

Turkey's Central Position in the Current Eurasian Energy Geopolitics

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ABSTRACT:

Since the beginning of history, accessing to energy resources in a safe and uninterrupted way has been the central concern of people. States have been struggling for this in order to ensure their systems' sustainability. After the discovery of huge amount of oil and natural gas resources especially in the Eurasian region, big powers and regional states have developed comprehensive strategies for the drilling, operating as well as transporting these resources to the world's energy hungry markets. Therefore, within this context, one should point out the vital roles of transit states. Especially since 1990s, Turkey has been coming into the agenda as one of critical energy transit routes within the milieu of Eurasian region.

Keywords: Energy Geopolitics, Oil, Natural Gas, Eurasia, Turkey, Russian Federation, Greater Caspian, Eastern Mediterranean.

Introduction

"On no one quality, on no one process, on no one country, on no one route, on no one field must we be dependent."

Sir Winston Churchill, July 1913, UK Parliament

Throughout the history, the possession and transportation of energy resources namely oil and natural gas have been a vital issue for supplier countries as well as demanding countries. In today's world, the oil and natural gas resources are not equally distributed. The eastern part of the World holds abundant natural resources while the Western part of the World does lack significant volumes of oil and natural gas. Within that context, some important regions namely Greater Caspian, Eastern Mediterranean and Northern Iraq having huge energy resources come into forefront within the world energy geopolitics. The exploration and transportation of these regions' resources to the world's energy-hungry markets are very central issue for sustaining the economic growths of both East and West. In that perspective, one can point out the very valuable and indispensable place role of transit countries

Today the new world order has been shaping in the perspective of regional instabilities and the center of gravity of that disorder takes place of Middle East and Eurasia. On the one hand, the enlargement of global corporation and the increase of interdependency raises failure to states' ability to solve their problems by their own will, on the other hand new competitions between regional and global powers pave the way new hostilities.

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Therefore, within this perspective, why Turkey has a central place in the current Eurasian energy geopolitics will be analyzed in this paper. The close affiliation between Realism and Geopolitics will be discussed in the first part of the paper. In the second part of the paper, Turkey's energy strategy within the Eurasian energy geopolitics will be elaborated. Thirdly, why the Greater Caspian and Eastern Mediterranean regions are significant within the framework of current energy geopolitics will be examined. In the final part of the paper, the existing and projected oil and natural gas pipeline projects around Turkey will be deliberated in detail.

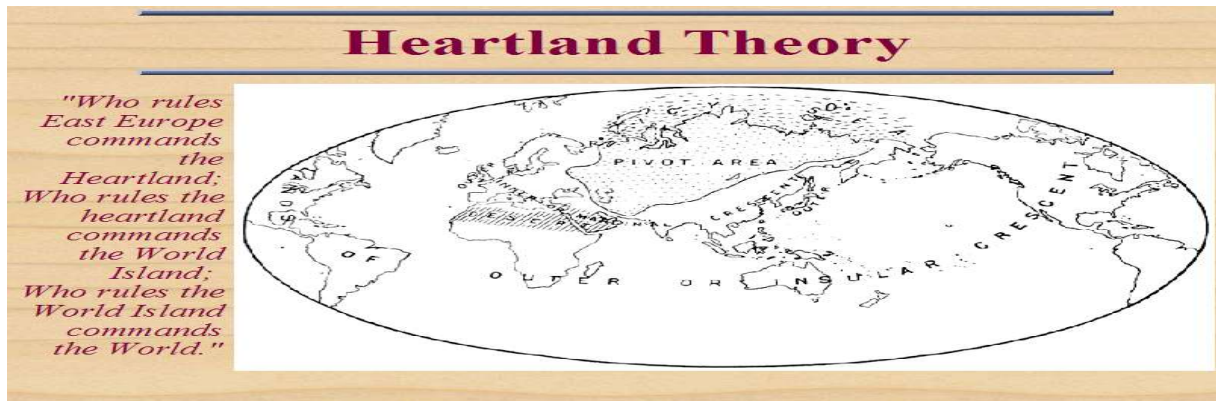
1. The Relations Between Realism and Geopolitics Theory

Geopolitics vision is a necessary perspective in order to perceive all civil or military improvements during century and their reflections to present day. It determines various policies and strategies of states on scientific environment and way of international thinking. Geopolitics theory examines state's interactions on geography and power struggle which arising from that mutual effect. As a result, geopolitics theory can be defined as an examination of political behaviours of countries and their aspects of balance of power.³ Furthermore, there are some basic geopolitical theories and concepts that have been using in geopolitical analysis and evaluations; these are Mc Kinder's Heartland theory, Mahan's Sea Power Theory, Spykman's Rimland Theory.⁴ Brzezinski's "Great Chessboard" can be evaluated as an important geopolitical perspective as well. According to Mackinder who is a representative of British Geopolitics School, geopolitical reality is a reality of enlargement of empires and paves the way to constitute a "world empire" indeed. Mackinder is known with his famous "Kalpgah Doctrine", mentioning Geopolitics strategy as taking control of Eurasian land that embracing Russia and Middle Asia. As we all know that his famous statement on that strategy is ***"Who rules East Europe commands the Heartland; Who rules the Heartland commands the World Island; Who rules the World Island commands the World."***⁵ Another geopolitics theory thinker Alfred Mahan comprehensively intensifies his analysis on sea policy. Mahan considers taking control of seas and strategic waterways as one of the most significant precondition to be a powerful state. State ought to have great power to acquire these influential opportunities on territories. If a state is encircled with oceans, this position gives a unique benefit to her defence policy and provides more mobility with other states. Countries that are obliged to survive in areas semi-surrounded by sea or land should divide their capabilities and spend more for military expenses.

³ Atilla Sandıklı, "Jeopolitik ve Türkiye: Riskler ve Fırsatlar," BİLGESAM, Rapor no: 27, 2011, İstanbul, p. 1.

⁴ David Passing, "2050," Koton Yayınları, İstanbul.

⁵ Halford John Mackinder, "Three Geographical Pivot of History," National Defence University Press, Washington DC, 1996, pp. 175-194.



Source:<http://www2.johnabbott.qc.ca/~geoscience/ME/Lectures/Geopolitics/Images/sld013.gif>

Power and national power is an instrument in order to persuade an actor to do something or prevent something to do.⁶ Military power is a significant factor among national power components and national power has been main component in process of international policy and foreign policy making. Therefore, we are classifying states as super states, big states, medium-sized states and small states. Morgenthau and Mahan consider the components of national power same thing with geopolitics theory. According to Mahan's book "The Influence of Sea Power upon History: 1600-1783", geographical position, the size of the country, population, military power and national character are the instruments of sea power. On the other side, Morgenthau stresses on that the elements of national power is qualifications of geography, natural resources, industrial capacity, military power and national character. Zbigniew Brzezinski, who was a political adviser of USA President Jimmy Carter, evaluates Eurasia as a basic structure of recent geopolitics understanding. He points out regional states was trying to dominate Eurasia but for the first time non-regional state (USA) struggles to control the continent. In addition, he refers to Eurasia as "Great Chessboard" which gives a chance to great powers to rule over the region.⁷ That is why realism and geopolitics theory emphasize on power and they nearly define the instruments of power in the same way. That means international politics is a power struggle among states. Realism and geopolitics theory base on power; thus, we can say that realism has control over geopolitics theory. Geopolitics theory adopts state-centered paradigm like realism and state is considered as a basic and important factor in international relations. According to realist thinker Morgenthau, the components of national power are principles of determining state's foreign policy. For another perspective, geopolitics theory serves the opportunities of political effectiveness and its examination depends on state's economic, ecological, militarily security. Furthermore, Spykman who is a founder of American geopolitical theory indicates that the primary mission of geopolitical theory is examining the state security issues depends on its geographical features.⁸

⁶ Tayyar Arı, "Uluslararası İlişkiler Teorileri," MKM Yayıncılık, 2008, p. 210.

⁷ Brzezinski, "Büyük Satranç Tahtası," İnkilap Kitabevi, 2005.

⁸ Ali Hasanov, "Jeopolitik," Babıalı Kültür Yayıncılığı, 2012, pp. 205-206.

Energy geopolitics does not only include the area of energy resources, it embraces all geographical principles that encircle the relations between energy and its supply and demand parameter.⁹ We can see a transformation in energy geopolitics because these transformations come true with rapidly in technology. Therefore, energy geopolitics focuses on oil and gas rich geographies and countries' demands over energy. It basically aims to diversify energy resources from supplier states depends on energy geopolitics again. However we have to ask a question that should states have energy resources or control the energy transit routes in order to continue regional or global sovereignty?

As we all know that oil has been one of main instrument and cause of wars and international politics in history. For instance, Middle East was a key region during World War I and World War II and it was hosting Arab-Israeli War, Iran-Iraq War and Gulf War like various battles indeed. Therefore, energy resources give a special value to the region as well as its historical geopolitical importance. It is notable to point out that energy resources has been main determinant factors in state's foreign policy and international relations in 21st century because energy dependence of countries shapes their foreign security approaches. In this respect, we can indicate that states determine their strategies and actions with respect to have energy resources, protect energy transit routes and aspire for inspection over global energy reserves. Middle East has %57 of total oil reserves and %41 of gas reserves of the world and North Africa has %5 oil reserves and %8 gas reserves of it. However political instabilities in Middle Eastern countries pave the way changing direction of oil-importing countries and turn their face to Caspian basin because some significant geopolitical transformations are expected in this region.¹⁰

2. Turkey's Energy Security Policies

Energy is very significant instrument for state's decision making process because without energy there is no mobility and it has an important discipline on social, economic and militarily equipment of states. Energy security is about affairs between states and arranges their interactions with each other, and use energy impacts over their energy security.¹¹

Turkey has adopted regional policies through using her historical identity without refusing Westernization process; we can entitle this policy as Eurasianism. USA and Russia have been in contention in order to have an authority on Eurasia to control energy reserves and transit ways. According to Washington's point of view, USA's global dominance strategy is directly depended on her hegemony on Eurasia against Russian possessions over the region. %75 of world population has been living on Eurasia and most of energy reserves with their investments.¹² Therefore, Turkey attempts to improve affairs with historical and social heritages of region to upgrade her Eurasian vision.¹³ When Ankara implements that policy,

⁹ Faruk Demir, "Enerji Oyunu," Ayırım Yayınları, İstanbul.

¹⁰ Cenk Sevim, "Global Energy Geopolitics and Energy Security," Journal of Yaşar University, pp. 4384-4385.

¹¹ Daniel Yergin, "The Quest," Penguin Books, 2012. p. 266.

¹² Zbigniew Brzezinski, "The Grand Chessboard," Basic Books, 1998, p. 52.

¹³ Fatih Bayhan, "Dip Dalga Davutoglu," Paradoks Yayınları, İstanbul, p. 200.

she does not neglect forming close relations and multi-directional collaborations with regional states, like post-Soviet countries.

