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RUSSIAN-TURKISH RELATIONS IN THE CONTEXT OF ENERGY COOPERATION

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Abstract

Energy cooperation takes an important place in Russian-Turkish relations, and it is not merely for economic benefits. Its importance goes beyond it and serves as a restraint from direct clashes between the two countries in the context of their competition areas and clashes of interest putting the two countries economically interconnected. Besides, Turkey's geopolitical value in the context of the EU energy crisis also rises as an alternative energy route for the EU to bypass Russia. On the other hand, Russia and Turkey successfully cooperate around common energy route projects, as Russia in its turn is eager to export gas bypassing Ukraine. Taking into consideration the geopolitical processes Russia and Turkey will continue to cooperate in the field of energy which is their main cooperation area due to which they avoid serious tensions and overcome crises in their relations.

***Keywords**:* energy carriers, Russia, Turkey, EU energy crisis, Caspian basin, energy projects competition, energy hub.

Introduction

Due to their multilayered nature, Russian-Turkish relations have long been at the center of research. These relations are traditionally characterized as both cooperation and competitions, as in some directions the two countries see each other as foes while in other directions as cooperators. What is the reason for this two-sided nature of relations? How do they manage to

cooperate while in some regions find themselves opponents? This research is aimed at answering these questions by taking into account Russian-Turkish relations in the economic field and more specifically the energy field.

What constitutes the balance between Russian-Turkish cooperation and competition is the relations in the energy sector where the interests of the two countries mostly coincide. Turkish and Russian perceptions and policies toward energy transit pathways reflect the nature of Russian-Turkish relations in general. The energy cooperation between Russia and Turkey does not take place separately. It is closely connected, arises from, and has its influence on geopolitical processes. Especially the latest activeness in energy cooperation to transit Russian gas to Europe through Turkey is caused by the Russian-Ukrainian war that started in 2022, and tensions between the West and Russia. Meanwhile, in the context of the energy projects to transit Caspian energy resources through the South Caucasus to Turkey and then Europe, Russia, and Turkey compete to gain control over the routes. The cooperation/competition is connected with the fact that on one hand, the two countries seek to gain influence in the South Caucasus and Caspian energy resources, on the other hand, Turkey needs Russia as its main energy supplier and Russia needs Turkey as an alternative route to transit its gas to Europe. Russian-Turkish energy cooperation also very easily fits into Turkey's plans to become an energy hub, for which Turkey is willing to simultaneously participate in Russia's and EU's projects.

Russian-Turkish Competition and Cooperation in Energy Field

Russian-Turkish competition has been manifested in several energy projects. Baku-Tbilisi-Ceyhan Oil Pipeline (BTC) and Baku-Tbilisi-Erzurum Gas Pipeline (BTE), Nabucco, TAP, and TANAP and their Russian (actually sometimes Russian-Turkish) competitors: Baku-Novorossiysk, South Stream, Blue Stream,

Turkish Stream. Most of these programs include the South Caucasus as both a resource-bearing and a transit region. Accordingly, Azerbaijan can be considered one of the recognized resource-bearing states of the region, which has a significant amount of hydrocarbon resources - 7 billion barrels of oil and 1.3 trillion cubic meters of gas (International Energy Agency, 2020), and all three recognized states have or can have the second status.

As for the Caspian reserves, it should be noted that the volumes of these reserves are actually overestimated. Natural gas and oil are exported from coastal states: Russia, Azerbaijan, Kazakhstan, Turkmenistan, and Iran (Veres, 2022). Although the Caspian reserves are quite large, they are very small compared to the Russian and Persian Gulf reserves, where the oil reserves are 10-15 times greater than the Caspian oil reserves. And among the countries of the Caspian Basin, the richest country with gas reserves is Turkmenistan, which ranks 15th among the 20 countries with the largest natural gas reserves (International Energy Outlook, 2005, p. 40). In fact, the Caspian region has become the center of interest of international companies and states, not so much from the point of view of its size, but from the point of view of accessibility (Veres, 2022).

After the collapse of the USSR, Azerbaijan sought to achieve energy independence from Russia. Western companies, including the oil giant "British Petroleum", began to appear in the energy market of Azerbaijan. The next important step was constructing and operating BTC and BTE respectively in 2005 and 2007. It can be said that the Russian-Turkish competition over energy routes is mainly related to the delivery of Caspian energy resources to the international market through routes bypassing Russia with the active support of the West. Such a route is BTC, an alternative to the Baku-Novorossiysk oil pipeline, and BTE, the first gas pipeline bypassing Russia and reaching Europe (Arshakyan, 2019). BTC also competed with the Blue Stream gas pipeline on a geopolitical level, as it was the first step in the implementation of the East-West Energy Corridor. The project

was designed to diversify the energy resources of the EU by bringing the hydrocarbon reserves of the Caspian countries to Europe through the territory of Turkey (Ediger & Durmaz, 2017). The projects planned within the framework of the East-West energy corridor are of great geopolitical importance for the USA in terms of increasing its economic and political influence in the Caspian and South Caucasus regions. Along with it, these projects would also curb the dependence of the Caspian states and also Georgia on Russia.

