

# TÜRKİYE-EU RELATIONS

## Turkish Energy Hub: A Challenge for the European Security

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### INTRODUCTION

The term of “security” is used in many contexts and considering the complex and interconnected world we are living in, this word assumes more and more importance.

In the following pages of this article, I will cover a branch of security which is which very current given the latest developments in the geopolitical framework; more specifically I will discuss about its role as a primary factor in enhancing the EU-Türkiye security relations.

Türkiye, with its strategic location at the crossroads of Europe and Asia, is one of the key countries in the energy geopolitics of Eurasia. From one hand it is true that it has a lack of energy resources but, on the other side, its geographical position enables the country to present itself as an energy bridge, a center in the region.

According to some estimated sources, 73% of proven oil reserves and 72% of proven gas reserves in the world are located in Türkiye's neighbourhood. Therefore, this makes Türkiye a potential energy corridor for the European market, which accounted for almost 20% of all global oil consumption and 30% of global natural gas consumption in 2019 (data provided by the BP Statistical Review of World Energy, 2020). These are just some information that I will be discussed in the article. In more details, this paper starts with an insight into the energy in Türkiye, then it will be focused more closely to set out Türkiye's current and potential role in the supply of gas to Europe, starting with the EU's need for gas, the geography of global gas disposition and to finish off, Türkiye's importance as a natural tunnel through which the EU can access gas from many of the world's leading gas suppliers. The article deals with the existing and potential pipeline infrastructure for gas supplies to Europe via Türkiye and discusses what role the EU is already playing, and might be expected to play in the future, with regard to ensuring its energy security by means of pipeline development to carry gas to the EU market via Türkiye.

Overall, the aim of this paper is to illustrate, through empirical data and research, how Türkiye can be a strategic partner for Europe in terms of energy issue and how this possible future relationship could affect the EU's energy security.

## ANALYSIS OF SAMPLES AND MEASURING TOOLS AND THEIR DISCUSSIONS

When we take a brief look at Türkiye's energy and its projects; since 1980s, the matter of energy in Türkiye has become one of its defining factors in the economic, security and foreign policies, as a result of its rapidly increasing energy consumption since the early 1990s. With this regard, the Turkish Ministry of Energy and Natural Resources (MENR) provided important figures which indicate that energy demand in the country has grown by an average of around 6% annually in the past decade, which is the highest among all OECD member states and second highest in the world after China. As previously announced, Türkiye lacks indigenous energy resources. In response, Ankara is dealing with this challenge by pursuing the goal according to which there must be found reliable sources so that energy can be supplied from them at reasonable prices and without major risks of interruption.

Despite this aspect, the factors that could play a decisive role in making Türkiye an energetic hub for Europe are two: its energy production and supply.

As we can clearly see from the following graphics since 2000s it has been an increased trend in both fields. As far as the Turkish domestic energy production is concerned (Figure n.1), it increased between 2014 and 2019 since it was driven to the extension of renewable resources and coal. The total primary energy supply shows a relevant growth. Since 2000, it has increased of 92% which is mostly fossil fuel (Figure n.2).

In 2019, Türkiye purchased around 45 billion cubic meters of natural gas from other countries, recording an almost 50% increase in ten years.

A total of 34% of this came from Russia, 21% from Azerbaijan and 17% from Iran through four pipelines (Russia-Türkiye Pipeline, Western Route; Blue Stream Pipeline; Iran-Türkiye Pipeline; Baku-Tbilisi-Erzurum Pipeline), which have a total capacity of 46.6 billion cubic meters. The remaining 28% of Türkiye's energy consumption relies on LNG imports from Algeria, Qatar, and Nigeria. In terms of crude oil, Türkiye's imports come mainly from Russia, Iraq, Kazakhstan, Saudi Arabia, and Kuwait.

