

BAKU DIALOGUES

POLICY PERSPECTIVES ON THE SILK ROAD REGION

Vol. 6 | No. 2 | Winter 2022-2023

Baku Looks Further Ahead, Not Farther Behind

**Defining Strategic Direction:
Azerbaijan and the New Regional Geopolitical Configuration**
Gulshan Pashayeva

Two Key Bilateral Relationships

**Azerbaijan & Israel:
Enhanced Visibility of Strategic Ties**
Arthur Lenk

**Azerbaijan & France:
Realities and Misunderstandings**
Maxime Gauin

Two Key Regional Developments

**Time for an EU Foreign Policy Update?
The EU and the Silk Road Region in Wartime**
Samuel Doveri Vesterbye

**The Turkish Gas Hub Project:
A Pivotal Arrangement**
Rahim Rahimov

Two Key Domestic Challenges: Migration & Sustainable Returns

**Sustainable Agriculture in Aghali:
The Smart Village Concept in the Great Return to Karabakh**
Nazrin Baghirova

Azerbaijan's Impending Migration Challenge
Tamilla Mammadova, Aynur Rahimli, and Parviz Sunatulloev

bakudialogues.ada.edu.az



ISSN Print: 2709-1848
ISSN Online: 2709-1856

The Turkish Gas Hub Project

A Pivotal Putin and Erdogan Arrangement

Rahim Rahimov

Russian-Turkish relations have gone through a significant transformation under the leadership of Vladimir Putin and Recep Tayyip Erdogan. Initially characterized as a Putin-Erdogan partnership, now the bilateral relationship has evolved into a strategic partnership between the two states. Uniquely, NATO member state Türkiye has effectively and, so far, successfully dealt with Russia and Ukraine amidst the ongoing war between them. However, contemporary contradictions, imperial pasts, a legacy of conflict and wars, and related mutual distrust and suspicion continue to linger in the background and, one could say, just below the surface: characterizing the ties that bind Ankara and Moscow

is, thus, hardly a straightforward endeavor.

This essay looks not only to the historical record but also explores the perspectives of the Turkish-Russian partnership within the framework of an increasingly important thread of the relationship in the time ahead: Putin's Turkish gas hub proposal, which he made in late 2022 in response to broader developments in the conflict over Ukraine. A major conclusion is that Ankara and Moscow are set to take forward their bilateral relations despite their historical baggage and current geopolitical and geo-economic circumstances. In this context, the Turkish gas hub project represents a pivotal idea for the future trajectory of this important bilateral relationship.

Rahim Rahimov is a political analyst on Russia and the South Caucasus with a particular focus on Russian-Turkish relations. He is a member of the management board of the Association of European Studies for the Caucasus (AESC). The views expressed in this essay are his own.

Past-Present

The leaders of Russia and Türkiye are aware of the centuries of history that form the background to the present-day relationship between the two nations. Taking a quick look at the past is helpful in grasping the sources of current vulnerabilities and strengths of Russian-Turkish relations. There were the wars of the nineteenth century—a dynamic that changed with the demise of the Russian and Ottoman Empires and establishment of the Soviet state and the Turkish republic in the wake of World War I. In particular, conspicuously Marxist and historicist materialist inclinations dominated Soviet thinking while anti-imperial sentiments took hold of intellectuals and members of the ruling elite of the newly-established Republic of Türkiye. These and other factors contributed to Ankara and Moscow coming closer to each other than their respective *anciens régimes* ever could.

And so, through the efforts of Vladimir Ilyich Lenin and Mustafa Kemal Atatürk, the founders of the

Soviet state and Turkish republic, respectively, the two nations witnessed a considerable thaw and rapprochement in bilateral relations during the inter-war period.

However, with Stalin's expression of territorial claims on Türkiye in 1945—which had much to do with a Soviet desire for control of the Turkish Straits—the rapprochement came to abrupt end. Referring to Stalin's moves during that pivotal year in a speech before the Plenum of the Central Committee in June 1957, Nikita Khrushchev made this point explicitly: “We terminated the friendship treaty and spat in their faces. [...] It was stupid. We ended

up losing friendly Turkey.” Yet the Turkish ban on the Communist Party also contributed to deterioration of relations. Some went further in seeking an explanation. For example, the Soviet Union's ambassador in Ankara (1922-1923) Semyon Aralov attributed the deterioration in bilateral ties to Ankara's sharp pro-Western turn following Atatürk's death, which took place in 1938—predating the Molotov-Ribbentrop Pact and the onset of

Ankara and Moscow are set to take forward their bilateral relations and the Turkish gas hub project represents a pivotal idea for the future trajectory of this important bilateral relationship.

