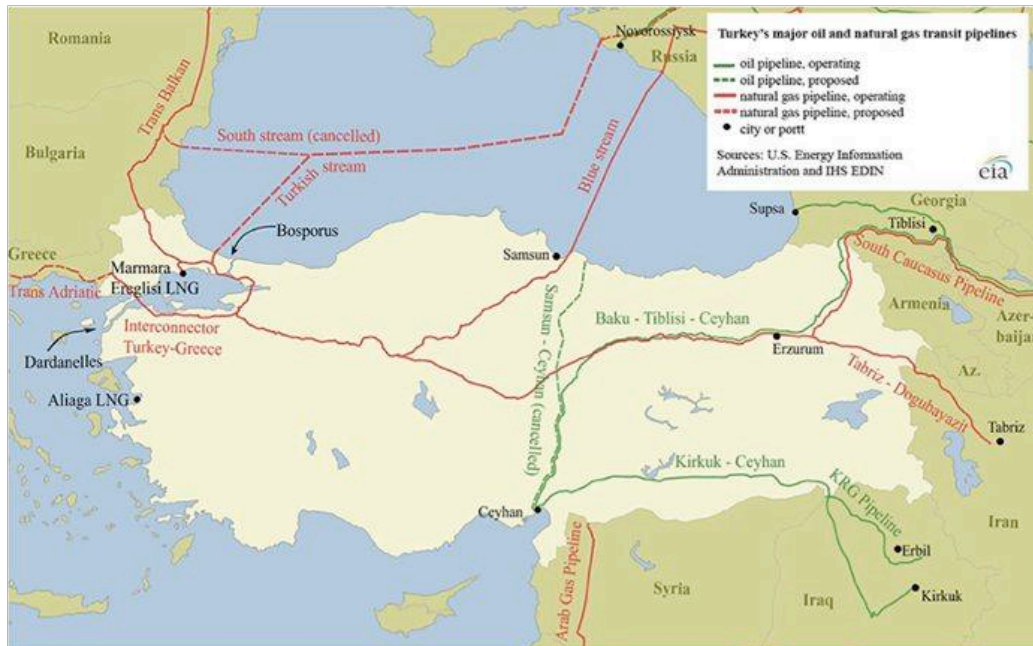


*Main Article*

## EU energy geopolitics and the “Turkish route”

Thrassy N. Marketos



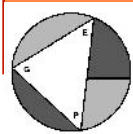
Map 1: Turkey's major oil and natural gas transit pipelines (© US Energy Information Administration and HIS EDIN)

### Introduction

The surge in ethnic and sectarian strife in Syria, Iraq and across the Middle East has led a number of analysts to predict the potential upending of the region's territorial order, the secret Anglo-French Sykes-Picot Agreement of 1916 to divide the Ottoman Empire into respective zones of control. Apart from territorial fragmentation, there is another force that crosses national lines and even realigns national relationships: trade. New transnational zones of economic cooperation are making Middle Eastern borders more porous, but in a way that does not directly challenge existing states. Instead, mutual economic interests, especially in the oil and gas industries, may signal a softer end to Sykes-Picot. This dynamic is most apparent along the border between Turkey and Iraqi Kurdistan.

### Prospects of the “Turkish route” of oil and gas supplies in and beyond the Middle East

Iraqi Kurdistan will soon be earning enough from its oil exports to replace what it receives from Baghdad in oil revenues.<sup>1</sup> Ankara has decided to support the financial independence of



the Kurdish Regional Government (KRG) of Iraq by signing a deal under which Kurdistan will export oil, not through the Baghdad-controlled Kirkuk-Ceyhan pipeline, but through a bypass stretching from central Iraqi Kurdistan (the Taq field) to the Turkish border, where it is connected to the line leading to Ceyhan (2013).<sup>2</sup>

Both parties hope that Kurdish petrol exports to hydrocarbon-thirsty Turkey will reach 450,000 barrels per day by the end of 2014 and 1 million barrels per day by the end of 2015, helping the country to boost its rapidly developing economy and its claim to becoming a regional energy hub.

Moreover, Erbil and Ankara are planning to build a second crude oil pipeline to Ceyhan and a natural gas pipeline that is scheduled to feed Turkish power plants. Turkey wants to import up to 353 billion cubic metres (bcm) of natural gas annually, and even double this quantity.

Ankara can, moreover, increase its natural gas imports from Tehran or liquefied natural gas (LNG) shipments from Qatar, in order to present itself as a reliable alternative to Russian exports to the European Union (EU.) It is worth noting that, according to the latest estimates by BP, Russian gas reserves of 44.6 trillion cubic metres (tcm) dropped to 32.9, and thus Iran's 33.9 tcm discovered so far represent the world's largest gas reserve.<sup>3</sup>

The European Union's unwillingness to use Iran as an alternative supply source is a direct result of political issues, especially mounting pressure from the United States (US), which is bewildering. Prolongation of the six-month easing of US sanctions imposed on Tehran in relation to the latter's nuclear program (P5+1 group, 2013), in concert with the deterioration of US/EU relations with Russia, may offer Europe an extraordinary solution.