The projects bypassing Russia are of great importance also for the EU. In order to meet its energy requirements, the EU seeks to implement the "Southern Gas Corridor", for which it has planned several projects. The main elements of that corridor are Nabucco, TAP/TANAP from the Caspian Basin, and currently Azerbaijan in particular. Among these plans, Nabucco, which planned to deliver the gas of Iraq, Azerbaijan, Turkmenistan, and Egypt to Austria through Turkey, was not realized. Nabucco is believed to have failed mainly for two reasons. Turkey, as a transit country, demanded 15 percent of the gas at low prices for domestic use or export, and the project's economic appeal to investors declined. From the beginning, Nabucco was only a geopolitical project, it did not take into account the existing realities and was doomed to failure, because apart from Azerbaijan's 16 billion cubic meters of gas, of which 6 billion cubic meters are intended for Turkey's internal use, it could not be expected to have gas flow from any other source in the foreseeable future (Torosyan, 2020). Instead, Turkey and Azerbaijan agreed to build TANAP, which would be the first gas pipeline from Azerbaijan and Central Asia bypassing Russia and supplying gas to Europe.

In fact, the volume of gas under this project (10 billion cubic meters per year, which can rise to 20 billion cubic meters (Wiley Online Library, 2020)) is not enough to meet Europe's energy requirements, but it also becomes one of the steps in the implementation of the "Southern Gas Corridor", which would maintain energy supply independence of the Caspian countries

from Russia. If Azerbaijan manages to supply 40-50 billion cubic meters of gas, then it will be possible to convince Kazakhstan and Turkmenistan to join the “Southern Gas Corridor”.

However, Russia, in turn, is taking steps to increase its weight in Azerbaijan's energy market and in general in the implementation of the “Southern Gas Corridor”, a project whose original goal was actually to push Russia out of energy projects. So, in 2010 as a result of the agreement reached between the Russian "Gazprom" and the Azerbaijani "SOCAR" companies, the volume of gas purchased by Russia from Azerbaijan reached 1 billion cubic meters, and in 2011 2 billion cubic meters. Thus, Russia reduces the volumes of Azerbaijani gas so that they are not enough for the implementation of the “Southern Gas Corridor project” (Davtyan, 2019).

Another important step toward the realization of the Southern Gas Corridor is the agreement between the EU and Azerbaijan on 18 July 2022, according to which Azerbaijan should deliver 20 billion cubic meters of gas to the EU annually by 2027 (European Commission, 2022). Thus, looking for alternatives and turning its eyes to the Caspian basin, Brussels and Baku agreed that Azerbaijan would export 12 billion cubic meters of gas to Europe, instead of the previously agreed 10 billion, and by 2027, as mentioned, it will increase that number to 20 billion (O’Byrne, 2022). Considering that in 2021 8 billion cubic meters of gas was exported from Azerbaijan to Europe, which is a little more than 2 percent of the total volume of gas imported to Europe during that period, and Russia's share in it was 45 percent, it can be said that this transaction cannot be of significant importance from the point of view of resolving the complicated situation in Europe (Torosyan, 2022). Besides, to supply even 12 billion cubic meters of gas, Azerbaijan is going to buy an additional 1 billion cubic meters from Russia. Due to the lack of Azerbaijani reserves, Russia, in its turn, sells gas to Azerbaijan. According to the contract signed between "Gazprom" and "SOCAR" in November 2022 "Gazprom" will deliver up to 1 billion cubic meters of gas

to Azerbaijan until March 2023 (TACC, 2022a). This is done on a seasonal gas swap basis: gas supply from Azerbaijan to Russia takes place in summer, and from Russia to Azerbaijan in winter (TACC, 2022b). Such moves by Russia politically mean that Russia is creating an opportunity for the "Southern Gas Corridor" to be formally launched as an Azerbaijani project. In practice, meanwhile, "Gazprom" gets some control over Azerbaijan's gas project. The agreements reached between "Gazprom" and "SOCAR" remove the issue of Russian-Azerbaijani competition in the European gas market. It becomes obvious that the "Southern Gas Corridor" will not work without the support of the Russian side. And this means that the interest of European countries and especially the USA may decrease. The West sponsors this Azerbaijani project as an alternative to the Russian gas monopoly. Now, that it is clear that Russia is becoming the raw material sponsor of the "Southern Gas Corridor", the geopolitical attractiveness of the project is greatly reduced (Atanesyan, 2017). In addition, Russia gains another leverage over Azerbaijan.