Furthermore, there has to be a special attention on energy strategy on the Middle East. Since the collapse of Ottoman Empire, Turkey's energy strategy has integrated with its foreign policy due to the fact that geographical feature of the region has a direct influence on Turkey's foreign policy process. The energy network upon the Middle East determines the geostrategies of regional states and consolidates political and economic dependencies with each other. It is significantly pointed out that Middle East has a voice on world's energy balances. It hosts %40 of proven energy reserves of natural gas and %54 of proven oil reserves as well.¹⁴ That means Turkey's geographically located in close proximity to the region where more than %70 of world's proven oil and natural gas reserves take place.

It ought to be stressed on that Turkey has a great young population and that dynamism helps to reinforce private sector in country. Moreover, Turkey's geographical position has a huge effect on her foreign policy making process because she is an energy consumer and also embodies energy transit routes in her structure; that's why, Turkey has become one of the unique state that lead to determine energy policies of supplier states and demand states as well. That means Turkey has been emerging regional and global energy player through her Eurasian policy. Turkey's Energy Minister Taner Yıldız mentions on that Turkish energy market has been growing rapidly in terms of demand and supply.¹⁵

Turkey has a valuable position in energy politics and national and energy transit routes because as it was mentioned before geopolitical status of Turkey paves the way influential transportation roads. As a matter of fact Turkey can be named as a reliable energy corridor. In addition, Turkey has prepared ground for diversification of energy resources by using her geopolitical position. Ankara generates her energy strategies depend on political framework due to her ability to resolve international and regional energy conflicts on the region.¹⁶ It should improve deep-rooted energy strategy but does not neglect multi-dimensional perspective and thinking in that she has been one of the most important and dynamic energy market in Balkans, Middle East and Central Asia as the geographical position and she is capable to be a transit route and energy terminal by means of gas and oil transportations.

According to energy expert Jörn Richert, Turkey cannot become an energy leader with a construction of TANAP. Turkey decides how much gas reaches EU and its access. Depends on his point of view, Turkey is going to use her "transit power" and it will help to improve her securitization and economization of regional energy governance.¹⁷ For a better or worse, Turkey has become an indispensable gas hub in Europe and providing alternative supplies

¹⁴ Ahmet K. Han, "Turkey's Energy Strategy and the Middle East: Between Rock and a Hard Place," *Turkish Studies*, vol. 12, No. 4, 2011, p. 604.

¹⁵ Taner Yıldız, "Turkey's Energy Policy, Regional Role and Future Energy Vision," *Insight Turkey*, vol. 12, No. 3, 2010, p. 33.

¹⁶ *Ibid*, p. 37.

¹⁷ Jörn Richert, "Is Turkey's Energy Leadership over Before It Began?," *Istanbul Policy Center- Mercator Policy Brief*, January 2015, p. 8.

from Russia, Azerbaijan and Iran and she has been becoming a vital and fundamental supporter for energy security. The issue that need to focus on is Turkey's geographic location between hydrocarbon rich north, southeast and east, and Western Europe. Ankara has emerged as a country which integrated a new energy order and should be sustained her development in Turkish political agenda. Turkey aims to be an influential regional actor, that's why; she has some targets in the energy. These are;

- 1- Tend to usage of domestic energy reserves and diversification of energy resources.
- 2- Improve renewable energy share in energy supply.
- 3- Intensify energy efficiency.
- 4- Liberalization of energy market and diversify investments on energy sector.
- 5- Increase the number of importing states and reduce import rates.
- 6- Protection of environment.
- 7- Trying to be an energy transit way and energy terminal.¹⁸

3. The Fundamental Energy Supplier Regions of Eurasia: Greater Caspian, Eastern Mediterranean

3.1. Hydrocarbon Reserves of the Greater Caspian Region

Zbigniew Brzezinski underscores that in the aftermath of the Soviet Union's dissolution, and beyond the boundaries of the former Ottoman Empire, the newly independent Central Asia, largely Turkic in terms of cultural heritage, now does beckon.¹⁹ A more active commercial and cultural outreach of Ankara is a favorable bolstering for the modernization, secularization, and eventual democratization of this energy-rich but geopolitically emergent region. It is also central to address that since Moscow searches for monopolizing direct foreign access to Central Asian energy exports, Ankara's augmenting regional role can make - in joint cooperation with Baku and Tbilisi - Europe's unhindered access across the Caspian Sea to Central Asia's hydrocarbon resources easier.

On the other hand, intense pressure coming from Moscow, Kiev has decided the extension of rent of Moscow's Black Sea Fleet in return for discounted gas prices until 2042. Moscow does endeavor to control Ukraine's gas network as well.²⁰ It should also be underlined that Kiev does have a high dependency on Moscow within the context of its commercial relations. One can address the fact that all pipeline systems in Eurasia geography are not totally under the hegemony of Kremlin. The pipeline systems transporting Central Asian oil and natural gas resources to Beijing also exist. Baku's oil resources located at the Caspian Sea are transported by the pipelines to Black Sea via Georgia and through Turkey to Mediterranean, bypassing

¹⁸ "Turkey's Energy Strategy," Republic of Turkey Ministry of Foreign Affairs, <http://www.mfa.gov.tr/turkeys-energy-strategy.en.mfa>.

¹⁹ Zbigniew Brzezinski, *Strategic Vision: America and the Crisis of Global Power*, (New York: Basic Books, 2012), p. 136.

²⁰ Robert D. Kaplan, *The Revenge of Geography: What The Map Tells Us About Coming Conflicts and the Battle Against Fate*, (New York: Random House, 2012), pp. 181-182.

Moscow. There also exists a pipeline project which transports Caspian gas across the southern Caucasus and Turkey via Balkans to Central Europe, also bypassing Kremlin. Besides this, Moscow has its own gas pipeline projects in which one of them goes southward beneath the Black Sea to Turkey and the another one goes in westward direction beneath the Black Sea to Sofia. Positioned at the far part of the Caspian, Ashgabat is selling its gas resources via the Russian gas network. Therefore, even one can mention energy supplies' diversity, Europe including specifically Eastern Europe and Balkan countries; will significantly continue to be reliant on Russian energy supplies. Thus, just as in older times, Europe's fate will be determined within the perspective of Mackinderesque approach to an important extent over changes to the east.

Within this basis, it is momentous to note why the abundant hydrocarbon reserves of the Caspian region are so vital for the countries possessing them and for the countries deeply dependent on these resources. According to BP Statistics published in 2006, when the world consumption is taken into account, it is seen that the following resources are remained to be sufficient for the next years namely oil reserves for 40 years, natural gas reserves for 65 years, coal reserves for 216 years. A great competition for reaching the world's unexplored hydrocarbon resources will persist in the future as well. Existing volatility in oil prices and monopolistic structures in gas prices does put forward the increasing requirement of new and much greater supplies and also does show the fragility of global energy market. The Greater Caspian Region is able to encounter some part of this demand due to the fact that it does possess significant volumes of proven and probable hydrocarbon resources. The Caspian Sea is an area covering the Sea's littoral states of Azerbaijan, Kazakhstan, and Turkmenistan, as well as parts of Russia and Iran. Uzbekistan.²¹ The Caspian Sea region has turned out to be a vigorous pivotal point for untapped hydrocarbon resources from the southern portion of the former Soviet Union.²² It is estimated that the proven oil reserves in the region are in the range between 17 and 49 billion barrels, which is comparable to OPEC members Qatar on the low end, and Libya on the high end. Following these findings, major new discoveries were declared in Azerbaijan at Shah Deniz in 1999 (total reserves of approximately 15 Tcf of gas and 600 million barrels of condensate), and in Kazakhstan at Kashagan in 2000 (recoverable reserves envisaged at 7-9 billion barrels of oil equivalent, with further potential totaling 9 to 13 billion barrels using secondary recovery techniques).

One should take into account the fact that Greater Caspian Region does represent a central place within the context of natural gas. This region does hold very significant gas reserves.²³ The five Caspian states' natural gas reserves can be stated as 6.4 trillion cubic metres in total, while the probable resources of these countries are envisaged as 10 trillion cubic metres. In these volumes, the Islamic Republic of Iran's 2.64 trillion cubic meter (tcm) gas reserves are

²¹ Vildan Serin and Havva Çaha, "The Stabilizing Role of the Caspian Sea Region on World Energy Security," in *China-India-Russia "Security and Strategic Cooperation in Asia,"* ed. Engin Selçuk (İstanbul: Tasam Publications, 2012), pp. 140-142.

²² "BP Statistical Review of World Energy June 2013," http://www.bp.com/content/dam/bp/pdf/statistical-review/statistical_review_of_world_energy_2013.pdf, accessed August 27, 2013.

²³ Mehmet Efe Biresselioğlu, *European Energy Security: Turkey's Future Role and Impact* (United Kingdom: Palgrave Macmillan, 2011), p. 66.

not included. On the other hand, Baghdad does hold 3.17 tcm gas reserves. Furthermore Uzbekistan possesses 1, 68 tcm. Turkey holds 0.010 tcm and Georgia owns 0.050 tcm. When compared to other central natural gas producers, the data is as follows;

- ✓ United States: 6,93 tcm,
- ✓ Saudi Arabia: 7, 57 tcm,
- ✓ United Arab Emirates: 6.43 tcm,
- ✓ Venezuela: 4.22 tcm.

Key Caspian Sea development projects						
Project	Reserves (mmboe)	Start-up date	Peak production ('000 boe/d)	Peak date	Operator	Development type
Kashagan	10,285	2013	1,500	2023	NCOC	artificial island
ACG	4,367	1997	1,030	2011	BP	fixed platform
Shah Deniz	2,930	2006	510	2018	BP	fixed platform
Severnlyi	2,608	2010	370	2024	LUKoil	fixed platform
Livanov	1,664	2006	250	2021	Petronas	FPSO / fixed platform
SOCAR assets	1,190	1949	410	1981	SOCAR	fixed platform
Khvalynskoye	898	2016	90	2018	LUKoil	fixed platform
Cheleken	833	1972	125	2015	Dragon Oil	fixed platform
Kalamkas More	720	2018	160	2021	NCOC	fixed platform
Pearls	463	2018	100	2023	CMOC	fixed platform

Source: Wood Mackenzie

Source: <https://tapister.files.wordpress.com/2010/05/caspianoilprojectschart1.gif>.