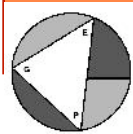
Iran is willing to increase its production to attract much-needed investment, both domestically and from abroad, particularly in the South Pars gas field. Any investment could easily result in a large increase in production, and in economic stimulation for Iran.

According to figures released by the US-based Energy Information Administration (EIA), the member states of the EU, in addition to Turkey, Norway, Switzerland, and non-EU countries in the Balkans, consumed a total of 18.7 trillion cubic feet of natural gas in 2013, with Ukraine as the transit route for about 16 percent of Europe's consumed gas.

Moreover, a number of Eastern European countries, such as Bulgaria, import up to 100 percent of their needed gas from Russia. At a time when the supply and demand for LNG in global markets are hardly balanced, even the mere threat of a Russian cut in gas supply to Europe in response to the ongoing tension in Russia-US/EU relations due to the crisis in Ukraine could have serious repercussions for a Europe torn by financial crisis.

As China is importing more LNG consignments, particularly since Moscow and Beijing recently signed an important gas deal (May 2014), the amount of gas supplied to Europe by Algeria and a war-torn Libya has fallen dramatically.

Both Eastern Europe and the eastern region of Turkey may face gas shortages if there is a decrease in the gas flow from Russia feeding the transit pipeline which runs through



northeast Europe and Ukraine. Ankara reached an agreement (2008) with Iran to develop three blocks of Iran's giant South Pars gas field and the Iran-Turkey-Europe (ITE) pipeline, running 5,000 kilometers to Greece and from there on to Germany. International sanctions against Iran have halted the project. Furthermore, Turkey required Tehran to give a transit order to deliver Turkmen gas via Turkish territory.

The Islamic Republic is in a good position to export gas to the EU either through the ITE or through the scheduled Trans-Anatolian Natural Gas Pipeline (TANAP) and Trans-Adriatic Pipeline (TAP) through Turkey, Greece and Albania to Italy and Central Europe, as well as Southeastern Europe through the Greece-Bulgaria Interconnector (GBI) and Ionian-Adriatic Pipeline (IAP) or build its own pipeline.

Interestingly, the second option was in motion in the form of a planned Iran-Iraq-Syria pipeline that was thwarted by the West and Sunni Gulf States through the attempted destabilization of the Assad regime in Syria. Iran can ease Europe's energy security anxiety in combination with Azerbaijani gas supplies, appeasing all the worries expressed regarding the sufficiency of Baku reserves to accomplishing this goal.

Tehran's geostrategic alliance of convenience with Moscow should not be viewed as an obstacle if Iran wishes to act on this opportunity to further legitimize itself in the eyes of the international community. Indeed, Russia has held discussions with Israel, Iran's archenemy, about Israeli gas reserves in the Levant basin, and did not veto UN sanctions against its ally.

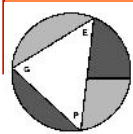
Yet politically, any move by Iran to bolster the EU's Southern Corridor would provoke Russian ire and risk weakening the nascent yet formidable China-Russia-Iran nexus, which poses a considerable challenge to the West. Given that China also imports Iranian oil and has burgeoning relations with Russia, it would be disadvantageous to opt out of such an arrangement for economic gain.

Yet times are changing in US-Iran relations, and this has been visible in their increasingly critical stance toward Iraqi Prime Minister Nouri al-Maliki during 2014. In any case, bringing Iran in from the cold will mean overturning many years of standing US foreign policy, the focus of which has been to curb Tehran's role as a major supplier of energy. America has consistently discouraged investments in Iran's energy sector.

But the West, faced with either accepting Russia's current and future energy dominance of Europe via Gazprom, or reliving the Cold War era, would rather reverse preexisting policy on Iran, competing as it does with Asia's emerging economies (China, India, Japan, and South Korea) for a place in the "energy security sun".<sup>4</sup>

### What's Next?

In December 2013, Russia's SoyuzNefteGaz signed a \$900 million deal to support Syria's first offshore drilling attempt. Not only did it cause outrage within the Syrian opposition, it also poses a threat to the interests of their backers and allies of the US and Britain—Saudi Arabia,



Qatar, Turkey and Jordan. Turkey took Ukraine's side after Russia's annexation of the Crimea, which threatens its role as a predominant NATO power in the Black Sea region. In turn, this has driven Iran closer to Moscow and led to fears of a Russia-Syria-Iraq-Iran axis of influence to rival Western alliances in the Middle East.