World War II by nearly a year (infamously, Türkiye chose to stay out of it).

Ultimately, the two countries found themselves on opposite sides throughout the Cold War—certainly due at least in part to Stalin’s territorial claims. Nonetheless, a few attempts were made to improve relations. Various actions by İsmet İnönü and maneuvers by Adnan Menderes—two diametrically opposite Turkish leaders—are cases in point; but none produced sustainable results.

Traumatized nationalist sentiments also represent an obstruction on both sides to advancing the bilateral relationship between the two rival and neighboring former imperial nations. History has shaped a path dependency over Russian-Turkish relations from the Crimea to the South Caucasus and the Black Sea regions and elsewhere.

In particular, the Crimean topic is very sensitive for both Russia and Türkiye. They fought bloody wars over Crimea in the eighteenth and nineteenth centuries, a point most outsiders fail to adequately take into account in the present-day context. The Ottomans had acquired suzerainty over the Crimean Khanate in the late fifteenth century and lost

it as a result of the aforementioned wars with Russia, having held the territory for several hundred years. This loss represented a powerful blow to the authority and reputation of the Ottoman Empire and the institution of the Sultan—in a way, much more so than the loss of the empire’s Balkan provinces in the nineteenth century (the final blows landed in the early twentieth). This string of defeats led Muslims to question the Sultan’s legitimacy and the Ottoman Empire’s power as the defender of Islam: the state’s prestige as *the* caliphate of the Muslim world began to be called into question in the subsequent period. The Porte’s final loss of Crimea in 1783 was seen as a sign of the weakening of the Ottoman Empire, which in turn led to its further diminishment: that event is interpreted by some as marking the start of the empire’s slow but steady demise. In that light, the Ottoman loss of Crimea to Russia remains a painful and sensitive matter for Turks, particularly in nationalist and religious circles.

Apart from the conflict over Ukraine, Türkiye and Russia are on the opposite sides of the frontlines in Syria, Libya, and elsewhere. Their relationship on issues having to do with the South Caucasus—particularly with regard to the Armenia-Azerbaijan conflict—is

quite uneasy, from both contemporary and historical perspectives. Russo-Turkish interests collided in 1918, as Ottoman troops came to the assistance of the then newly-established Azerbaijan Democratic Republic for the purposes of ridding Baku and other Azerbaijani regions of allied Russian Bolshevik and Armenian Dashnak forces. But Ottoman forces had to leave Azerbaijan and neighboring territories after only a few months in the wake of the Armistice of Mudros. Its departure contributed to the forced incorporation of the South Caucasus into the USSR. And now Türkiye is back, having developed a comprehensive strategic alliance with Azerbaijan.

Furthermore, the Caribbean crisis of 1962 is oftentimes referred to as the Cuban Missile Crisis and viewed through a Cuban-centric lens. However, for many Russians and Turks, it was and is still regarded rather as a Turkish crisis in terms of substance.

The mainstream Western narrative is that the Soviet deployment of nuclear missiles in Cuba triggered the crisis and brought the world to the edge of annihilation. But the Russian narrative is that the Soviet deployment was the Kremlin’s response to the U.S.’s 1959 deployment of nuclear weapons in

Türkiye (one year before the 1960 military coup in the country that overthrew the Menderes government in part allegedly because of his plan to seek rapprochement with the Soviet Union, largely for economic reasons).

A 2009 Russian documentary titled “Nikita Khrushchev’s Cold War” perfectly illustrates one aspect of this narrative. The film’s narration underscored the point that the Soviet military had a limited capacity to launch rockets to hit deep into American territory at the time; reciprocally, until 1959 the U.S. military also had a limited capacity to hit the USSR; but the deployment of nuclear missiles in Türkiye (1959-1961) raised the U.S.’s capacity by several times to hit every major Soviet industrial center, including Moscow. The Americans had gained a strategic advantage right on the Soviet border. Hence the Kremlin’s decision to send its nuclear missiles to Cuba, in America’s backyard, in the wake of Fidel Castro’s seizure of power (these were removed by the U.S., secretly, in April 1963, as part of the deal with the Soviets).

Such historical contexts underlie the Russian depiction of Türkiye as an unreliable partner and even as an Anglosphere proxy against Russia. Many Turks recip-

rocate such sentiments and the resulting distrust. Thus, the narrative of mutual distrust has been in place for decades and still remains significant—it is not the whole story, obviously, but it is an important element whose influence on the overall situation should not be underestimated.