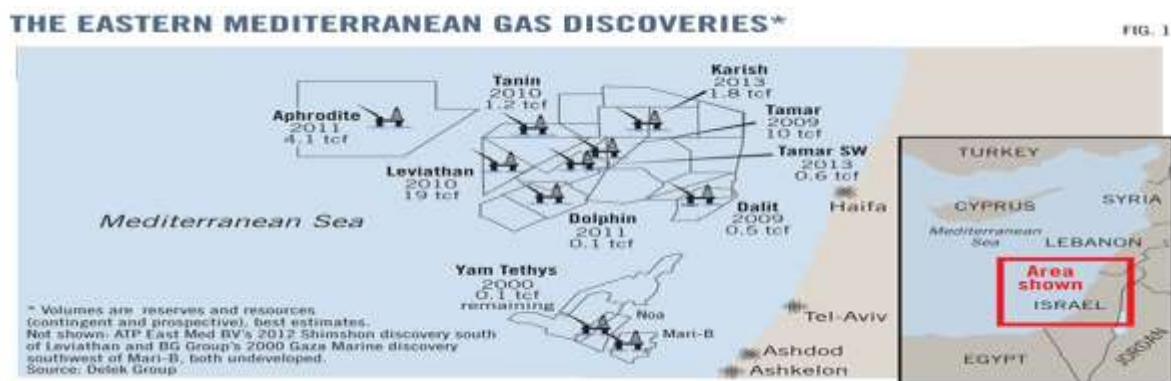
These figures clearly put forward that Greater Caspian Region forms a very important alternative within the context of natural gas in the energy market worldwide. Also by including the probable extra gas resources within the region, they constitute a central competitor to the Moscow's 43.4 tcm reserves. At this point, Moscow comes into the picture as the largest natural gas producer and exporter in the region. Turkmenistan, Azerbaijan, Kazakhstan and Uzbekistan emerge as the countries possessing significant volumes of natural gas. Although Middle East countries possess the highest hydrocarbon reserves across the world, they are not considered to be reliable energy suppliers. Such a case tops Central Asia countries and Azerbaijan located in the Caspian region in terms of ensuring world energy supply security. Therefore, a great competition is clearly seen among especially developed countries with regard to management and use of the Caspian Sea Region's hydrocarbon resources.

3.2. Hydrocarbon Reserves of the Eastern Mediterranean Region

The Eastern Mediterranean's hydrocarbon reserves have been coming into world agenda in the late 2000s. Geographically located between world's famous oil and natural gas reserves holders namely Middle East and North Africa, the Eastern Mediterranean region has formerly been regarded as a region without having hydrocarbon resources.²⁴ Israel, Palestine, Lebanon,

²⁴ Ralf Dickel, Elham Hassanzadeh, James Henderson, Anouk Honoré, Laura El-Katiri, Simon Pirani, Howard Rogers, Jonathan Stern & Katja Yafimava, "Reducing European Dependence on Russian Gas: distinguishing

Cyprus, all their offshore territories locating at the Levant Basin, have met their oil and gas demands via imports. For the natural gas, Cairo and Damascus have been the leading natural gas suppliers of these countries till 2011. Ever since 2009, the finding of significant gas reserves (at about 975 billion cubic meters) has been influential in the transformation of this region's energy prospective meaning that this region can turn out to be from a long term importer of energy to a probable natural gas seller, which is strategically located approximately to European market that might make this region as one of Europe's probable gas suppliers in the forthcoming years. Together with the searching of continuing offshore Israel and Cyprus, extra reserves having a great potential are probably to be found in offshore Lebanon and Syria.



Source: <http://www.ogj.com/content/dam/ogj/print-articles/volume-112/april-07/z140407OGJgi01.jpg>.

4. Current and Probable Oil and Gas Pipeline Projects around Turkey

Baku-Tbilisi-Ceyhan Pipeline

The fall of the Soviet Union has paved the way of Western access to the Caspian Basin. Turkey has risen to the challenge and advanced with the powerful Washington support, the concept of a new corridor to transport Caspian oil to the world markets via the South Caucasus.²⁵ This situation has resulted with the intensive attraction of international companies and lots of multi-billion dollar projects have been developed within that context. The oil reserves of Kazakhstan, the natural gas reserves of Turkmenistan, both the oil and natural gas reserves of Azerbaijan, locating at the Caucasus, have come into forefront as significant potential assets attracting investments. As of current data, Azerbaijan is the richest country in terms of energy resources in the region. Georgia and Armenia are totally dependent on abroad within the context of their energy consumptions. At this stage, these two countries do significantly represent as transit geographies within the milieu of the transportation of energy resources. The world's primary energy consumption is met approximately by oil; %35, and

natural gas security from Geopolitics", The Oxford Institute for Energy Studies, October 2014, <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2014/10/NG-92.pdf>, p.21, accessed February 25, 2015.

²⁵ Necdet Pamir, "Güney Kafkasya ve Enerji" in *Güney Kafkasya: Toprak Bütünlüğü Jeopolitik Mücadeleler ve Enerji*, eds. Cavid Veliev and Araz Aslanlı. (Ankara: Berikan Yayınevi, 2011), pp. 351-352.

natural gas: %24. According to the future scenarios put forward by International Energy Agency and U.S. Department of Energy, it is envisioned that the oil and natural gas are still important in the world energy consumption till 2035.

After it has gained its independence in 1991, Azerbaijan has turned out to be the center of attention of Western energy companies as an important source of supply, firstly of oil and then natural gas.²⁶ Ankara has seen the possibility of, early on, of initiating an East-West Corridor for transporting Caspian oil to the global markets that would be free of Russian-dominated pipelines. Less than four months after Ankara did set up diplomatic relations with Baku, on January 14, 1992, then the Prime Minister Demirel did summon up Azerbaijan and other Central Asian countries to sell their hydrocarbons via Turkey, which he said, would offer the safest and most economical route for pipelines. A year later, on March 9, 1993, a framework agreement on the construction of the Baku-Tbilisi-Ceyhan Pipeline was signed between Ankara and Baku. In 1994, a consortium of energy companies from the United States, Britain, Norway, Russia, Japan, Saudi Arabia, and Azerbaijan itself, led by British Petroleum, constituted the Azerbaijan International Operating Company. That consortium did sign what has been named as ***“The Deal of the Century”*** with the government of Azerbaijan to advance Caspian energy resources. By having a share in this consortium, Ankara has turned an important actor in the energy production and transport in the region and beyond.

AIOC PARTICIPATING INTERESTS		
Company	Country	Interest, %
Amoco	U.S.	17.01%
BP	U.K.	17.12%
Delta Nimir	Saudi Arabia	1.68%
Exxon	U.S.	5.00%
Lukoil	Russia	10.00%
McDermott	U.S.	2.45%
Pennzoll	U.S.	9.82%
Ramco	U.K.	2.08%
Socar	Azerbaijan	10.00%
Statoil	Norway	8.57%
TPAO	Turkey	6.75%
Unocal	U.S.	9.52%

Source: <http://images.pennwellnet.com/ogj/images/ogj2/95186601.gif>

Thereafter Ankara has also been central in mobilizing support for an expanded East-West Corridor. On October 29, 1998, coming together with the seventy-fifth anniversary of the establishment of the Republic of Turkey, the presidents of Azerbaijan, Georgia, Kazakhstan, Turkey, and Uzbekistan put their signatures on the Ankara Declaration which acknowledged the need for constructing more than one pipeline in order to optimize commercially the export of hydrocarbons from the Caspian Basin to world markets and did affirm the signatory countries to back up for BTC for any further pipelines that would be built. Having been the leading the role on the opening Caspian resources to world markets, Ankara firmly did stand by the BTC route, which did skirt around Armenia due to Baku's rejections over the Nagorno-

²⁶ Ahmet O. Evin, "Energy and Turkey's Neighborhood: Post-Soviet Transformation and Transatlantic Interests," in *Turkey & Its Neighbors: Foreign Relations in Transition*, ed. Ronald H. Linden. (London: Lynne Rienner Publishers, Inc., 2012), p. 94.

Karabakh issue. When the AIOC consortium has manifested its choice for employing current Soviet-era pipelines to carry oil from Baku to the Russian port of Novorossiysk, it has encountered with Turkish rejections, addressing the risks of augmented tanker traffic via the Bosphorus and the threat that the city of İstanbul was subject to.²⁷ The intergovernmental deal to construct the BTC Pipeline was contracted by Azerbaijan, Georgia, and Turkey at the meeting of the Organization for Security and Cooperation in Europe on November 18, 1999.²⁸ The US House of Representatives offered and adopted the Silk Road Strategy Act on August 2, 1999 “to back up political and economic independence of the countries of the South Caucasus and Central Asia.”²⁹

Construction started in April 2003, and the project was ended in 2006. The year 2005 was starting year of the pumping of early oil from BTC. The 1,768 km long and, \$4 billion pipeline has been defined as “*the first great engineering project of the 21st century*.”³⁰ Complex agreements for building, operating and financing were discussed and signed with many parties. The oil exported through BTC is drilled mostly from the offshore Azeri-Chirag-Guneshli (ACG) oil field in Azerbaijan, the largest oil field in the Azerbaijani sector of the Caspian Basin. It is located about the 100 km east of Baku and run by BP on behalf of Azerbaijan International Oil Company. Today, the ACG field, with its \$22 billion investment, is regarded as one of the leading oil production fields in the world. Operational since June 4, 2006, the 1mbd pipeline is the first main step after the Baku-Supsa “early oil pipeline” with a limited capacity of 140,000 barrels per day to break down the Russian monopoly on outlets for Caspian hydrocarbon resources.³¹ In the mid-and long term, the project targets to add Kazakh and Russian oil. There exist plans to increase its capacity to 1.6 mbd. It offers important economic benefits to all the countries that it passes and is expected to contribute to the stability of the region. 1076 kilometer of this pipeline passes from Turkey. It is anticipated that Turkey earns 300 million dollars annually by this project in return for transit fee and management services. BTC is the first non-Russian main pipeline exit to the international markets constructed after the collapse of the Soviet Union. Supplemented by a new and parallel gas pipeline named as South Caucasus Gas Pipeline, BTC constitutes the first and most valuable step of East-West Energy Corridor, developed by the US.

²⁷ Stephen Kinzer, “Istanbul Journal: Fearless Turks' Big Fear? Oil Tankers”, *The New York Times*, October 24, 1998, accessed August 3, 2014, <http://www.nytimes.com/1998/10/24/world/istanbul-journal-fearless-turks-big-fear-oil-tankers.html>.

²⁸ “Agreement among the Azerbaijan Republic, Georgia and The Republic of Turkey Relating to the Transportation of Petroleum via the Territories of The Azerbaijan Republic, Georgia and The Republic of Turkey through the Baku-Tbilisi-Ceyhan Main Export Pipeline”, November 18, 1999, accessed October 28, 2014, <http://subsites.bp.com/caspian/BTC/Eng/agmt4/agmt4.PDF>.

²⁹ H.R. 1152 (106th): Silk Road Strategy Act of 1999, 17 March 1999, <https://www.govtrack.us/congress/bills/106/hr1152#summary/libraryofcongress>, accessed August 3, 2014 and also please see, Shairbek Juraev, “Roads, Pipes & Rivers: Different Faces of Eurasian Central Asia”, *Caucasus International*, Vol: 2, Number: 3, Autumn 2012: pp. 125-134.

³⁰ Rafael Kandiyoti, *Pipelines: Flowing Oil and Crude Politics* (New York: I. B. Tauris & Co Ltd, 2012), pp.168-176.

³¹ Necdet Pamir, “Turkey: A Case of a Transit State,” in *Energy Security Challenges for the 21st Century: A Reference Handbook*, eds. Gal Luft and Anne Korin (Santa Barbara, California: Praeger Security International, 2009), p. 251.