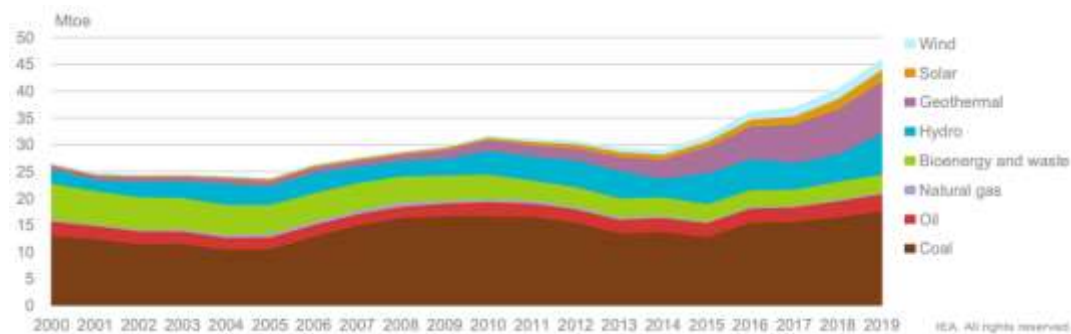
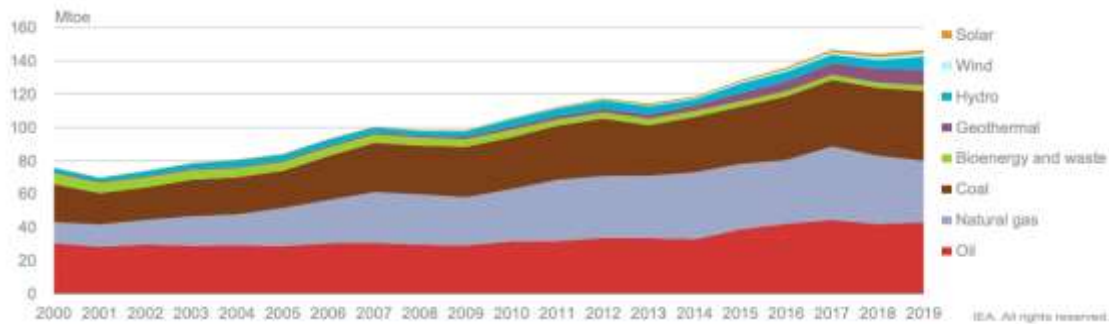


Figure n.1



Figure

n.2

Notes: Mtoe= million tonnes of oil equivalent. Electricity imports and exports are not shown and counted in the charts.

Source: IEA (2020), IEA World Energy Statistics and Balance (database)

Türkiye’s approach to energy in the international arena is also marked by defined as well as strategically geopolitical pipeline projects. The reason why Türkiye is active in developing them is the fact that its aim consists in becoming an energy transit hub between Europe and Asia. This indicates that Türkiye’s geographical position provides an opportunity for it to play an important role in connecting energy consumers in Europe with the energy suppliers in the Middle East, Russia, the Caspian Basin, and the Eastern Mediterranean. It is estimated that 73% of proven oil reserves and 72% of proven gas reserves in the world are located in Türkiye’s neighbourhoods. This makes Türkiye an important energy corridor for the European market.

As a next step of my paper, I will move by briefly explaining the main energy pipelines as an added element to understand the important energy dimension of Türkiye. The imagine above provides an up-to date picture of the complex and relevant energy’s pipeline networks in the Middle East area.



- **The Baku- Tbilisi-Ceyhan (BTC)**, an oil pipeline and the **Baku-Tbilisi-Erzurum (BTE)**, the natural gas pipeline. The latter became operational in 2006-2007 by receiving strong backing from Western powers mainly because these two pipelines were perceived as key geopolitical instruments in limiting the traditionally strong Russian influence over the newly independent countries of the

region. Such energy projects have also enabled the emergence of a strategic rapprochement between Türkiye, Azerbaijan, and Georgia in the Caucasus.