Incidentally, this helps to explain why Alexander Dugin’s advocacy for a Slavic-Turkic alliance (as part of his Eurasianism theory) never resonated particularly well within Russian elite circles; it was, in fact, received as a rather unwelcome contribution. In any event, the idea of a Slavic-Turkic alliance has effectively faded away, whereas the Russian-Turkish partnership still sounds appealing to Ankara and Moscow.

As their pragmatic partnership takes shape and indeed deepens, bilateral *distrust* has shifted to *mistrust* and may now be in the process of being replaced with something resembling *trust*. Consider Putin’s statement in 2015, pronounced amidst the tension over the downing of a Russian fighter jet

by the Turkish Air Force, in which he noted that he had personally invested advancing relations with Türkiye; consider also Erdogan’s subsequent letter to Putin. That episode was a clear manifestation of the onset of the aforementioned shift. Eventually, Russo-Turkish relations grew stronger out of the 2015 crisis, although the incident also reinforced the mistrust tendency. Moreover, Putin’s response to the July 2016 attempted coup against Erdogan also helped raise the level of trust. This helps to explain why the relationship has weathered various episodes in the ongoing Libyan conflict, the Second Karabakh War, and so on—notwithstanding the fact that Ankara and Moscow did not back the same sides.

Yet the ongoing conflict over Ukraine is another major challenge: it represents a litmus test for the partnership between Russia and Türkiye, in light of Ankara’s unique play with Kyiv and Moscow, which is widely and internationally acknowledged. This is a captivating narrative and needs to be examined in some detail.

The ongoing conflict over Ukraine represents a litmus test for the partnership between Russia and Türkiye, in light of Ankara’s unique play with Kyiv and Moscow.

Türkiye’s unique play in the war between Ukraine and Russia is based on a perspective predicated on not regarding the two directions of its foreign policy as being mutually exclusive.

Unique Postures

Türkiye’s unique play in the war between Ukraine and Russia is based on a perspective predicated on not regarding the two directions of its foreign policy as being mutually exclusive. Ankara views both Ukraine and Russia as being important to Türkiye—each in its own way. Accordingly, Ankara strives to avoid getting embroiled in having to take a binary position in the conflict over Ukraine, managing to stand aside from the related geopolitical polarization that has become a characteristic of international relations in a manner unprecedented since the end of the Cold War.

Then, as now, the main pillars of Transatlanticism (i.e., the United States, NATO, the EU) have demonstrated a strong united front against what they perceived as a direct threat emanating from the Kremlin. Thus, Russia and the collective West again find themselves on diametrically opposite sides of the polarization, just as they did during the Cold War. Yet the borders of the polarization overlap only in some

respects with those of the Cold War period. A conspicuously and at the same time unique exception here is Türkiye. To understand this, we need to recall that starting in October 1950, a 5,000-man strong “Turkish Brigade” fought in the Korean War as a permanent attachment to a U.S. division. Less than two years later, Türkiye became a NATO member state. And in 1962, as noted above, Türkiye became an epicenter of the Cuban Missile Crisis between the NATO and the Soviet-led Warsaw Pact. No analogous, much less equivalent string of events is observable today.

The conflict over Ukraine is the riskiest West-Russia crisis since the confrontation over Cuba. However, unlike during the entirety of the Cold War, in which Türkiye followed a staunchly pro-Western foreign and security policy whose contours were largely set abroad, Ankara today has succeeded in engaging with both sides in the current confrontation. As a result, Türkiye has effectually become the sole effective communication channel between the two warring nations and related blocs and has also achieved

positive, tangible outcomes in its mediation efforts. Three examples illustrating Türkiye's role will suffice: brokering deals between Ukraine and Russia on exchanging prisoners of war, ensuring grain and fertilizer exports, and hosting meetings between Russian and American intelligence chiefs.

Paradoxically, Türkiye neither shies away from supplying Kyiv with popular Bayraktar drones nor expressing a commitment to Ukraine's territorial integrity; yet it does this without succumbing to pressure to join the Western sanctions and export restrictions regime against Russia. In fact, Ankara continues simultaneously to advance its strategic partnership with Moscow and is even bolstering both its political and economic ties with that country. Even more paradoxically, neither Kyiv nor Moscow fails to express their appreciation to Türkiye for the singular role it is playing.

A complex set of factors and interests of a strategic, political, and economic nature underpin Türkiye's relationship with Russia

A complex set of factors and interests underpin Türkiye's relationship with Russia and Ukraine, helping Moscow to apply a pragmatic approach to the discrepancies between Ankara and its NATO allies.

and Ukraine. And this has helped Moscow to apply a pragmatic approach to the discrepancies between Ankara and its NATO allies. A complex set of factors and interests underpin Türkiye's relationship with Russia and Ukraine, helping Moscow to apply a pragmatic approach to the discrepancies between Ankara and its NATO allies. That context allows us to understand the strategic nature of the evolving Russian-Turkish relations. As does the fact that Türkiye has the longest-running EU accession process: it officially received candidacy status way back in December 1999. Yet there is no sign on the horizon that it could ever be admitted to the European Union. This has significantly shunned Ankara away from the West.