While the Islamic State of Iraq and Syria (ISIS) surging south raises great concerns about a global oil price spike, the threat offers an opportunity for the US and Turkey to detach the Kurdish region further from Iranian-influenced Baghdad. Washington DC lobbied and showed support for a new oil deal that would allow the Kurds to export 300,000 barrels per day through pipelines leading from the Kurdish region through Turkey. Finally, the ISIS surge provided the US and Turkey with the opportunity to push for crude oil exports, not only to US oil refineries but also to Israel.

The danger of the conflicts in Syria and Iraq is that it is drawing regional powers further into a clash that could drag in those global power players that are vying for access to the oil and gas that drives their economies, and is causing collisions of interest and growing insecurity. A battle is raging over whether pipelines will go toward Europe from east to west, from Iran and Iraq to the Mediterranean coast of Syria, or take a more northerly route from Qatar and Saudi Arabia via Syria and Turkey.

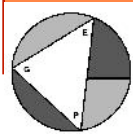
Having realized that the stalled Nabucco pipeline, and indeed the entire Southern Corridor, are backed up only by Azerbaijan's reserves and can never equal Russian supplies to Europe or stop the construction of the South Stream, the West is in a hurry to replace them with resources from the Persian Gulf.

Syria ends up being a key link in this chain, and it leans toward Iran and Russia; thus, it was decided in the Western capitals that its regime needs to change. The same applies to Northern Iraq and the KRG, where the humanitarian façade of the intervention led by Washington DC in favor of the Kurdish Peshmerga fighters against the assault of the Sunni jihadists is in fact about securing the flow of Iranian natural gas on its way to Turkey and to European markets.

### Conclusion

There is a major rivalry between the US and Russia driven by hydrocarbon routes in a huge area that Zbigniew Brzezinski called the "Eurasian Balkans" <sup>5</sup>, and regional powers like Iran and Turkey in the Middle East are throwing the dice. But then, from the European point of view, if Iranian and Kurdish natural gas is transported to the EU through Turkey, Brussels faces the risk of (partially) replacing Russia's politically motivated divide-and-rule hydrocarbon export policy in Europe with Turkey's overwhelming self-confidence about being a world-class energy hub.

Of course, Iran can export natural gas to the EU in the form of LNG, which could reach the prospective Levant basin LNG offshore terminal in Cyprus through the Suez Canal and other similar facilities in Greece and other Mediterranean countries. Israel's offshore natural gas



reserves would then serve as an additional, viable source for EU needs. In my view this would be the best choice for the EU common energy policy, but only if Brussels has the power to stay immune to US and Russian interests.

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*He is author of China's Energy Geopolitics: The Shanghai Cooperation Organization and Central Asia (Routledge/Taylor & Francis, 2009).*

### Endnotes—References

1. Marina Ottaway and David Ottaway, 'How the Kurds Got Their Way: Economic Cooperation and the Middle East's New Borders', *Foreign Affairs*, May/June 2014.
2. Until 2012, 70 percent of Turkish-Iraqi commercial transactions were concentrated in Kurdistan, although the KRG population represents only 1/6 of the total population of Iraq.
3. Maryam Pashang, 'Ukraine Crisis and the Role of Iran in Europe's Energy Security', *Natural Gas Europe*, 23 March 2014, as well as Thrassy Marketos, 'Iran's Geopolitics in the midst of the US-Russia-China Energy Security Struggle for the Geostrategic Control of Eurasia', *Central Asia and the Caucasus Journal of Social and Political Studies*, Vol. 8 No.3, 2009.
4. Iran has raised its oil exports to Asia by 16 percent, to 1.16 million barrels per day (bpd). See, 'New Research Paints Iran as Crimean Winner', *Middle East Oil and Gas*, issue 470.
5. Zbigniew Brzezinski, *The Grand Chessboard* New York: Basic Books, 1998.

### Comments on 'EU energy geopolitics and the "Turkish route"'

(Critical Response to Thrassy N. Marketos' "EU energy geopolitics and the "Turkish route" ")

At the outset, the author introduces a compelling thesis: the imminent threat of disintegration of states in the Mashreq and Levant might cause one to overlook a phenomenon that could radically transform established patterns of regional interstate relations, yet does not present a challenge to established norms of territorial inviolability: innovations in pragmatic economic cooperation.

However, the remainder of the analysis, while focused on presenting empirical details of how this dynamic is unfolding in contemporary events, is couched in much more familiar geostrategic language that proceeds from the time-honored assumption of zero-sum competition between national interests as an explanatory variable (as demonstrated by the reference to Brzezinski's "Eurasian Balkans" premise).

The author should have done more to demonstrate how the economic-security nexus challenges this assumption in terms of its ability to explain and predict foreign policy