With the finishing of BTC, Ankara has got closer to realize its target of turning out to be a Mediterranean oil trading hub. In the late 2009, BTC's maximum capacity was increased to 1.2 billion bbl. a day shortly after Ankara finalized a deal with Moscow to construct a pipeline linking the Black Sea terminal near the port city of Samsun with Ceyhan. This third major pipeline projected in 2007 but anticipated to start construction in 2011, would have the transportation capacity of 1.4 million bbl. a day of Russian and Kazakh oil, carried by tankers across the Black Sea. But in September 2011, this project was cancelled by the Russian side due to its being uneconomical.³²



Source: http://www.atimes.com/atimes/Central_Asia/images/helmap021109.gif

Baku-Tbilisi-Erzurum Natural Gas Pipeline (South Caucasus Natural Gas Pipeline)

After BTC, there have emerged two more pipeline projects. The first one has been the *Baku-Tbilisi-Erzurum Pipeline (BTE)*, positioned along the same route as BTC to transport Azerbaijan natural gas to Erzurum in eastern Turkey, as had been projected within the 1998 Ankara Declaration.³³ Also named as the *South Caucasus Pipeline*, BTE was bespoken in the late 2006. Constructed to transport at the initial phase around 8 bcm of natural gas per year, it has been planned so that its capacity could be extended to grip as much as 20 bcm per year. It has been projected to serve as a central link in the *East-West Corridor* having the capacity of transporting extra volumes of gas from both new advancements in Azerbaijan and from Turkmenistan in the event that the trans-Caspian underwater connection was constructed. In Erzurum, BTE was linked with the Tabriz (Iran)-Ankara gas pipeline, which had become operational in 2001 to transport Iranian gas after a 1996 deal to complement imports from Russian sources at that time. By BTE, the East-West Corridor's eastern section was finished.

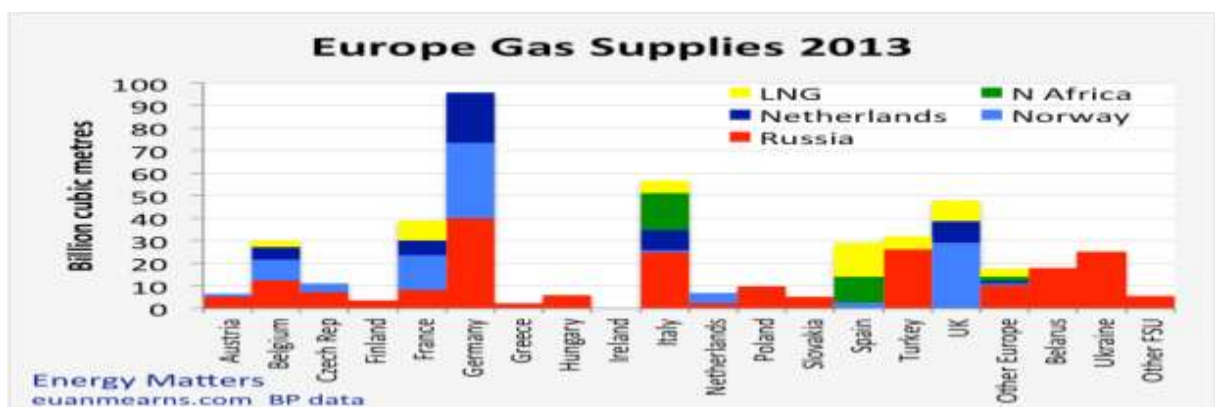
³² "Russia says oil pipeline via Turkey not financially viable," *Today's Zaman*, April 21, 2013, accessed October 30, 2014, http://www.todayszaman.com/business_russia-says-oil-pipeline-via-turkey-not-financially-viable_313283.html.

³³ "The statement of the Azerbaijan President Heydar Aliyev at ceremony of signing the agreement between Azerbaijan and Georgia on transportation of natural gas to be extracted from the deposit "Shahdeniz" via Baku-Tbilisi-Erzurum route. September 29, 2001", <http://lib.aliyev-heritage.org/print.php?lang=en&page=8434330>.

Turkey-Greece Interconnector has been another pipeline, becoming operational in 2007.³⁴ This pipeline was constructed with the 7 bcm annually at the initial phase and planned to transport 12 bcm annually upon the finishing of the Greece-Italy Interconnector extension projected for 2012. These interconnector projects have been developed after a trilateral meeting of Greece and Turkey with the European Commission in 2000, following the rapprochement with Athens and the formal recognition by the EU of Turkey's candidate status in December 1999. That trilateral meeting has finalized that natural gas from differentiated sources, especially from the Caspian and other eastern production centers, transported via Turkey, would enhance bilateral collaboration between Ankara and Athens and contribute to the "South Europe Gas Ring", a route that fundamentally does denote to the supplies transited via Turkey and Greece to other destinations in southern Europe.

Emergence of the Southern Gas Corridor for Europe

Evaluating the fundamental current and potential external supply sources for the European Union, Norway, Russia, the Middle East and North Africa region and the Caspian Basin represent the contributing factors for the EU's gas security of supply chessboard. Norway has always represented a trustworthy supplier; however, some concerns are coming into forefront on its longer-term supply capabilities. Important gas discoveries have not been realized in the last decade and numerous studies are showing a production peak around 2020. Russia, the greatest resource holder in the world, will remain to be the EU's central energy supply source. Brussels and Moscow do have at this point an intractable interdependency. Hence the EU-Russia dialogue or any other appropriate tool should continue and further be advanced as a central aspect of any EU gas supply architecture.³⁵ Energy supply and demand strategies, advancing upstream potentials, coordination of research and development in relation to supply and transportation, policy discussions on market designs and business models do represent among the prime issues to be pretended the dialogue agenda's.



Source: <https://oilprice.com/images/tinyMCE/Evan1/ada694.png>.

³⁴ Biresselioğlu, *European Energy Security: Turkey's Future Role and Impact*, p. 141.

³⁵ Jacques de Jong, Jean-Michel Glachant, Manfred Hafner, Nicole Ahner and Simone Tagliapietra, "A New EU Gas Security of Supply Architecture?", *European Energy Journal*, Volume: 2, Issue:3, July 2012, accessed May 13, 2014, http://www.clingendaelenergy.com/inc/upload/files/A_new_EU_gas_SoS_architecture_2_1.pdf, p.34.

Georgia's potential role in energy transit to Europe is assumed to be among the robust factors of Western interest and support for country's independence and aspirations to join NATO and EU. Therefore, given political, energy security and economic reasons, Georgia is critically attentive in further expansion of energy transit routes over its territory.³⁶ Indeed, natural gas is tangled to the delivery routes and the goal for Europe is to achieve that these routes operate with transparent and equitable rules assuring stability and fair market price of the supply. Many instances indicate the use of energy as political instrument by Russia and make this high degree of dependence unacceptable for the EU. Trying to enhance its monopoly position, Russia is actively engaged in acquisition of strategic energy infrastructures in other countries and subsidizes the construction of new strategic pipelines in order to enclose the Europe by a network under its own control and to separate it from the vast gas reserves of the Caspian and Middle East.

Also with its rapidly expanding domestic market, Ankara has turned out to be a hot topic of the world-and primarily European-natural gas markets for another cause: *the European's search for a new Silk Road intended for diversifying natural gas imports in order to lessen Russian hegemony*. In January 2006, after a long-lasting dispute over gas prices Moscow cut off supplies to Kiev for three days, and Kiev stopped volumes destined for Europe leaving some Central European countries with gas shortages.³⁷ After those events, in order to develop the EU's security in the natural gas supply architecture, the European Commission has espoused a double strategy. In response to the energy security concerns emerging in Europe after this first Russian-Ukrainian-European natural gas crisis, Brussels has initiated a new policy. On the one hand, this strategy has intended for enhancing the EU internal energy market in order to foster natural gas flows between EU member states. On the other hand, it has intended to further differentiate natural gas resources. This latter objective is served by the construction of LNG receiving terminals in Central and South-East Europe and the pursuit of the fourth corridor, generally named as the *Southern Gas Corridor*, in order to transport natural gas from Caspian and Middle Eastern supplier countries to Europe bypassing Kremlin.

The realization of this strategy-and particularly of the Southern Gas Corridor- was fastened after a second major natural gas crisis between Russia and Ukraine happened in January 2009. In reality, the results of this crisis were much worse than the previous crisis, as the transit of Russian gas via Ukraine was totally cut for two weeks, which resulted humanitarian crisis in several Central and Eastern European countries that were highly dependent on Russian gas supplies crossing Ukraine.³⁸ This crisis did pave way for the supporting of the initiation of the Southern Gas Corridor, with the original concept of the

³⁶ Murman Margvelashvili and George Mukhigulishvili, "Georgia and Its Role in Energy Transit towards the West", *Georgia: Knocking on the EU's Door*, Slovak Atlantic Commission, http://mikeladze.foundation.org/publications/eng/GEORGIA_Brozura_2.pdf, p.13, accessed April 19, 2014.

³⁷ Friedbert Pflüger, "The Southern Gas Corridor Finally Becomes Reality", *Caspian Report*, Issue: 5, Fall 2013, pp.19-20.

³⁸ Simon Pirani, Jonathan Stern ve Katja Yafimava, "The Russo-Ukrainian Gas Dispute of January 2009: A Comprehensive Assessment", Oxford Institute for Energy Studies, Ocak 2009, NG 27, <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2010/11/NG27-TheRussoUkrainianGasDisputeofJanuary2009AComprehensiveAssessment-JonathanSternSimonPiraniKatjaYafimava-2009.pdf>, pp. 19-21, accessed September 30, 2013.

Nabucco pipeline. At the same time, a huge debate has evolved regarding the projects competing for the Southern Gas Corridor -TAP, TANAP, Nabucco West; SEEP; AGRI; White Stream-. Except White Stream (a submarine pipeline across the Black Sea connecting Georgia-Romania-Ukraine) and Azerbaijan-Georgia-Romania Interconnector (AGRI) idea put forward by Baku, Tbilisi and Bucharest to construct an LNG chain across the Black Sea) all of these projects have hold one common and sui generis feature: transit via Turkey.

Trans-Anatolia Natural Gas Pipeline (TANAP)

TANAP targets the transportation of gas to be produced in Shah Deniz 2 field and other fields of Azerbaijan (and other possible neighboring countries) via Turkey to Europe. A MOU was signed by the president of SOCAR, Rövnag Abdullayev, and Vice General Manager of BOTAŞ, Mehmet Konuk on December 26, 2011 in Ankara.³⁹ SOCAR, BOTAŞ and/or TPAO formed a joint consortium. On June 26, 2012, an agreement regarding the construction of TANAP was signed by Taner Yıldız, and Minister of Energy of Azerbaijan, Natik Aliyev. Prime Minister Erdoğan and President Aliyev put their signatures on this agreement as the witnesses. The Host Country Agreement was signed between Taner Yıldız and Rövnag Abdullayev. This project is envisaged to cost as 10 billion dollars. As the third party, gas producing companies, to mean the partners of Shah Deniz Consortium, can be allowed to participate the consortium later. Within the context of newly signed MOU, after the feasibility studies of this pipeline in the beginning of 2012, Baku and Ankara will start the construction in 2014-2015 and will complete the pipeline in 2018. The year 2018 corresponds to the year that the annual 16 bcm Shah Deniz production will begin. It is envisioned that the capacity will reach to 23 bcm in 2023 and to 31 bcm level in 2026. The project is also considered as an alternative line for the transmission of Turkmen gas to Turkey and Europe in the future.