Western sanctions on Türkiye and Russia over past years have led Moscow and Ankara to further their cooperation and rapprochement, not least because of their pragmatic approach to the bilateral partnership. Moscow properly evaluates the Turkish-Western frictions, and has engaged in advancing

cooperation with Ankara. Russia also acts as an alternative to the EU market for Türkiye. Indeed, Russia is a large and profitable market for Turkish goods while Turkish companies continue to be active in the Russian construction sector. Moreover, Türkiye is a favorite destination for millions of Russian tourists. This factor played an important role in Russian-Turkish reconciliation following the 2015 fighter jet crisis. All of this is, however, less important than the cooperative relationship they have forged in the energy sphere. Despite Western objections and sanctions, Ankara and Moscow completed the TurkStream gas pipeline project to deliver natural gas from Russia to Türkiye via the Black Sea in early 2020. And Russian gas deliveries to Türkiye have continued unabated ever since.

Apart from the above directions, nuclear energy and military spheres are two other major partnership avenues that underlie the strategic and long-term character of the evolving ties between Ankara and Moscow. For decades, Western allies—the United States, in particular—have not been supportive of Turkish efforts to develop a nuclear power plant, whereas Ankara and Moscow were able to come to terms and launch construction of Türkiye's first

nuclear power project, Akkuyu. The first phase of the project is slated for completion by the end of 2023 and the remaining phases several years thereafter.

Moreover, the two countries reached a deal on the supply of S-400 air defense systems to Türkiye in December 2017; the equipment has since been delivered and appears to be in use. In contrast, the United States and some of Türkiye's other NATO allies turned down Ankara's requests to supply such air defense systems. Alongside the issue of the Russian air defense system, the issue of fighter jets represents another friction between Ankara and Washington. Although Washington has recently agreed to modernize and supply F-16s, Ankara is also considering the purchase of Eurofighter Typhoon jets from the UK in case the deal with the U.S. fails to materialize. Yet Turkey has also suggested that it may consider purchasing Russian SU-35 fighter jets instead—again, if the deal with the U.S. fails or comes with unacceptable conditionality.

There are also two political issues that continue to hugely affect the Turkish posture towards its Western allies and, apparently, Moscow has taken careful note of them: the Kurdish issue and the Gulenist issue. Ongoing Western

support for Kurdish groups, which Türkiye has declared to be terrorist organizations, is a matter of huge dispute between Türkiye and its Western allies—particularly the United States. The Kurdish issue has spilled over into the Syria theater in the context of Türkiye's relations with Russia, too; but Ankara and Moscow have been able to keep their disagreement from spilling over into other areas of cooperation. This has not been the case in terms of Turkish relations with the Western powers that have chosen to play a role in the ongoing Syrian civil war—again, most notably the United States.

The other political issue concerns the so-called Gulenist movement, which has also been designated by Türkiye as terrorist organization. For years Türkiye has demanded from the United States the extradition of Fethullah Gulen, the leader and founder of the aforementioned organization and its various affiliates around the world. Ankara has also made the extradition of suspected Gulenists an explicit condition for its approval of Norway's and Finland's respective candidacies for membership in NATO. The rationale is simple—in Erdogan's words: “no one can deny Turkish support for European security and well-being, but we cannot forget that Europe has left Türkiye alone

in the fight against terrorism.” The fact that Erdogan suspects that the Gulenists were intimately involved in the July 2016 attempted coup makes the situation more clear-cut, from Ankara's perspective. Be that as it may, Moscow long ago designated the Gulenist movement as a terrorist organization, which is banned in Russia (not at Türkiye's request but for its own reasons). Thus, Ankara is happy with the Kremlin's posture and correspondingly unhappy about that of the West.

It is noteworthy that there is a mismatch between Türkiye's trade turnover with Russia and Ukraine. In 2021, the trade turnover with Russia reached \$34,7 billion, in contrast to the figure of \$7,4 billion with Ukraine. This means that Ukraine's importance for Türkiye in terms of trade and economic ties is hardly comparable to that of Russia. That said, certain activities between Türkiye and Ukraine still matter economically and otherwise. Türkiye builds Ada-class corvettes for the Ukrainian navy in addition to supplying Bayraktar drones. (Ankara and Kyiv have even agreed to build a Bayraktar drone factory in Ukraine.) A few weeks before the Russian invasion, Erdogan and his Ukrainian counterpart, Volodymyr Zelenskyy, signed a

free trade deal to boost trade to \$10 billion per year. Even if this goal is achieved, it would still represent less than one third of the amount of annual trade Türkiye conducts with Russia.