- **Iran-Türkiye Natural Gas Pipeline** (Eastern Anatolia Natural Gas main transmission line): it became operational in 2001 and produced a significant boost for Türkiye's role as an energy bridge between the European markets and Asian producers.
- **Russia-Türkiye natural gas pipeline** (West line)
- **Blue Stream Gas Pipeline**: thanks to this pipeline the natural gas is transported from Russia Federation through a transit line under the Black Sea to Türkiye.
- **Türkiye-Greece-Italy (ITGI) Natural Gas Interconnection**: this pipeline has been projected with the aim to transport 7 bcm (billion cubic meters) of natural gas per year of Azerbaijani natural gas to the European market.
- **The TurkStream Gas Pipeline** project: it runs from Russia through the Black Sea to the receiving terminal on the Black Sea coast of Türkiye and further across its territory up to the borders of its neighbouring countries. Once the project has been completed, it gave Türkiye the status of the largest gas transit corridor to Europe.
- **The Trans-Anatolian Natural Gas Pipeline** (TANAP). This project is the most recent and it is of great importance since it contributes to Türkiye's hub energy objectives. It is not only part of the SGC, but also comprises the longest stretch of the \$40 billion project according to Reuters data of 2019. The realization of the project started in 2011, when Türkiye and Azerbaijan signed a Memorandum of Understanding in relation to the TANAP project, while other related agreements were reached in the following years. The intergovernmental agreement to construct the pipeline was signed in 2012 between Türkiye and Azerbaijan, the construction started in 2015, and it became operational in June 2018. Its functioning consists in transporting a part of natural gas from Azerbaijan which flows in Türkiye for its domestic consumption while the remaining part (10 vs 6 bcm) is transferred to via the Trans Adriatic pipeline (TAP) that runs from Greece, via Albania, to Italy. The BTE-TANAP-TAP route, which is the backbone of the SGC, was to become operational in March 2021. Stretching over 3,500 kilometres and requiring an investment of around \$45 billion, the Southern Gas Corridor is crucial to the EU's plans to decrease its dependence on Russian energy. It also greatly benefits Azerbaijan, which will finally be able to export large volumes of natural gas to the European market. There are already plans to increase the capacity of TANAP so that it can supply the EU with 31 bcm in 2026. It is also claimed by Anadolu Agency's officials that, in the longer term, TANAP can be expanded to carry natural gas to Europe from Iran, Iraq and the Eastern Mediterranean region. Such a development is also expected to transform Türkiye into an "effective regional gas-trading hub". Additionally, the fact that the Türkiye's Petroleum Pipeline Corporation (BOTAŞ) already holds a 30% share in TANAP makes the project an even more important part of Türkiye's energy hub

discourse. In short words, for Türkiye, the importance of TANAP for its own as well as EU's energy security will help to contribute to its goal of becoming an energy hub and to improve its regional clout.

At this point, we can reasonable point out that from one side, there is Türkiye with a potential role of becoming great energy European partner, but it has at same time several energy priorities to reduce its dependence on imported energy sources, to secure its energy supplies and to improve energy efficiency; and from the other side the EU has the same objectives of those of Türkiye. Once having described the energy landscape in Türkiye, it is fundamental to explain the structure and principles of the EU energy security policy to better understand how the two countries are deeply linked and how the involvement of Türkiye in this field could be strategically advantageous for EU energy's security.

The fundamental policy, which is the product of long consultations among the European political community, is the so-called "Global strategy for the foreign and security policy of the European Union"; an instrument that runs in tandem with the European Green Deal, which has the ambitious goal of bringing secure, sustainable, competitive, and affordable energy to all EU consumers. In order to achieve and ensure these objectives, the EU's strategy is based on five closely interrelated and mutually reinforcing dimensions. The first one is the energy security, solidarity, and trust. The latter has the goal of diversifying Europe's energy sources, while making better use of energy produced within the EU. At the second place there is the purpose of creating a fully integrated internal energy market via the use of interconnectors so that it will enable energy to flow freely across the EU without any technical or regulatory barriers. Then, the EU settled to achieve the energy efficiency. Its objective consists in contributing to moderation of demand as well as a decrease in the EU's energy consumption. In this way, the energy imports will increase energy efficiency by reducing pollution and preserving domestic energy sources. The fourth point of great importance of the EU Energy Strategy is to decarbonize the economy. The EU is pushing for decarbonizing the economy of all EU member states via the adoption of a global deal for climate change and encouraging private investment in new infrastructure and technologies. Last but not least, it is a part of the strategy also employing research, innovation and competitiveness in order to bolster efforts in achieving breakthroughs in low-carbon technologies via coordinated research and the financing of projects in partnership with the private sector.

To sum up, the European Union has the long-term objectives of transitioning to green energy and diversifying its energy imports in order to decrease its dependency on specific energy exporters. Türkiye also considers as a strategic objective the diversification of its imports and decreasing its dependence on specific energy exporters, while in the meantime it aims to become a regional energy

hub connecting the energy producing countries of the Middle East and Russia, as well as the Caspian and Eastern Mediterranean regions, with the European energy market. Moreover, given its unique geographical position between Europe and Asia, Türkiye also has the advantage of controlling the Bosphorus and Dardanelles straits. This enables Türkiye to present itself as a key transit state, a strategic actor in the geopolitical chessboard.