Thus the incomplete implementation of the "Southern Gas Corridor" does not allow the EU to get rid of its dependence on Russian gas. Due to the renewed Ukrainian crisis, the EU is once again facing serious energy security problems. The strained relations with Russia and the sanctions against it, force the EU to give up Russian gas, which provides most of its requirements, while at the same time having no realistic alternatives. Another problem is how well they succeed in not buying Russian gas because as a result of Russia's energy projects, the EU eventually buys Russian gas at a higher price. Considering Azerbaijan’s lack of reserves, it seems that the purpose of the corridor is not being realized. As a result, Turkey gets the opportunity to realize its plans to become an energy hub.

As for Turkey's plans regarding energy reserves, those states that do not have their own energy resources and are dependent on other countries should include this issue in their foreign policy

agenda, taking into account that energy issues can lead to cooperation or conflict between states. And although Turkey has no hydrocarbon reserves and the dependence on external resources is 74%, while the country's energy requirements are increasing by 4-5% per year, it is located between the regions with such reserves and Europe, which increases the importance of the country in energy projects (Blockmans, 2015).

The role of Turkey is especially increasing for Europe due to the EU gas crisis. The issue of transporting natural gas to Europe has become of central importance in the geopolitical competition unfolding in the Eurasian center. The one-time two-component economic problem of natural gas transport (harmonization of demand and supply) is supplemented by a third, transit component, and is transformed into a complex, multi-factor, and multi-vector geopolitical and geo-economic problem (Torosyan, 2020). Although Europe is often looking for alternatives to reduce dependence on Russian gas, such as its own production of shale gas, and liquefied natural gas, these are not realistic to meet the demands, and the main (cheap) supplier remains Russia (John Wiley & Sons Ltd., 2017). In 2021, EU gas consumption was 397 billion cubic meters (Statista, 2023), of which 150 billion cubic meters were received from Russia (Reuters, 2022). At the same time, Russia depends on Europe as the main consumer of its gas (Kim & Blank, 2015). In this context, Turkey's role is increasing bilaterally. Europe wants to diversify the sources of energy resources, and Russia wants to diversify the consumers of these resources.

Although Russia and Turkey are competing over a number of energy projects initiated by the West, they are successfully cooperating on Russia-Turkey direct gas transit routes. Thus, an example of such a successful project is the “Blue Stream”, discussions around which began in 1997, and finally, the gas pipeline was put into operation in 2003, operating until today. It exports gas from Russia to Turkey through the Black Sea with an annual capacity of 16 billion cubic meters (Hydrocarbons

Technology, 2023). As a result of the implementation of this project, Turkey's dependence on Russian gas increased enormously. In particular, as a result of the implementation of the "Blue Stream" project, Turkey became the second largest importer of Russian gas after Germany. As a result of the construction of that gas pipeline, the main political and economic goal pursued by Moscow was to keep not only Turkey but also the entire South-East Europe dependent on its energy resources. Through this project, Russia planned to become the main energy supplier for both Southeast Europe and the entire EU. In addition, one of the political goals of the “Blue Stream” project for Russia was to prevent the efforts of competing countries to use Turkish territory to transport gas from the Middle East and the Caspian region to Europe. Basically, the construction of the "Blue Stream" gas pipeline was in the strategic interests of both Russia and Turkey (Arshakyan, 2019). “Blue Stream” can also be perceived as a competing project of the East-West gas corridor. The planned projects within the framework of that corridor, which would transport Turkmen gas through the Caspian Sea to Azerbaijan and then through Turkey to Europe, posed a greater threat to Russia than BTC/BTE. As a result of the competition, both “Blue Stream” and BTC were built, and Russia succeeded here because The West was forced to "sacrifice" the idea of the East-West energy corridor. And Turkey only benefits as a result, because it becomes both a target and a transit country of these programs.

On the other hand, Turkey and Russia are deepening economic ties due to the sanctions against Russia, which Turkey has not joined. Although Turkey condemns the war started against Ukraine, it first expressed its opposition to the NATO membership of Finland and Sweden, and then continues cooperation with Russia, especially regarding the "Turkish Stream". This, of course, puts additional tension in Turkey-EU relations, but the EU has no alternatives to receive gas (The New

York Times), and both Turkey and Russia benefit from this project.