Politically, Ankara supports Ukraine's territorial integrity (as noted above) as well as Kyiv's NATO membership ambitions. At the same time, there is also a level of ambiguity observable in Ankara's formulation of its position on the terms of peace that sooner or later will need to be agreed with the Kremlin. Illustrative are Ankara's statements that an end to the conflict over Ukraine should take Russian interests into account—an alternative formulation used by Turkish officials is that the terms of peace will need to be acceptable to Moscow. In any event, this is seen as an equivocation by those who advocate total victory by Kyiv, or who pay no heed to the fact that Russia has annexed nearly one quarter of Ukrainian territory: Donetsk, Kherson, Lugansk, Zaporizhzhia, and, of course, Crimea. A peace acceptable to Moscow will have to accommodate this fact in one way or another.

Ukraine is a significant factor in Ankara's ability to pursue a policy of strategic hedging towards Russia as well as the West.

Nonetheless, Kyiv appreciates Ankara's voicing of support for Ukraine's membership ambitions not only to NATO but the EU as well—and also for what Ukrainian experts and politicians describe as Ankara's dealing with Moscow with the “language of force.”

Although Ukraine is less important to Türkiye politically and economically than is Russia, Ukraine is a significant factor in Ankara's ability to pursue a policy of strategic hedging towards Russia as well as the West.

Strategic Value

Türkiye's ambitions to achieve an unprecedented level of strategic autonomy coupled with Russia's view of Türkiye's strategic value represent a broader but also more specific angle from which to draw a more illustrative and informed picture of the bilateral relationship. Russia and Türkiye are increasingly driven by pragmatism in relation to each other's vulnerabilities and strengths. Against such a backdrop of vulnerabilities, strengths, controversies, and a history of mutual dis-

trust, Russo-Turkish relations have seen an unprecedented boom in the Putin-Erdogan era. The former's seeking a multipolar world with Russia taking its "deserved" historic place and the latter's seeking strategic autonomy from NATO in the same sought-after multipolar world has reshaped the context of the bilateral relationship, now filled in with new geopolitical colors.

The Kremlin regards Ankara's strategic value as being more important than its export of drones and military equipment to Kyiv and Türkiye's support for Ukraine's territorial integrity. Türkiye's strategic value for Russia is connected to its NATO membership. Yet this value is enhanced by Ankara's seeking a strategic autonomy from NATO. Without NATO membership, Türkiye's strategic value for Russia would be less appealing to Moscow. Erdogan knows that very well—and he sees the achievement of strategic autonomy within the context of retaining membership in the Atlantic Alliance as the best of both worlds.

No wonder Ankara's NATO allies oppose this Turkish ambition. As former U.S. National Security Adviser John Bolton put it in a recent essay published by the *Wall Street Journal*: "Turkey is a member of the North Atlantic

Treaty Organization, but it isn't acting like an ally." Earlier, Toni Alaranta from the Finnish Institute of International Affairs had already concluded that "Türkiye's strategic interests have increasingly diverged from the rest of the Alliance, likely leading to a more permanent intra-alliance opposition position." This assessment encapsulates the situation quite well: Türkiye will not abandon its strategic autonomy ambition whereas the rest of NATO will never agree to legitimize it; and yet, such a dichotomy will not lead to a divorce between NATO and Türkiye and this will, in turn, cause the latter to remain within the former in a state of permanent opposition to the rest of the bloc.

Putin and his ministers, including Foreign Minister Sergey Lavrov, have repeatedly stated that Russia and Türkiye are partners, not allies. Russian pro-government media sometimes refers to Russia and Türkiye as "fellow passengers" on a train rather than partners—let alone allies. Yet for the Kremlin, good relations with NATO member state Türkiye also represents good optics for its domestic audience: Russia gets along well with Türkiye, whose army is the second largest in NATO and which has not joined the Western sanctions and export restrictions regime against Russia. To Moscow,

this is a practical manifestation of Turkish strategic autonomy.

In that light, Moscow had apparently accepted the present reality in which an integral part of Ankara's strategic posture towards the Ukrainian theatre involves the provision of technologically sophisticated weapons to the Kremlin's adversary: Bayraktar drones. Incidentally, these same drones played a significant role in Azerbaijan's victory in the Second Karabakh War against Russia's historical ally Armenia; Ukraine has now become a battlefield for Turkish and Iranian drones fighting on the opposite sides in the conflict over Ukraine (the CEO of the company that makes the Turkish drones, Selcuk Bayraktar, has made it clear that his firm will not sell its drones to Russia).