Having the same goals and difficulties in the energy field, how Türkiye can meet the energy's security needs of the European Union? The key consists in becoming a natural corridor for the gas exchange. The energy source of gas plays the role of the main character in this context.

Firstly, it is necessary to clarify that gas is transported by two methods: by pipeline and as liquefied natural gas (LNG). In the Türkiye-EU relations, pipelines are the more important issue, but their importance is obviously affected by the ability or willingness of the EU to increase LNG imports. The European Union is already the world's biggest gas import market, and, at the same time, it is also one of the world's fastest growing energy markets. With this regard, according to recent projections, the European countries are expected to consume almost 700 bcm/y of gas by 2030 and the International Energy Agency acknowledges a massive dependence on imports: it envisages imports rising from 187 bcm in 2000 to 632 bcm in 2030 so a 449-bcm/y increase.

For its energy import sources, we can't state that the EU possesses a variety of them because it mainly depends on Russia and Algeria. The point is that, as Russia has its own direct pipeline systems serving the EU market, the EU is not particularly interested in routes through Türkiye. But the latter is located close to a number of other gas producers which have had, or may have, an interest in assessing the prospect of accessing European markets by means of pipelines through Türkiye (for instance Azerbaijan, Kazakhstan, Iran, and Egypt). Furthermore, as the European Union became aware of the necessity to diversify its supplies, it is the perfect time for Türkiye, with its great geographical location, to be involved. In 2015, it seemed that EU recognized the strategic potential of Türkiye since in the communication on Energy Union, it has been stated that "as part of a revitalized European energy and climate diplomacy, the EU will use all its foreign policy instruments to establish strategic energy partnerships with increasingly important producing and transit countries or regions such as Algeria and Türkiye; Azerbaijan and Turkmenistan; the Middle East; Africa and other potential suppliers".

Since 2016, and as the situation in the Eastern Mediterranean started to evolve, the EU's attitude and considerations vis-à-vis Türkiye and its role in Europe's energy security and in the region in general have also changed. The escalation of tensions between Türkiye and other key states in the energy equation of the Eastern Mediterranean, such as Egypt and Israel, have had an impact on the planning

of the energy projects. This makes a possible implementation of Türkiye-EU energy partnership more complicated since Türkiye is remaining excluded from the Eastern Mediterranean plans. In other words, Türkiye seems to be considered today more of a potential client rather than a transit state. Given the fact this country is the region's second biggest energy market, after Egypt, it cannot and should not be excluded as a potential client, especially given Ankara's growing energy demands and the need to diversify its natural gas imports from Russia, Iran, and Azerbaijan. Additionally, from the producing states point of view, as well as from the EU's itself, having Türkiye as a client firstly limits Ankara's leverage and influence in the project in comparison with being a transit state and secondly incentivizes it to improve its relations with the producing and other transit states. It is worth noting that as the EU has set an ambitious plan for reducing greenhouse gas emissions, (zero emissions by 2050), leading it to renewable energy sources and hydrogen, this would have a direct effect on its future projects, including those of natural gas. The tendency in the Union is to stop supporting such projects financially, which will probably hamper their realization. So, the role of Türkiye, which so far has not ratified the Paris Climate Change Accord, and other regional powers will decrease, unless they invest in renewables and other cleaner forms of energy; a condition which seems to be very decisive for the Türkiye-EU energy relations. But is the EU able to enforce this sort of clause even today? Theoretically yes, but practically would have only negative consequences.

In fact, if we consider the current geopolitical and strategic scenario, the ongoing war in Ukraine made the landscape more complex and serious, especially in terms of energy security. This crisis brought the EU's need to diversify its energy imports and decrease its energy dependence on Russia to the forefront, as relations between the two major regional actors deteriorated significantly. Both the European Union and, its ally, the US saw the lessening of the EU's dependency on Russia for energy imports as a priority that would allow the Union and its members to start to have more leverage and freedom of action when it came to their diplomatic interactions with Moscow, especially in a period of crisis. In this undertaking, Türkiye should be perceived as a key actor in the new regional and energy security contexts, which enables Ankara to strengthen its role and geopolitical importance to the EU. Türkiye could become the "natural energy bridge and an energy hub between energy sources in the Middle Eastern and Caspian Regions and European Union (EU) energy markets".