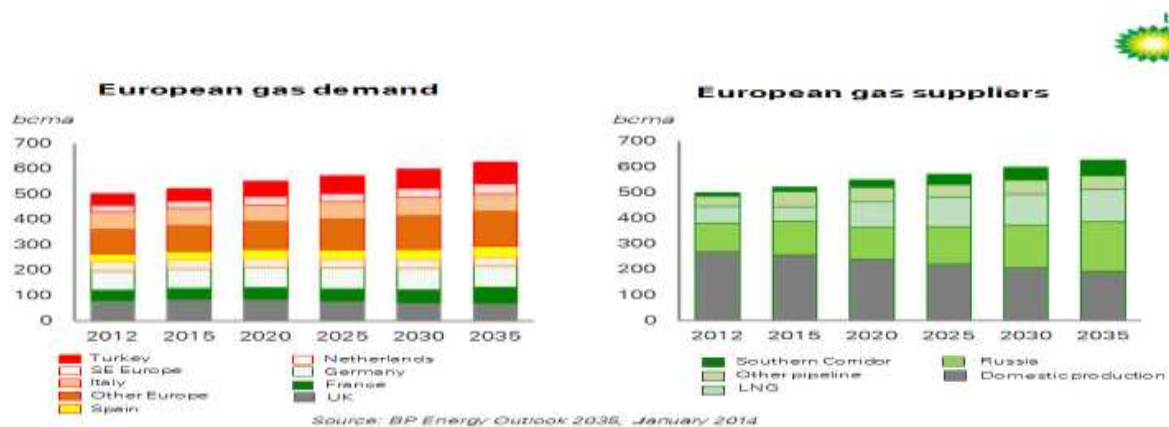


Source: <http://image.slidesharecdn.com/2-huseyinyakar-deputydirectorstrategydepartmenttpao-150204075327-conversion-gate01/95/global->

³⁹ Elşen Bağırzade, "Azerbaycan-Türkiye Ortak Ekonomik Projelerinin Stratejik Önemi ve Bölgesel Yansımaları", in *Hazar'dan Karadeniz'e Stratejik Bakış*, ed. Okan Yeşilot, (İstanbul: Yeditepe Yayınevi, 2014), pp.222-224.

development-trends-in-turkey-its-neighbours-the-rest-of-the-oil-and-gas-producing-world-19-638.jpg?cb=1423058387.

The fundamental advantage of the project is its scalability. 16 bcm capacities is the envisaged capacity of the pipeline, with an increase to 24 bcm per year in the second stage, when production of natural gas upturns and is available for export to Europe.⁴⁰ Certainly, it is more farsighted to construct the pipeline with capacity, which will encounter the initial throughput requirements and can be upgraded later, when more gas will be available for export. For Baku, the logic of TANAP arises from the concept that the best guarantee for a full pipeline operation does lie in having both the production and line. This project has not been only a central step toward the realization of the southern corridor, but also has determined the priorities of Baku's energy policy. *Firstly*, by possessing transportation infrastructure in the transit country, Baku lowers the transit risks; it is significant that the energy supplier holds a good reputation and can guarantee supply security. *Secondly*, TANAP has showed that capitalizing on the profit from the supply chain; Baku would turn out more than just an energy producing country, by getting involved in several parts of the Southern Gas Corridor. Once Baku is able to export its gas directly to European customers at the Turkish-Bulgarian border, it has turned out to be an active player in international energy markets. *Finally*, TANAP enables Baku to benefit from its own transportation infrastructure for natural gas transit from other producers. In other words, the additional pipeline capacity can be taken on by other gas producers to supply natural gas to Europe.



Source: <http://www.bp.com/content/dam/bp/images/other/Press/europe-dependence-on-imports.jpg>

The edifice of a new pipeline from Azerbaijan via Georgia and Turkey to Europe will be having important economic, social and institutional repercussions for each country:⁴¹

⁴⁰ Sevinj Mammadova, "Natural Gas Supply to Europe: Azerbaijan's Energy Policy" *Caucasus International*, Vol.2, No.3, (2012): pp. 168-169.

⁴¹ Michael J.G. Cain, Rovshan Ibrahimov and Fevzi Bilgin, "Linking the Caspian to Europe: Repercussions of the Trans-Anatolian Pipeline", RETHINK PAPER 06 / October 2012, <http://www.rethinkinstitute.org/wp-content/uploads/2013/09/Linking-the-Caspian-to-Europe.pdf>, pp.13-14.

(1) In terms of the region, the edifice of TANAP can be anticipated to extend the economic and institutional relations of these three countries to one another.

(2) By connecting the Caspian to Europe, TANAP can be estimated to further expand the social, economic and political links of the region and to European markets and Western institutions. The Azerbaijani economy will turn out to be further integrated with Turkish markets via its infrastructure investments and business interests. TANAP path via Turkey will be helpful for Baku's business interests in Europe while permitting Turkey to develop its status as an energy bridge to Europe.

(3) TANAP will be hastening the mutual attraction going on between Baku, Tbilisi and Ankara. The Intergovernmental Agreements and Host Government Agreements will further set the market destinies of Azerbaijan, Turkey and Europe. All three countries will be having greater access to European institutions, but without European accession. These repercussions will undoubtedly do hold weighty effects for power, politics and markets for the forthcoming years.



Source: <http://i.ssimg.cn/guancha/News/2014/09/23/635470660597650523.jpg>.

Trans-Adriatic Natural Gas Pipeline (TAP)

The view of the Trans-Adriatic Pipeline is to build and finance a new-constructed pipeline across the territory of Greece from Komotini (near the Turkish-Greek border) to the Albanian border across Albania and Adriatic Sea to Italy.⁴² The TAP consortium's overhaul does bring those gas producers into the whole value chain, encompassing from production to transportation and storage. Moreover it links the Shah Deniz producers' upstream interests directly with their downstream gas business in Europe, which SOCAR will now go into for

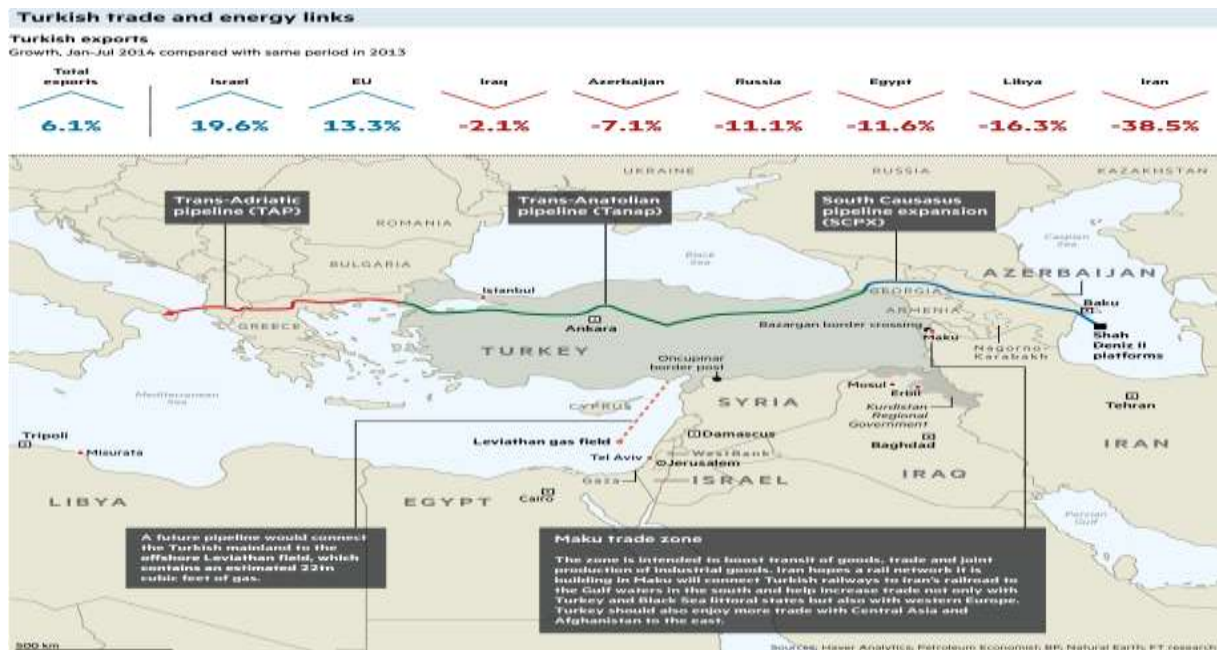
⁴² Friedbert Pflüger, "Who will win the first leg of the pipeline race in South East Europe? The Southern Gas Corridor: Reaching the Home Stretch", *European Energy Review*, 12 January 2012, http://www.europeanenergyreview.eu/site/pagina.php?id=3455#artikel_3455, accessed September 17, 2013.

the first time and in its own right. TAP's chief stakeholders EON and Statoil exemplify some of Europe's most practiced and capable onshore and offshore pipeline construction management and pipeline operators. Having these significant players and the third large stakeholder, Swiss energy utility EGL Group, TAP also holds reliable financial support behind it. Therefore TAP, not having been at the core of the debate like Nabucco, may nevertheless come to light as the winner of the game.

As a project, TAP can be realized thanks to the Baku-initiated Trans-Anatolia Pipeline Project, which will transport natural gas to the Turkey-European Union border. Baku is TANAP's chief designer, stakeholder and investor. Western gas producing countries at Shah Deniz were impotent to take responsibility for a new pipeline across Turkey, such as TANAP. Brussels was incompetent to summon political and financial support for a pipeline (Nabucco's first version) through Turkey. Without Baku's TANAP project, the Nabucco-West vs. TAP selection competition would have lingered an academic matter. In June 2013 the Shah Deniz consortium has selected the Trans Adriatic Pipeline Project to fill the gap between TANAP and the European market. TAP will thus form, together with TANAP, the concretization of the Southern Gas Corridor. For Barroso: *"Today's decision by the Shah-Deniz-II-Consortium is a strategic door opener for stronger European energy security. Building on the Joint Declaration I signed with President Aliyev in January 2011, this important step will give the EU direct access to gas from the Caspian basin. This is a major milestone for the diversification of our energy supplies, to the benefit of European consumers and business."*⁴³ TAP is envisaged to run almost 900 kilometers from the Turkish-Greek border, does pass across northern Greece and southern Albania, cross the Adriatic seabed at the Strait of Otranto, there link with Italy's pipeline network.⁴⁴ The TAP Pipeline is planned to transport 10 bcm of gas per annum, expandable potentially to 20 bcm by including compressor power. Cost estimates are not yet publicized. The new entrants will underwrite proportionately to the project's construction costs. Construction work is now planned to begin in early 2015 and be finished in 2019 for the first stream of Azerbaijani gas.