One reason why Russia has had to accept such a suboptimal reality is its determination not to lose Türkiye as a partner with a good strategic value. Yet Russian leaders and its expert community believe—quite correctly—that the United States and its Western allies are

ferently opposed to a fully-fledged alliance between Russia and Türkiye. Ankara, too, understands this very well.

The view of Türkiye is thus not unambiguous among those Russians that matter. Loosely, two ways of thinking have emerged. One depicts Ankara as unreliable and sees the deepening of ties with

Moscow and Ankara tend to give precedence to overlapping interests, which are more intersected than shared. The fresh idea of establishing a natural gas hub in Türkiye is a case in point.

Türkiye as being risky for Russia since it remains, at the end of the day, a "Western proxy." In making their arguments, this first Russian way of thinking emphasizes the historical record of wars and conflict in the imperial period,

the Turkish downing of a Russian fighter jet in 2015, the provision of Bayraktars to Ukraine, etc.

In contrast, the other way of thinking paints the picture thusly: advancing the partnership with Russia carries risks for Türkiye itself, too, since the U.S.-led Western bloc disapproves of the Russian-Turkish rapprochement. Furthermore, this other Russian way of thinking registers the fact that the Turks are unhappy with Russia's links with or support for

groups in Syria and Libya that are hostile to Türkiye. At the moment, this second way of thinking holds sway in the Kremlin's calculations.

The foregoing indicates that Moscow and Ankara tend to give precedence to overlapping interests rather than frictions that could impede the pursuit of their more central interests, even though those interests are more *intersected* than *shared*. The fresh idea of establishing a natural gas hub in Türkiye is perhaps the most important case in point. Moscow and Ankara tend to give precedence to overlapping interests, which are more *intersected* than *shared*. The fresh idea of establishing a natural gas hub in Türkiye is a case in point.

The Gas Grab

The Russian-Turkish gas hub idea was voiced by Putin on 12 October 2022 during his keynote address to the Russian Energy Week conference in Moscow. He proposed to “make Türkiye the main route for the supply of our fuel—our natural gas to Europe—and to create a major gas hub for Europe in Türkiye, if, of course, our partners are interested in seeing this happen.” The next day, Putin and Erdogan spoke in Astana about this idea. Less than a week later,

Erdogan accepted his Russian counterpart's proposal, identifying Thrace as the location of the future gas hub.

In remarks made in mid-December 2022, Erdogan indicated the scope of Türkiye's ambition: “we aim to transform our country into a global [distribution] center, where the natural gas reference price is determined, as soon as possible.” Notably, this proposal came in the wake of the sabotage of the Nord Stream 1 and 2 gas pipelines, with the West and Russia each accusing the other of being the perpetrator. Putin has also stated that the Russian security services had prevented an “attempt to blow up” the TurkStream pipeline on its territory (TurkStream is a pipeline system that carries Russian natural gas to Türkiye and Europe via the Black Sea.)

To repeat: so far, both the Türkiye-Russia strategic partnership and the Erdogan-Putin relationship have remained steadfast, notwithstanding the start of the Russia-Ukraine war and the imposition of the West-led sanctions and export restrictions regime on Russia.

Having passed this test, Russia and Türkiye both appear willing to upgrade the partnership to a

new level, as evidenced by Ankara having welcomed Russia's gas hub proposal—incidentally, this was not a new idea: in 1997, Ankara had suggested turning Türkiye into an international gas hub. In any event, this proposed mega-project would include the construction of additional gas pipelines and the establishment of a mechanism to form or regulate gas prices. That is to say, the proposed Turkish gas hub is intended not only to serve as a transit hub, but also to feature as an exchange-like mechanism to regulate the price of gas. It therefore carries implications for other potential and actual suppliers, including Azerbaijan, which is set to play a more active role in delivering gas volumes to Europe in accordance with the terms of the historic July 2022 Memorandum of Understanding signed by the country's president, Ilham Aliyev, and the President of the EU Commission, Ursula von der Leyen.

In the best-case scenario, the inauguration of the Turkish gas hub project is years away: neither has the financing been secured nor construction commenced. In fact, a

feasibility study is still in its nascent stage. Still, Moscow and Ankara may bet on some immediate effects.

