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R E P O R T

Promoting International Energy Security

Volume 2, Turkey and the Caspian

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Summary

Energy Prospects of the Caspian Region

With its sizeable crude oil and natural gas reserves, the Caspian region is poised to become an important energy supplier to European and global markets. The Caspian's proven energy reserves are estimated at 48 billion barrels of oil and 13 trillion cubic meters of natural gas. Azerbaijan and Kazakhstan hold the region's largest reserves of crude oil and are now major petroleum exporters in their own right. The region's crude production and export levels are expected to significantly expand in coming years and could double by 2035. Turkmenistan and Azerbaijan hold roughly three-quarters of the Caspian's proven natural gas reserves. Competition over the development of the Caspian's largely untapped natural gas reserves and control over future export routes remains intense. Several competing pipeline projects are at various stages of development for bringing natural gas from the Caspian to Europe, Turkey, and China.

Caspian gas reserves are widely seen as a possible means of lessening Europe's current dependence on natural gas imports from Russia, and the region could play a role in promoting European energy security by helping various European Union member countries diversify energy sources. Spurred in part by interruptions in Russian gas supplies to Europe in 2006 and 2009, the United States and the European Union have supported the development of a new transit corridor for Caspian gas that would be routed through Turkey. Russia, a dominant player in supplying European energy markets, has been decidedly hostile to proposed pipeline routes that do not fall under its direct control.

Turkey's Role in Caspian Energy Development

Turkey aspires to become a key transit state for the transport of oil and gas from the Caspian region and the broader Middle East destined for European and world markets. At the heart of Ankara's energy policy is a fast growing economy with extremely high levels of dependence on energy imports and a government intent on strengthening Turkey's position as a regional power. Over the past two decades, Turkey has experienced a dramatic surge in energy consumption, most of which has been satisfied by imports from Russia, Azerbaijan, and Iraq. Predictable and close relations with these suppliers will be important for Turkey's ability to maintain its economic vitality.

Turkey's relations with the United States are currently in flux. The disappearance of the Soviet threat has eroded the original rationale underlying the U.S.-Turkish security partnership. The importance Turkey's leaders ascribe to U.S. foreign policy goals has fallen. Concerns

the United States raises now have less weight in Turkey's decisions about national security issues. At the same time, the collapse of the Soviet Union has opened up new vistas and opportunities that were previously off limits to Turkish foreign policy, particularly in the Middle East, the Caucasus, and Central Asia. This shift in Turkey's security environment, rather than an embrace of anti-Americanism or anti-Western Islamic ideals, is the main driving force behind current Turkish foreign policy. Today, most of Turkey's biggest security challenges lie in the Caucasus and Middle East, particularly in Iraq and Iran. Hence, of necessity, Turkey is increasing its attention on these areas.

Potential Challenges and Threats

Competition for the Caspian's large energy resources is unfolding on several levels, drawing in a variety of outside players. Russia is seeking control over export routes for Caspian oil and gas resources for its own commercial and political ends. Natural gas sales to Europe are an important source of income. Russia has often treated energy as a political instrument to gain leverage over the behavior and policies of producer countries and consumers alike and has consistently sought to strengthen its involvement in the development of energy resources located in Azerbaijan, Turkmenistan, and Kazakhstan. These efforts are particularly visible in its attempts to curb the development of a new southern gas corridor, such as undermining the construction of the Nabucco Pipeline, which would transport Caspian gas to European markets through Turkey, thereby bypassing Russia.

China is emerging as an important regional player in the Caspian area, a trend that is likely to deepen in keeping with Beijing's broad-ranging attempts to secure long-term access to raw materials and energy resources around the world. Thanks to its willingness to employ government resources on behalf of these efforts, China has been able to rapidly complete a number of major oil and gas pipelines. China's growing involvement in the Caspian is not inherently problematic from an energy security standpoint because it has helped expand total global crude and natural gas supplies while breaking Russia's near monopoly over the routing of oil and gas exports from Caspian producer countries, namely, Kazakhstan and Turkmenistan.

The countries in the Caspian region and Turkey face significant security threats to infrastructure and transportation routes that could interrupt energy flows from the region. First, the crowded and narrow Bosphorus waterway remains vulnerable, posing a chronic and sensitive challenge for Turkish authorities. A terrorist attack or tanker accident leading to the long-term closure of the Bosphorus would have severe political, economic, and environmental implications, especially for Turkey. Second, the Kurdish Workers' Party has repeatedly conducted terrorist attacks against oil and gas pipelines inside Turkey, raising doubts about Turkey's ability to protect energy infrastructure located on its territory. (Similar attacks have occurred frequently in northern Iraq.) Third, long-running regional conflicts, particularly over the enclave of Nagorno-Karabakh and the breakaway Georgian regions of Abkhazia and South Ossetia, have the potential to interrupt energy flows from the Caspian in the future.

Findings and Potential U.S. Air Force Roles

Limited Scope for Expanding USAF-Led Security Cooperation with Caspian Energy Producers

This report examines the major energy security challenges that Caspian producer countries and Turkey face, with an eye toward identifying possible roles for USAF in this region. We see relatively little scope for USAF to increase its engagement with Caspian energy producers on energy security issues. For the foreseeable future, we expect that USAF relationships with counterparts in these countries will be dominated by the need to preserve transit routes, especially to Afghanistan. Given the delicate balance the Caspian countries seek to maintain among the region's leading powers—Russia, China, Turkey, and Iran—there also are inherent limitations on the readiness of Caspian energy producers to increase security cooperation with the United States. As a result, opportunities for bilateral cooperation are likely to remain focused on such activities as border control, maritime security, and emergency response. Azerbaijan is a potential exception, given its desire to deepen security ties with the United States. However, efforts to expand security cooperation with Baku will be severely limited by long-standing congressional restrictions on aid to the Azerbaijani military; these restrictions are likely to remain in place in the absence of any diplomatic breakthrough on resolving the Nagorno-Karabakh conflict.

Energy Security Promising for USAF Engagement with Turkey

Although recent changes in Turkey's foreign policy orientation have caused some strains in the U.S.-Turkey relationship, Turkey remains an important ally. U.S.-Turkish cooperation on energy security issues offers a promising yet modest opportunity to strengthen the bilateral relationship. Energy security is likely to grow in importance for Turkey's leaders in the future. At present, U.S.-Turkish military cooperation on energy security issues is largely confined to informal senior leader and staff-level dialogues. This is largely due to the fact that energy security is not a primary mission of the Turkish armed forces but rather a role assigned to the Jandarma, a paramilitary force that is subordinated jointly to the Ministry of Defense and Ministry of Interior. The scope for potential U.S.-Turkish energy cooperation is also likely to be constrained by Turkey's traditional sensitivity about respect for its sovereignty.

Still, extensive U.S.-Turkish military and intelligence cooperation on reducing the Kurdish Workers' Party terrorist threat in Northern Iraq has created an important set of relationships between the USAF and its Turkish military counterparts. These relationships could provide a foundation for expanded dialogue and eventual collaborative efforts on energy security. Reducing vulnerabilities in the Bosphorus is another area in which U.S. disaster response capabilities and the lessons learned from the Deepwater Horizon disaster in the Gulf of Mexico could prove useful for helping Turkish civilian and military leaders plan emergency responses and develop disaster scenarios.