⁴³ Gas from Azerbaijan: Commission welcomes final investment decision to extract gas pledged for Europe, Brussels, December 17, 2013, accessed October 20, 2014, http://europa.eu/rapid/press-release_IP-13-1271_en.htm.

⁴⁴The Trans-Adriatic Pipeline, "BP, SOCAR, Total and Fluxys Join the TAP Project", 30 July 2013, <http://www.trans-adriatic-pipeline.com/news/news/detail-view/article/419/>, accessed September 18, 2013.



Source: <http://im.ft-static.com/content/images/79f1bc00-3f99-11e4-a5f5-00144feabdc0.img?width=910&height=983&title=&desc=Turkish%20trade%20and%20energy%20links>

South Stream

The bilateral energy relations between Moscow and Ankara reveal some reciprocal interests, but are also competitive. Ankara's energy strategy searches for balancing its requirements for reliable supplies from Moscow with the intention of turning out to be a central energy bridge to Europe and the West. Ankara tries to decrease its heavy dependence on Russian natural gas (55 percent of imports in 2011) and oil (which decreased from 40 to 12 percent of imports between 2009 and 2011) by diversification. Meanwhile, Moscow's endeavors to control the flow of energy from the Black Sea and Caspian Basin regions do threaten Ankara's intention to play a central role in expanding the East-West energy transit corridors – even as it further advances its own North-South energy axis with Kremlin.⁴⁵ Ankara backs advancement of the Southern Gas Corridor to transport Azerbaijan and perhaps eventually Turkmen and, more controversially, Tehran gas to Europe through Turkey. In the meantime, Kremlin has supported the advancement of the competing South Stream pipeline, a subsea route running from its Black Sea coast to Bulgaria. While the President Putin has ordered the energy company Gazprom to start working in December 2012 with ending by 2015, South Stream still encounters important financial and technical problems. Ankara persists to work on developing gas transit from Baku, but the Nabucco project does have little possibility of ensuing without extra financial support and upstream gas supplies.

⁴⁵ Stephen J. Flanagan, "The Turkey-Russia-Iran Nexus: Eurasian Dynamics", *Washington Policy Quarterly*, Winter 2013, Volume: 36, No: 1, http://csis.org/files/publication/TWQ_13Winter_Flanagan.pdf, pp. 166-167, accessed September 13, 2013.

The Cancellation of the South Stream and Its Implications

Given the ongoing political crisis between Kyiv and Moscow, Brussels has put off the approval process for the South Stream and instead has begun to favor the pipeline projects to bring natural gas from Baku. On December 1st, 2014, Russian President Vladimir Putin together with 10 ministers has paid an official visit to Ankara, Turkey.⁴⁶ In that visit, very significant decisions on energy issues have been made by Moscow and Ankara. Among those decisions, the cancellation of the South Stream Natural Gas Project by Kremlin has come into forefront. Mr. Putin has declared the cancellation of the South Stream Pipeline during his visit to Turkey, mentioning opposition from the European Union as the reason for the decision. After the Moscow's decision to postpone the South Stream Gas Pipeline Project, Gazprom and Botaş have reached a deal on a Memorandum of Understanding for the construction of an offshore gas pipeline across the Black Sea toward Turkey. Gazprom's Management Committee Chairman Alexey Miller and Botas Petroleum Pipeline Corporation's Chairman Mehmet Konuk in Ankara, Turkey did sign this MoU. The Russian President Vladimir Putin and Republic of Turkey President Recep Tayyip Erdoğan have also participated to this signing ceremony. The recently offered gas pipeline to Turkey would do hold a capacity of 63 Bcm, with 14 Bcm to be committed to Turkey, and roughly 50 Bcm to be transported to the border between Turkey and Greece, where a conveyance point would be decided. The Russkaya compressor station currently under construction in Russia's Krasnodar Territory is anticipated to be the pipeline's beginning point. Other details of the project are hitherto to be publicized. Vladimir Putin has also stressed that *"We believe that in the current conditions Russia cannot continue with the realization of this project [South Stream]."*⁴⁷ *Bearing in mind that you need to construct the pipeline under the Black Sea, we cannot begin construction so long as we do not have permission from Bulgaria. To begin construction in the sea, get to the Bulgarian beach, then stop - it would be ridiculous. The position of the European Commission was not constructive ... If Europe does not want to realise it, well, then, it won't be realized.*



Source: <http://i.ytimg.com/vi/Te289Iel73Q/0.jpg>.

⁴⁶ Suzan Fraser and Vladimir Isachenkov, "Putin says Russia will scrap South Stream gas pipeline," *Associated Press* December 1, 2014, accessed December 9, 2014, <http://bigstory.ap.org/article/957862a148154d40acf04bb13a3b2bde/putin-visit-turkey-amid-syria-differences>.

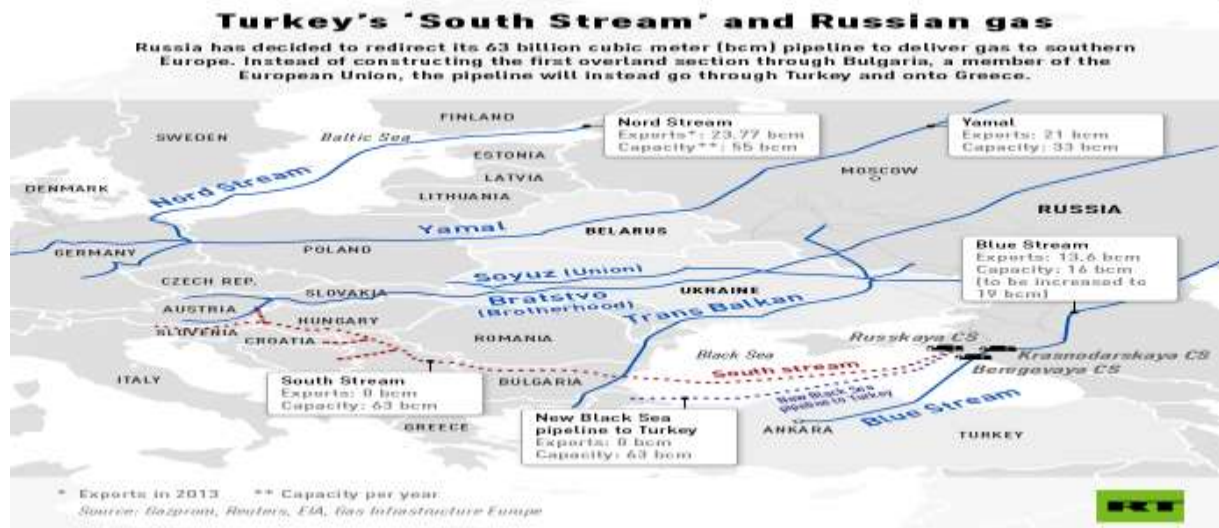
⁴⁷ Andrew Rettman, "Putin says will not build South Stream gas pipeline," *EU Observer*, December 2, 2014, accessed December 8, 2014, <http://euobserver.com/foreign/126749>.

According to the statement given by Gazprom Head Alexei Miller, “*Kyiv’s role as a natural gas transit region between Russia and the European Union will be “invalidated” once a newly declared pipeline via Turkey to Greece becomes operational.*”⁴⁸ But Miller's eagerness on the construction of a Turkish gas line, intended to take the place of the newly sparred \$40 billion South Stream pipeline via Sofia, may be inappropriate. The expected high cost of the project, Ankara’s powerful negotiating stance and unresolved political concerns might profoundly be costing for Kremlin. Neither Miller nor Russia's President Vladimir Putin has so far detailed what route the new pipeline will yield from Russia to Turkey or which investors in Turkey are available for sponsoring the project. During Russia-1’s program “The News on Sunday,” Miller has addressed that nearly 4 billion Euros (\$5 billion) of infrastructure already assembled for the sparred South Stream project can be repurposed for transit to Turkey. Mikhail Korchemkin, head of East European Gas Analysis, a U.S.-based energy consultancy, has emphasized that due to Gazprom’s current projects; however, counting an enormous pipeline being constructed to deliver natural gas to Beijing, Gazprom can barely manage to pay for to a new pipeline.” Mikhail Krutikhin, a partner and analyst at the Russia-based Rus Energy consultancy, has stressed the fact that even supposing the pipelines are put up to Turkey, it is vague who will possess and drive as well as on what conditions.

Declaring the project’s invalidation, Vladimir Putin has underlined that “*Bulgaria had been “deprived of the opportunity to act as a sovereign nation,” laying the blame squarely at the feet of Washington and Brussels.*” As an alternative, Kremlin would reach a natural gas agreement with Ankara.⁴⁹ Taking into account the fact that Ankara has represented a central NATO ally, but also the sine qua non of all American initiatives for bypassing Kremlin with oil and gas pipelines (Nabucco, Baku-Tbilisi-Ceyhan), Ankara’s gas agreement with Moscow does turn the South Stream out to be a great defeat for the United States. Brussels is the loser in both ways: Europe does hold any alternative Russian gas; therefore its rejection to South Stream has been on politics of extortion, on no occasion regarding economic logic. Belgrade and Sofia will encounter the unpleasant consequences of behaving like banana republics. Budapest will also undergo, but the denunciation for that does lie with the EU rather than Kremlin.

⁴⁸ Alexander Panin, “Russia's South Stream Alternative Rests on Shaky Ground,” *The Moscow Times*, December 7, 2014, accessed December 8, 2014, <http://www.themoscowtimes.com/business/article/512694.html>.

⁴⁹ Nebojsa Malic, “Turkey's Gas Deal with Russia is a Geopolitical Game-Changer,” *Russia Insider*, December 8, 2014, accessed December 14, 2014, http://russia-insider.com/en/business_opinion/2014/12/07/05-33-31pm/no_secret_behind_south_stream_cancellation_moscow_just_got.



Source: https://syncreticstudies.files.wordpress.com/2014/12/gas_to_eu_final_3.png.

According to David Koranyi, Director, Eurasian Energy Futures Initiative at the Atlantic Council, “everybody wins in the demise of South Stream at least from a strategic perspective. He stresses that “it’s a win for both Russia and Europe, because it became clear that this was not a project that made commercial or political sense from the European perspective; nor it is the best way to stabilize the European-Russian energy relationship.”⁵⁰ He discourses that *this represents an indication that the sanctions against Russia may be effective, putting additional pressures on Russian finances in general and Gazprom's finances in particular. “It did make it more difficult for Gazprom to access financing to get the South Stream project up and running.”*



Source: <http://www.kyivpost.com/media/images/2014/03/30/p18k9qceh1a8oiud17p21jo41e724/big.jpg>.

⁵⁰ Drew Leifheit, “Canceling South Stream: Everybody Wins,” *Natural Gas Europe*, December 11, 2014, accessed December 15, 2014, <http://www.naturalgaseurope.com/south-stream-dvid-koranyi>.