Russia started to export gas to Turkey through the bottom of the Black Sea through the "Turkish Stream" put into operation in 2019, and then a part of the gas is exported to Europe. Turkey's growing energy demands and Russia's willingness and desire to diversify gas export routes contributed to the implementation of that deal. Before "Turkish Stream", however, the parties were working on another project, "South Stream". It was supposed to export the gas through the Black Sea to Bulgaria and then to Europe, bypassing Ukraine. Although it also bypassed Turkey, it passed through the part of the Black Sea that is under Turkish control. This project did not materialize due to the tensions around Ukraine and, to a large extent, the efforts of the USA and the EU (Kubicek, 2020).

In 2014 during his visit to Turkey, V. Putin announced that instead of “South Stream”, another gas pipeline would be built to export gas to Turkey, which was named “Turkish Stream”. It replaced the "South Stream" and acted as a rival project to TANAP. In the framework of this, Russia also made a 6% gas price discount for Turkey, which Turkey was so eager for, and the volume of the “Blue Stream” was increased by 3 billion cubic meters (Ediger & Durmaz, 2017). The planned gas pipeline was estimated at 40 billion dollars (Ediger & Durmaz, 2017) and should have had 60 billion cubic meters of gas capacity with four parallel gas lines (Svarin, 2015). The cancellation of “South Stream” and the launch of “Turkish Stream” by Russia can also be perceived as a punitive move against the EU using Turkey, which actually successfully benefits from both Russian programs and European programs for the export of Caspian resources (Blockmans, 2015).

The “Turkish Stream” project is more than beneficial to both sides. Turkey becomes both a transit country and gets an opportunity to meet its internal energy needs, while Russia, bypassing Ukraine, exports gas to Europe. At the same time, it

brings Russia and Turkey closer, establishing strong economic ties. Although Turkey is becoming more dependent on Russia, as an energy transit zone, it is increasing its geopolitical importance.

Energy cooperation in Russian-Turkish relations is not limited only to the construction of gas pipelines. The two countries also cooperate on the creation of nuclear energy. Among its results are the agreements on cooperation on the construction and operation of the "Akuyu" nuclear power plant and the construction of the Samsun-Ceyhan oil pipeline. The first of them is a Russian plan, and the second is a Turkish plan (Ediger & Durmaz, 2017). According to the 2010 signed agreement, Russia will own 50% of the shares, and there are a number of beneficial factors for Turkey (Hirst & Isci, 2020). It is planned that it will be operated in 2023 (Kubicek, 2020).

Conclusion

As can be seen, although Russia and Turkey are competitors in the context of the transportation of energy resources from the Caspian Basin, Turkey, in the absence of its own energy resources, is ready and/or forced to cooperate with Russia in order to meet its internal energy requirements and also in the projects to deliver Russian gas to Europe through its territory. Bright examples of this are the projects planned around the Black Sea: "South Stream", "Blue Stream" and "Turkish Stream" promoted by Russia.

At the same time, Turkey also plays an important role in Western plans to deliver Caspian resources to Europe, particularly in the creation of the "Southern Gas Corridor". The projects included in that program are directly connected to the South Caucasus (perhaps only Armenia is left out of the energy programs), and the involvement in them allows Turkey to ensure a significant presence in the South Caucasus. At the same time, the energy resources planned to be exported through the "Southern Gas Corridor" do not satisfy either Europe or Turkey. Here, Russia's inevitable influence on the transit of hydrocarbon

resources and its undoubted importance for Europe as the largest source of gas supply becomes evident. Russia manages to establish control over the transportation of Caspian resources and sell its own gas, involving Turkey in the projects. Perhaps the only successful operating projects bypassing Russia that the West has succeeded in are BTE and BTC with very limited volumes. And in other fields of competition, first Russia and then Turkey "win".

However, Turkey's high energy dependence on Russia resulting from Russian energy projects is a problem, and this was especially pronounced when Russia applied sanctions against Turkey after the shot down of the Su-24 by Turkey in 2015. However, on the other hand, such energy interdependence motivates the two states to avoid direct conflicts, from the point of view of realism, of course, not excluding the neglect of such interdependence if necessary.

On the other hand, the geopolitical importance of Turkey is highly important for Europe, one of whose priority problems is the elimination of energy dependence on Russia. The competition between Russia and Turkey (as the focal point of the West's gas export plans) is expressed in the context of the control over transport routes of the Caspian energy resources and thus maintaining significant influence in the region. Such Western programs as "Nabucco", TAP/TANAP would enable Europe and Turkey to reduce their energy dependence on Russia, and Turkey, separately, to act as an energy corridor. However, the implementation of "Nabucco" is still not visible under the current conditions, both due to the insufficient resources of Azerbaijan and the cost of transporting gas from the Caspian countries, in particular, from Turkmenistan, through the bottom of the Caspian Sea and then along the already known route. At the same time, the proposal of the "Turkish Stream" made by Russia becomes more real for Turkey from the perspective of the same energy corridor, but it makes it more dependent on Russia's energy resources.

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