital interest. Although they do have common strategic aims, their situation is similar to that of Francis I of France, who, as cited by Robert Jervis, when asked about the differences between himself and Spain’s Charles V, replied: "None whatever. We agree perfectly. We both want control of Italy!" (Jervis, 1999, p. 50).

Third, the fact all of this has nothing to do with interdependence but rather with a one-sided dependence makes the ensuing security dilemma very difficult for Turkey. Its dependence regarding such strategic goods as natural gas, along with erecting a nuclear energy infrastructure and the relevant know-how, has a very negative impact upon its strategic choices. Thus, any maximization of power and influence within the periphery is more or less supervised and checked by Russia, its main competitor. Fourth, Turkey’s inclusion in the “small club” of the Great Powers enabled it to project power worldwide and thus does not necessarily reflect its absolute autonomy, but surely it does reflect Ankara’s independence from its regional competitors. Turkey’s upgrade in the balance of power, in the sense that Prime Minister Ahmet Davutoğlu has defined (Davutoğlu, 1998, p. 112), is possible only if it becomes the major actor in its own region. In this regard, its credibility could be thrown into doubt if Ankara does not mobilize to protect its declared vital interests in the Caucasus and elsewhere.

Thus, economic interdependence does not mean the convergence of strategic interests, especially when this interdependence is doubted. Besides, Turkey’s one-sided dependence is sufficient evidence for the overall argument concerning the ranking of state goals and priorities. Structural determinants define the Russo-Turkish strategic gamble and thus represent the foremost variable regarding the two countries’ relations. In any case, structure is identified with the concept that the balance of power determines state survival, which is a prerequisite for economic wellbeing. In fact, this is the crux of the matter when referring to those rational actors who take the relevant costs and benefits into account before making any decisions.

References


Ernst & Young (2013). Turkey 2013: The shift, the growth and the promise. Ernst & Young’s attractiveness survey.