Recently, in 2021, the EU's Vice-President and High Representative of the Union for Foreign Affairs and Security Policy named Josep Borrell labelled Türkiye as the EU's biggest foreign policy challenge and he expressed the opinion on March 22<sup>nd</sup> of the same year according to which the EU's strong concern for the domestic developments taking place in Türkiye were taking Ankara away from their European path. There is a climate that it is not very favourable to an energy cooperation between Türkiye and

the EU in the matter of energy security since the European leaders don't show to have enough appetite to include Türkiye in their long-term energy projects, justifying that such a move, might add unnecessary risks to the EU's interests.

In a future prospective and in the logic of further limiting the considerable dependence on imported energy (mainly natural gas) of East Europe towards Russia, this kind of behaviour will be counterproductive for both countries.

In addition, if Türkiye attains a greater role in the EU's energy supply security in the future, it might attempt to utilize its role to extend its transactional relations with Brussels from refugee and migrant management to that of energy security. And this last aspect could be strategically valuable for European security issues.

Up to now we have dealt with the strategic importance of one energy source, namely gas. It is fundamental to make a distinction between the latter and oil resource. For oil the existing Iraq-Türkiye pipeline (capacity 1.6 million barrels per day) and the Baku-Tbilisi-Ceyhan pipeline under construction (capacity 1.0 million barrels per day) together are of considerable significance in relation to total EU oil imports of 11.5 million barrels per day. Plus, the Bosphorus is currently seeing a further 1.4 million barrels per day of tanker traffic, which represents a serious environmental hazard, and for which several bypass pipeline options have been under discussion for years. Important as these oil supply channels are, the degree of energy supply security risk that they cover should not be overestimated, since oil is essentially a fungible product in a global market, and the world economy has learned to survive serious supply disruptions because of flexible supply and transportation structures.

For gas however the issue of supply security, both in terms of physical supplies and their economic terms, is of a much higher order. The EU's dependence on gas as an energy source is on a strongly rising trend, and the import dependence for gas is projected to rise. International Energy Agency analyses have suggested that the growth in imports could by 2030 be distributed essentially between Russia (79 bcm), Central Asia (51 bcm), the Middle East (157 bcm) and West and North Africa (136 bcm). Türkiye's proximity to many of these suppliers comes more directly into play because of the rigidity of gas supply systems through pipelines, mitigated to an increasing but still limited extent by supplies of liquefied natural gas by sea tanker. As many as 10 gas-exporting countries are or may become interested in using Türkiye as a pipeline transit route for their gas to reach the European market. These 10 countries which are specifically Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan, Iran, Iraq, Qatar, Saudi Arabia, Syria, and Egypt hold about 35% of world gas reserves, which is not so far from Russia's gas reserves representing 45% of the world total. While Russia, as mentioned before, already has a pipeline supplying gas directly into Türkiye (the Blue Stream crossing the Black Sea), it



currently excludes onwards supply of its gas to Europe, seeking to preserve to the maximum the market for its other direct supply routes into central and southeast Europe. Russia, through Gazprom and some other trading companies, also seeks to retain control over the marketing of Central Asian gas exports through its pipeline system. It apparently derives considerable monopolistic profits from this at present, as evidenced by some fragmentary price information from the notoriously opaque international market. For example, while Türkiye imports Russian gas at around \$130/tcm, Turkmenistan apparently receives only a third or a quarter of this price from its exports to Ukraine through Russia.

The strategic issue for the EU and Türkiye in the energy policy domain is therefore both how the EU's security of supplies might be augmented by diversification of pipeline supply routes through a completely safe transit region (i.e. within an EU that included Türkiye), and how the EU could reduce the risks and costs of commercial dependence on a main supplier, such as Russia, that may be inclined to exploit opportunities for monopolistic market behaviour. Türkiye is offering to do this by promoting the construction of gas pipelines networks for import from the east, transit, and export to the west. The EU's particular interest in these projects is in the context of Türkiye's accession bid, is that accession would require Türkiye's compliance with EU gas market directives that set the rules to ensure competitive market conditions.