For instance, just voicing the idea might reassure Gazprom's shareholders, since the company faces a decline in revenues and an uptick of risks given that the EU has made it a political priority to cease the import of all Russian gas by 2027, the fact that Nord Stream 1 and 2 have been put out of commission, and

The proposed Turkish gas hub is intended not only to serve as a transit hub, but also to feature as an exchange-like mechanism to regulate the price of gas.

so on. On the other hand, a recent article published by the TASS News Agency argues that Gazprom's shareholders face a new serious turn in the fate of the company that is

connected to the costly Turkish gas hub megaproject. Furthermore, the proposal may also be intended to compel the West to reconcile with Russia's position on Ukraine and continue the existing energy partnership with Russia. Finally, it may be that the gas hub proposal is designed to demonstrate that Moscow has other choices and that it is still capable of acting decisively in terms of its positioning in the global energy market.

The immediate political and economic effects for Ankara are

more easily discernable. According to media reports, Türkiye is in discussions with Russia on whether discounts on gas supplies to Türkiye and extensions for outstanding debts payment for already supplied gas volumes are possible. These issues will be considered in the context of the negotiations concerning the terms of the proposed gas hub project. On the eve of the 2023 Turkish presidential and parliamentary elections campaign, such issues are likely to carry significant political implications as they would provide an important source of financial relief for the Turkish government. Unsurprisingly, the pursuit of Moscow's aforementioned goals favors Erdogan's re-election ambitions. Emphasizing the proposal and its envisioned strategic benefits for the country is likely to be a feature of the electoral campaign. Evidence in support of this contention is that he has already begun to emphasize in his recent public speeches that Türkiye has succeeded in preventing surge in energy prices whereas European states have suffered due to deteriorated relations with Russia.

Putin has explained the Kremlin's decision to propose the Turkish gas hub was driven by two factors. *First*, he described Erdogan as a reliable "man of his word" once a deal is achieved whilst being a tough negotiator with whom it is difficult to reach agreement.

While the immediate effects are notable, broader and long-term geopolitical interests, perspectives, and goals stand at the heart of the Turkish gas hub proposal.

Putin vividly contrasted Erdogan's posture with that of Russia's "European partners, with whom it is really very difficult to work." *Second*, Putin considers it to be easier for Russia, in partnership with Türkiye, to control the waters of the Black Sea and secure existing (and future) pipeline infrastructure compared to engagement in the context of exclusive German, Danish, and Swedish economic zones in the Baltic Sea, which is where the Nord Stream pipelines were first built and then sabotaged.

While the immediate effects are notable, broader and long-term geopolitical interests, perspectives, and goals stand at the heart of the Turkish gas hub proposal. The Russian interest is to influence the shaping of the gas

price and to secure the safety and reliability of gas exports through the establishment of alternative export route that it can at least partially control. The EU's plans to fully eliminate Russia as a direct supplier of gas through various existing pipelines by 2027 has multiple consequences for the Kremlin. All but one is beyond the scope of this essay, namely the fact that Moscow is seeking to compensate for the resulting loss of revenue through the Turkish gas hub proposal.

The Turkish perspective is to boost its role as a major international energy hub and acquire economic gains and political benefits from such new circumstances. (It should be noted that the Turks have made it clear that the gas for this project would not be supplied solely by Russia, and that the project would also include numerous LNG terminals—more on this below.)

Accordingly, the Kremlin follows two major goals in the context of the proposed Turkish gas hub, both of which resonate well with Ankara for its own reasons: *one*, the diversification of export pipelines and routes, and *two*, the establishment of a mechanism to influence price formation.

The diversification issue is geopolitical and not new. Early in the twenty-first century, nearly 80 percent of Russian gas exports to the European Union were still being transported via a network of pipelines located in Ukraine—withstanding a history of disputes between the two states over gas prices, transits fees, and debt payments. These had caused supply disruptions to customers in the European Union.

By 2008, the latest in the series of Russo-Ukrainian disputes, (including those concerning the siphoning off of Russian gas from transit pipelines on Ukrainian territory destined for the European market that then caused disruptions in supply to paying customers in the EU) caused Moscow to initiate a diversification strategy. At its heart stood several initiatives to bypass Ukrainian territory entirely—with the aim of diminishing or even eliminating Kyiv's leverage. One of these was South Stream, a pipeline project whose route was to run from the Russian (eastern) coast of the Black Sea straight across to Bulgaria before branching off in various directions to deliver gas to consumers in the Western Balkans and the European Union. Ultimately, South Stream did not get built for various geopolitical

and geo-economic reasons behind which, the Russians suspected, stood Brussels and Washington. Instead, Moscow and Ankara came together to build TurkStream. The latter's present capacity amounts to roughly half of the one that had been planned for South Stream. The other half was supposed to have been supplied through Nord Stream 1 and 2.