During a discussion at the European Gas Conference held in Vienna, Austria on January 27-29, 2015, John Roberts, has addressed that *“it is the Turk Stream project that will be taking on the current agreements for the South Stream; and European soil will be forming the mainland – Thrace in Turkey, “which does come into meaning that essentially three-fourths of the obtainable direction for South Stream might be redesigned for Ankara.”*⁵¹ On the other hand, Jonathan Stern has underscored that *“We think this is a much better idea for the Russians – a much better project than South Stream. Even before Ukraine, South Stream was looking very complicated as regards EU regulation – not impossible, as there could have been a compromise, but very complicated.”* He has pointed out that Russians’ cancellation decision has two significant results which are disregarding the debate of EU regulations and secondly when rearing the Trans Balkan line, how does it compatible within the context of EU laws.” Lastly, Stern has proposed that the logic lying behind Russians’ changing the route is that Moscow has been supplying gas to EU in a secure way, but if the Europeans would not like to get it; they will realize how it will be made out.

Through the negotiations led by the Union, Moscow and Kiev has reached a deal for rebeginning of natural gas supplies to the latter during the winter time on October 30, 2014.⁵² The natural gas supplies to the Union are also guaranteed by this deal. Jose Manuel Barroso, the President of EU Commission has remarked that *“There is now no reason for people in Europe to stay cold this winter. “This is an important step for our shared energy security in the European continent.”*⁵³ On the other hand, the EU Energy Commissioner, Günther Oettinger has underlined that *“he was confident that Ukraine would be able to afford to pay for the gas it needed. The agreement might be the “first glimmer” of hope in easing tensions between Russian and Ukraine. We can say to the citizens of Europe that we can guarantee security of supply over the winter.”*⁵⁴ That deal has been reached after the long months of negotiations between Brussels, Moscow and Kyiv. This deal does include Brussels’ guarantor role for Kiev’s gas imports from Kremlin as well as providing assistance to Kyiv in order to meet its huge debts. The package is worth of \$4.6 billion (€ 2, 87 billion) with money that will be provided by IMF and Brussels. Brussels has also underscored that *“Unprecedented levels of EU aid will be disbursed in a timely manner, and the International Monetary Fund has reassured Ukraine that it can use all financial means at its disposal to pay for gas. Further work with the international financial institutions on financial assistance to Ukraine,*

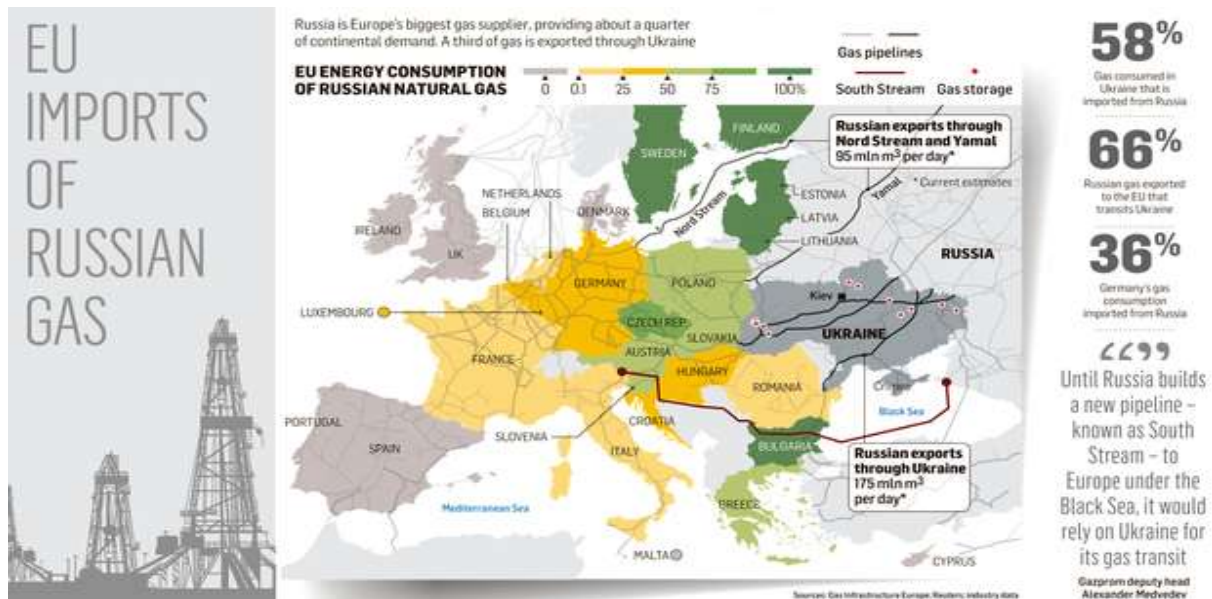
⁵¹ Drew Leifheit, “Turk Stream: The Realm of If, If, If...” , *Natural Gas Europe*, February 12, 2015, accessed February 13, 2015, <http://www.naturalgaseurope.com/european-gas-conference-2015-turkish-stream-8855>.

⁵² “Russia, Ukraine agree on gas supplies until March 2015,” *RT*, October 31, 2014, accessed March 3, 2015, <http://rt.com/business/200951-gas-russia-ukraine-deal/>.

⁵³ “Remarks by President Barroso following the signing ceremony on the gas agreements between Ukraine and Russia Joint press conference Brussels, 30 October 2014”, European Commission Press Release Database, http://europa.eu/rapid/press-release_SPEECH-14-732_en.htm?locale=tr, accessed March 3, 2015.

⁵⁴ “Breakthrough: 4, 6 billion dollar deal secures gas for Ukraine and EU”, European Commission Press Release Brussels, 30 October 2014, https://ec.europa.eu/energy/sites/ener/files/documents/IP-14-1238_EN.pdf, accessed March 3, 2015.

also in relation to gas supplies, will still continue. But all three sides are reassured that Ukraine will have the necessary financial means.”⁵⁵



Source:<http://cdn2.independent.ie/incoming/article30063053.ece/154ba/ALTERNATES/w620/Russia%20Gas.PNG>.

As of March 02, 2015, Moscow and Kyiv have agreed on the natural gas supply till the end of March 2015 after the continuing confrontation over gas supplies to Eastern Ukraine within the context of negotiations sponsored by Brussels.⁵⁶ Russian Energy Minister Alexander Novak, Ukrainian Energy Minister Volodymyr Demchyshyn and Sefcovic have reached an agreement as result of five hour long negotiations. EU Commission Vice President for Energy Union Mr Maros Sefcovic has addressed that *“I am satisfied that we managed to safeguard the full application of the Winter Package for the supply needs in Ukraine. We also agreed to take up trilateral negotiations on the follow-up to the Winter Package. I am reassured that the supply of gas to the EU markets remains secure.”* Both parties have reached a deal on not discussing over the leaving gas supplies to the Donetsk and Lugansk in that it is a legally, technically and politically complicated issue.

On March 14, 2015, Vladimir Puchkov, Russian Emergencies Minister, and Numan Kurtulmuş, Deputy Prime Minister of Turkey, have reached a deal for empowering mutual collaboration in infrastructure safety which is closely affiliated with the realization of Turk Stream. After the third world conference held in Sendai, northern Japan regarding disaster risk reduction, Puchkov has underscored that *“Such agreements will allow to ensure the security of the implementation of infrastructure projects carried out by Turkish companies on*

⁵⁵ European Commission Energy, “EU-Ukraine-Russia talks agree on \$4.6 billion to secure gas supplies”, October 30, 2014, accessed March 03, 2015, <http://ec.europa.eu/energy/en/news/eu-ukraine-russia-talks-agree-46-billion-secure-gas-supplies>.

⁵⁶ “Russia, Ukraine clinch deal on natural gas delivery: EU”, *Press TV*, March 2, 2015, accessed March 3, 2015, <http://www.presstv.ir/Detail/2015/03/02/399959/Russia-Ukraine-reach-gas-delivery-deal>.

*the territory of Russia as well as those carried out by Russian organizations on the Turkish territory. In particular, cooperation will be strengthened on the Turkish Stream pipeline project.*⁵⁷”

Additionally, Turkey would offer the cheapest export route for Leviathan as well as Aphrodite gas. According to a Turkish energy company, Turcas Petrol connecting Leviathan field with the Turkish coast at either Ceyhan or Mersin would cost approximately 2.5 billion dollars, or a little more than half the CAPEX required for a single train of LNG at Vasilikos. More aspiringly, Leviathan gas might enter into the European Union through Southern Corridor, the network of pipelines composing of the South Caucasus Pipeline Expansion across Azerbaijan and Georgia, the Trans-Anatolian Pipeline across Turkey and the Trans-Adriatic Pipeline crossing Greece and Albania then under the Adriatic Sea to Italy. Turcas’s engineering studies points out that linking the Israel-Turkey pipeline to TANAP would cost an extra 647 million dollars; accompanying the TAP at the Turkey-Greece border from Ceyhan or Mersin would necessitate an extra 1.9 billion dollars.⁵⁸ When compared, the CAPEX of this grandest pipeline variant all the way to Greece would be less than even one train of LNG at Vasilikos. Including the Eastern Mediterranean gas into TANAP and/or TAP would enhance the geopolitical importance and increase the economic attractiveness of the Southern Corridor, which in turn, would bolster the connections of both Tel Aviv and Ankara to the Brussels. But for now, any kind infrastructure beyond the sub-sea pipeline and its linking to the Turkish national gas network represents the scope of commercial negotiations; existing deliberations envisage Leviathan gas being consumed within Turkey at prices fixed to spot-market prices at European trading hubs. The Israeli-Turkish pipeline is extremely striking to Ankara for political and economic considerations. In economic terms, Leviathan gas would assist in Ankara diversifying away from its heavy dependence on more costly Russian and unpredictable Iranian gas, providing Turkey with three fundamental economic benefits:

1. A lower national natural gas price for Turkish consumers;
2. Leverage to negotiate still lower prices from Gazprom in the future;
3. An enhancement of Ankara’s tentative effort to liberalize its natural gas market and set up hub-based prices.

On political terms, an Israel-Turkey pipeline would transform Ankara a new gateway for natural gas into Europe, and perhaps one with hub-based pricing. This would upraise Turkey’s strategic significance as a fundamental enabler of Brussels’ initiatives to differentiate gas supplies away from Gazprom and to end oil-indexed via the development of free-market trading at hubs. Furthermore, an Israel-Turkey gas pipeline would reinforce Ankara’s political position as a central regional actor and honest broker in the Eastern Mediterranean.

⁵⁷ “Russia, Turkey Agree to Boost Cooperation on Turkish Stream Project”, *Sputnik News*, March 14, 2015, accessed March 16, 2015, <http://sputniknews.com/business/20150314/1019481096.html>.

⁵⁸ Matthew J. Bryza, “Eastern Mediterranean Natural Gas: Potential For Historic Breakthroughs Among Israel, Turkey, and Cyprus”, *Turkish Policy Quarterly*, Vol. 12, No.3, Fall 2013, pp. 39-40.