Concretely, this becomes a matter of investment in the trans-Türkiye gas pipeline network, first for the incoming pipelines from the exporting countries, then Türkiye's internal gas transit capacity, and finally the connections into the main EU market through south-east Europe. For incoming pipelines Türkiye already has a connection with Iran with a capacity of up to 20bcm/year. There are also discussions underway with Egypt for a gas pipeline that might transit Jordan and Syria, to which Saudi Arabia could easily connect at some stage in the future, although this is not presently planned. There remains the aborted plan for a trans-Caspian gas line that would bring Turkmen gas to join the Baku-Erzurum pipeline. However, as already remarked, Turkmenistan seems to get poor terms of trade for its route through the Russian network. Finally, there is the Blue Stream trans-Black Sea pipeline, which Gazprom insists should not be used for onward supplies into the European network, but this precisely begs the question when and how the Russian gas sector might be induced to run on market-competitive terms. Türkiye's own east-west transit capacity would have to be substantially augmented if the strategic supply artery vision were to be realized, and the Turkish Minister of Energy acknowledges this.

More generally Türkiye does appear capable of becoming a major gateway for large volumes of gas supply to Europe, a fourth strategic artery with the supply routes from Russia, Norway and Algeria. Last but not least, greater supplies through Türkiye would increase pressure on Gazprom to operate

on a commercially competitive basis, and thus also foster gas market reform in Russia, which will always remain a very major supplier.

## **FINAL EVALUATIONS AND CONCLUSION**

Türkiye lies adjacent to countries or regions possessing some 71.8% of world gas reserves and 72.7% of world oil reserves. In geographical terms, Türkiye is clearly increasingly well placed to serve as a central transit supplier for the anticipated major increases in European gas demand. According to the Dr. Fatih Birol, the chief economist for the International Energy Agency, the key question is whether Türkiye will prove to be an economic way for Europe to secure gas supplies, in terms of being close to the European Union's market and close to Middle East supplies.

In considering whether to open entry negotiations with Türkiye, the issue of EU gas security is clearly relevant, Türkiye that lies within the EU (and from early on is effectively a member of a common European gas market) brings with it a variety of means by which fresh sources of gas can be tapped and brought to market within the heart of the EU.

The EU's Green Paper, with its emphasis on diversity of supply, is relevant in this context also because it became urgent for EU to realize the Southern Gas Corridor since Russia easily uses its advantage on energy as a political leverage.

What is emerged from the data and empirical arguments analysed in the papers is that the EU should look at the various Turkish-transit related pipeline projects under development and consider which of them might serve its energy security purposes and whether it might even wish to help fund infrastructure development. For such pipelines constitute strategic, as well as commercial, infrastructure. As mentioned earlier, this may well offer opportunities for the EU in general, and the European Investment Bank in particular.

In the following points, I will sum up the factors according to which in a gas context, "Türkiye will in the near future constitute the fourth artery of Europe's energy supply security after Russia, Algeria and Norway."

- A range of gas companies in central, southern and South-eastern Europe are actively working on ways to bring gas from the Caspian and the Middle East to European markets through fully commercial pipeline systems transiting Türkiye and the Balkans.

- For the EU, development of Türkiye as a transit route helps promote energy security through diversification of gas supply routes.

- As Türkiye's importance as a gateway grows, it further increases European energy security by ensuring increased access to Caspian reserves on a commercial basis, as well as offering Middle East producers the option of transporting gas to Europe by pipeline as well as by LNG.

***The greater the volume of gas supplies delivered to Europe via Türkiye, the greater the pressure on Russia's Gazprom to operate on a commercial basis***, rather than as a monopoly, in its dealings with the European Union.

Overall, however, whether Türkiye will in practice become Europe's fourth artery will depend on several factors, both economic, since demand pulls gas lines, and political, in view mostly of the importance of a democratic and fair government. The political point is particularly important especially in today's world since we are living in an era of instability and geopolitical constant changes; for this reason, ***the main issue for any energy partnership is firstly the reliability as well as the credibility of its suppliers.***

Certainly, Türkiye represents a challenge for the EU regarding many aspects but, as far as the energy security is concerned, Türkiye enjoys of great geographical location and it has many strategic neighbors whose energy power, if well managed and planned, could be huge and extremely advantageous for EU countries and for themselves as well.

Therefore, as the conclusion of my article and as a final summary evaluation of the information analyzed and discussed before, my personal point of view on the matter is that Türkiye has all the potential of playing a central role in the EU's infrastructure of strategic energy supply security by being a reliable energy partner for the European Union.

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