In 2013, Ankara and Tel Aviv was endeavoring to restore their affiliations. On 22 March 2013, Israeli Prime Minister Netanyahu did express regret by telephone to Turkish Prime Minister Erdoğan (with U.S. President Obama's mediation) for the Mavi Marmara deaths. And to offer compensation to the families of those killed.⁵⁹ Erdoğan did respond affirmatively to Netanyahu's effort and declared an inclination to reestablish military collaboration and full diplomatic affiliations with Tel Aviv. After the talk, concerns retreated though normalization has been steady at best. Obama's efforts on this occasion was expressive of the real perceptions held by his administration as evidenced by the following statement: *"The United States deeply values our close partnerships with both Turkey and Israel, and we attach great importance to the restoration of positive relations between them in order to advance regional peace and security," adding that "I am hopeful that today's exchange between the two leaders will enable them to engage in deeper cooperation on this and a range of other challenges and opportunities."*⁶⁰ Obama presidency did spell out that security in the region necessitated the shared collaboration of both Tel Aviv and Turkey. This appeared to be the sole alternative appropriate for Washington other than Tel Aviv, which would have been a precarious refusal of Ankara as well as was an indication to the entire region that the sustainment of diplomatic friendship with the White House was restricted on the approval of Israel. It should also be seen that Netanyahu on his own initiative- though quite probably at the back channel advice of Washington – was informed months ago to have been set for encompassing a peace offering to Ankara⁶¹, but was obstructed by internal pressures from Netanyahu's domestic rival, the Israeli extreme right wing then led by Foreign Minister Avigdor Lieberman. As such, Tel Aviv and Washington has searched for the restoration of a collaborative affiliation with Ankara, the phone call presented a suitable way to avoid severe criticisms of any re-establishment of normal affiliations in both countries.

Despite Tel Aviv's dramatic gesture, the reconciliation process between the two countries did slow in the summer of 2013. However, behind the scenes, Ankara and Tel-Aviv have clearly stated their support for the private companies that are discovering a probable Israel-Turkey Pipeline. Indeed, a package deal seems increasingly probable in which framework deals regarding both the pipeline and diplomatic normalization would be stretched to in tandem.

Unfortunately for all, gas volumes are rather unsure. Political and commercial complications prevent Eastern Mediterranean gas an implausible game changer for

⁵⁹ Richard Falk, "Can the U.S. Government Accept an Independent Turkish Foreign Policy in the Middle East?", *Insight Turkey*, Vol. 16, No. 1, 2014, pp. 11-12.

⁶⁰ For further information please see, "Reconciliation Between Israel and Turkey", Press Statement, John Kerry Secretary of State, Washington, DC, 23 March 2013, <http://www.state.gov/secretary/remarks/2013/03/206586.htm>, (Accessed 10 March 2014).

⁶¹ For more information on Turkish-Israeli relations in recent years please see, Ali Balci and Tuncay Kardaş, "The Changing Dynamics of Turkey's Relations with Israel: An Analysis of 'Securitization'", *Insight Turkey*, Vol.14, No.2, (2012), pp. 99-120 and Nimrod Goren, "An Unfulfilled Opportunity for Reconciliation: Israel and Turkey during the Arab Spring", *Insight Turkey*, Vol.14, No.2, (2012), pp. 121-135.

international gas markets.⁶² The second well drilled by Noble Energy into Aphrodite put forward that the field might include less than anticipated. This does undercut Greek Cypriot's plans to construct a costly liquefied natural gas plant, at least until more is discovered. In short term, both parties might be remained with little. The availability of East Mediterranean gas reserves ready for export in Israeli waters is not serving Greek Cyprus either. An option being taken into account by the developers and the Israeli government that could be beneficial for the whole island seems to be a pipeline via Turkey. The Turkish market is striking due to the country's powerful demand for natural gas, especially in the south, projections the long-term price of Liquefied Natural Gas will decline. Turkish companies are offering to construct and finance the pipeline, presenting potential benefits to Greek Cypriots. But such plans are inmate to the total quality of the Turkish-Israeli relationship, much deteriorated since 2008.⁶³ Also any pipeline would have to pass through the Greek Cypriot Administration's exclusive economic zone. Permission for this is implausible to be given by any Greek Cypriot leader in the absence of a Cyprus settlement.

In the talks regarding a federation, offshore maritime areas have been evaluated as a federal shared competence. Turkish Cypriots have claimed a portion of the potential future revenue, however no deal has been reached even to begin talking about this.⁶⁴ In a two-state solution, the main areas south of the island now considered to have gas would possibly take comfortably place in the Greek Cypriot Administration area. Ankara has already unilaterally demarcated its maritime borders with the Turkish Republic of Northern Cyprus, mostly to the north of the island. Presumably, this would be valid between Turkey and an independent Turkish Republic of Northern Cyprus. The clarity of such a new state of affairs would permit faster, cheaper, safer, advancement of the resources, free of the threat of Turkish sanctions, large firms would involve in Cypriot business, and there might be added options for export routes.

Turkey and Israel can meet the economic expectation of Jordan, Cyprus, and Lebanon also Palestine with regional collaboration in this manner. The one of most sensational project that will be effective near the future is submarine pipeline which is elongated through East Mediterranean coastline. It is estimated that 1 trillion cubic meter of gas will be transported by Turkish territories. Undoubtedly, the underlying cause of peace negotiations process between Turkey and Israel is regional interests for both parts. Energy security can be seen the most effective instrument for Ankara and Tel-Aviv governments. According to Michael Leigh who is advisor in German Marshall Institute, the reconciliation process between Turkey and

⁶² Hakim Darbouche, Laura El-Katiri and Bassam Fattouh, "East Mediterranean Gas: What Kind of Game Changer?", The Oxford Institute for Energy Studies, NG 71, December 2012, <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2012/12/NG-71.pdf>, (Accessed 13 March 2014).

⁶³ For a useful study on this issue please see, Theodoros Tsakiris, "Shifting Sands or Burning Bridges? The Evolution of Turkish-Israeli Relations after the Mavi Marmara Incident and the Strategic Energy Calculations of Greece & Cyprus", Hellenic Foundation for European and Foreign Policy, Center for European and International Affairs, University of Nicosia, No.22, 7 February 2014, <http://www.eliamap.gr/wp-content/uploads/2014/02/policy-paper.pdf>, (Accessed 15 March 2014).

⁶⁴ International Crisis Group, "Divided Cyprus: Coming to Terms on an Imperfect Reality", Europe Report N°229, 14 March 2014, <http://www.crisisgroup.org/~media/Files/europe/turkey-cyprus/cyprus/229-divided-cyprus-coming-to-terms-on-an-imperfect-reality.pdf>, accessed March 10, 2015, p.37.

Israel paves to transport Israeli gas to Turkey and also over the Turkey for European states. Israel-Cyprus-Greece, Mediterranean energy corridor cannot be seen possible because of financial problems in recent times.⁶⁵

Conclusion

Discovering environmentally-friendly, cheap, constant and differentiated energy resources for ensuring the sustainable development has been the policies of the countries at large. The energy resources do have indispensable place in the modern world. The efficient use of energy is one of the essential factors closely affecting the sustainable development in today's world. Within that context, the accessing to energy and repeatedly ironing out this need do represent a security matter sooner than a necessity. Hydrocarbons specifically oil and natural gas come into forefront as the most needed natural resources in the world. In a rapidly globalized world, this has brought about the linking of supplier countries with the demand centres via several transportation ways above all the pipelines.

In that regard, the outstanding geographic location of Turkey which is in between the energy producers and consumers is closely followed by the countries in Caucasia and Caspian region holding abundant hydrocarbon resources. Turkey is geographically located in close proximity to the regions where more than 73% of world's proven oil and 72% of natural gas reserves exist. Other than this, Ankara does enjoy close historical, political, cultural and economic affairs with the countries possessing these reserves. Turkey's special location is progressively taken into account by Brussels, prioritizing energy supply security and also by Washington which does attach special importance to these regions within the context of its global strategy following toward these regions.

With regard to this issue, Turkey holds a very dynamic role in terms of the pipeline projects in East-West Energy Corridor and represents as the country implementing numerous projects in this field. The pipeline projects linking the Caucasia and Central Asia to Europe will be worthwhile for the region's integration with the West. Even though her energy resources are not sufficient, Turkey acquires the energy resources of the supplier countries and transports these resources to consumer countries through pipelines. Thanks to this condition, it turns out to be a central into terminal country. By going beyond a transit country, Ankara comes to be one of the determining actors playing a solemn role in the traffic of energy resources.

Given these factors, the remarkable operational or planned pipeline projects for the transportation of hydrocarbon resources in Eurasia region into the international markets is evaluated as a central matter for these countries. This helps in increasing the role of Turkey as a chief transit country within the context of Eurasia's energy axis and an energy hub in the region. By moving from this target, Turkey has been the leading country for the realization of East-West Energy Corridor, envisioned as the direct transportation route of wide Caspian Sea

⁶⁵ Pamela Ann Smith, "Türkiye: Akdeniz'in Yeni Enerji Merkezi mi?," *Turquie Diplomatie*, Mayıs 2013, p. 3.

Basin's hydrocarbons to the Western markets. These pipelines are also vital for the diversification of energy supply routes for the Western markets.

Thus, Brussels, Washington and Ankara have been in close collaboration in these projects – Multiple Pipelines Policy - since 1990s which target to ensure the resource diversification. Within that milieu, it is conceivable to mention the existence of several active and projected oil as well as natural gas pipelines. The operational Baku-Tblisi-Ceyhan Crude Oil Pipeline, Baku-Tblisi-Erzurum Natural Gas Pipeline, the projected South Stream/Turk Stream and TANAP do form few examples of these pipeline projects. Such kind of projects does hold key importance has a vital significance for both strategic reasons and the provision of the security of energy supplies.

When we consider the drilling and transportation of hydrocarbon resources of Islamic Republic of Iran, Iraq and Eastern Mediterranean, one has to take into account the fact that for Iraq and Eastern Mediterranean, political turmoil does prevent the monetization of resources. In the case of Tehran, the future of nuclear deal negotiations between it and the West is unsure. In this context, whether there will be reconciliation or the continuation of the confrontation between Iran and the West is not known in the near future. Thus, until these issues are peacefully resolved, the monetization of these resources does seem unlikely in the forthcoming years.

As a result of the annulment of South Stream and signing a new gas deal with Moscow, it is assumed that Ankara is the greatest victor of these developments. Due to its ever rising energy demands, Turkey requires to acquire enormous volumes of oil and natural gas in order to continue the sustainable development in its economy. Ankara also marks to develop into an international energy terminal within the context of its region. Ankara's new gas deal with Kremlin will be serving for this intention. Therefore based on the aforementioned evaluations, it can be conferred that the termination of construction of South Stream Natural Gas Pipeline Project and signing a new natural gas transportation deal between Moscow and Ankara will be forming one of fieriest discussions within the international politics context in the upcoming years and will instigate new geopolitical developments within the Eurasia region in the 21st century.

To conclude, in the 21st Eurasia energy geopolitics, Turkey emerges as the very noteworthy country in that it is located in between the energy supplier and demanding countries in the Eurasia region. The current and possible oil and natural gas pipeline projects around the Turkey will be beneficial for both the energy supplier and demanding countries. Turkey's bridge role in that context will contribute to the stability and prosperity in the Eurasia region.

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