The Turkish gas hub project aims to fill that other half by laying new pipelines beneath the Black Sea. Apart from that, Moscow does not necessarily regard the Turkish gas hub project as a replacement for Nord Stream 1 and 2. Rather, the former can be understood as an alternative to the latter (in the event the northern pipelines are ever repaired and the EU reverses its divestment plans), hence further serving Moscow's diversification strategy. Be that as it may, what Moscow regards as diversification fits well into Ankara's long-desired ambition to turn Türkiye into a key international energy hub. That is to say, Moscow's diversification goal overlaps with Ankara's energy hub goal.

What Moscow regards as diversification fits well into Ankara's long-desired ambition to turn Türkiye into a key international energy hub: Moscow's goal overlaps with Ankara's goal.

Overlap and Optimism

Seen through both a historical and strategic lens, the Turkish gas hub project represents a sort of reincarnation of the logic that informed the South Stream project: then, as now, the question of sidestepping Ukraine is central to Russian diversification considerations. However, a major difference between South Stream and the Turkish gas hub project is that the latter implies the development of a gas price formation mechanism, as noted above.

This difference indicates that the Kremlin's ambition is not restricted to an ambition to diversify its gas transit routes, but also to retain an influence in the formation of the gas price—at a minimum, this will advance Russian commercial interests.

The Turkish goal overlaps with the Russian goal to create a gas pricing mechanism as part of the hub project, but for different motivations. As noted above, Erdogan has identified the location

of this hub as being in Thrace—that is, in the northwest corner of Turkish territory: the only part that is located on the European continent.

The gas hub project will not simply be a center for gas trading. As various Turkish officials have stated, it is being designed to be a gas distribution center that will make use of the technological infrastructure of the Istanbul exchange that operates the national energy market. It is important to underline that the Turkish natural gas wholesale market also operates in the electricity and natural gas section of the Istanbul exchange. How and what kind of role Moscow is set to play in the pricing mechanism is to be addressed in further talks at lower levels in the time ahead.

The pricing issue is evidently of vital strategic significance for the Kremlin in light of current developments. Aside from EU plans to eliminate the direct supply of Russian gas from the territory under its jurisdiction by 2027, the EU has recently unilaterally imposed a cap on Russian gas prices. On the one hand, Moscow is understandably concerned about the cap—i.e., the maximum amount EU member states will be permitted to pay for Russian gas—as this could negatively affect Russia's energy revenue

stream in wartime conditions. On the other hand, too-high gas prices could encourage LNG production and exports, hence competing for and further diminishing Russia's market share in the EU markets. Therefore, the Russian desire is to maintain gas prices at reasonable levels so as to ensure revenues and profits without yielding its share in the market to LNG supplies—particularly those originating in the United States. This rationale stands behind the Russian proposal to establish the gas hub in Türkiye with a mechanism to regulate the prices.

Time is a factor, of course. But Putin has characterized his Turkish gas hub proposal as a “very realistic project” that can be implemented in a “very speedy manner” in no small part due to the fact that both Ankara and Moscow have the political will to do so. But this begs the question of whether Europeans are ready to purchase Russian gas through Türkiye—that is to say, whether they are willing to buy from the Turkish gas hub what is effectively the same Russian gas that was supposed to flow through Nord Stream 1 and 2 and other sources.

What further muddies the Turkish gas hub project's feasibility waters is that the EU is also planning to build several gas hubs on territory that falls within its

own jurisdiction—that is to say, in EU member states. One of the largest and potentially most promising is the project to build an Iberian gas hub in Spain, which EU Commission president Ursula von der Leyen praised in December 2022. Still, Putin’s confidence in the Turkish gas hub project is explained at least in part by his belief that the EU’s economy is going to grow sufficiently that it will need more gas volumes to satisfy rising demand. However, Putin had stated that the West-led sanctions regime against Russia will cause the EU’s de-industrialization. Now, both of these statements cannot be true simultaneously. All things considered, his Turkish gas hub project points to Putin’s expectation that the EU’s economy will, at the end of the day, keep growing and thus be in need of, *inter alia*, Russian gas supplied through this new Thracian mechanism once it is established.

Another notable moment with regards to the project’s feasibility is Russia’s silence regarding the Turkish emphasis on ensuring it also incorporates a pricing mechanism and involves non-Russian sources of natural gas. Various officials in Ankara have indicated in one way or another that Türkiye would like to include gas volumes not only from Russia but also from Azerbaijan, Iran, Iraq, Israel, and

Turkmenistan, as well as from African countries such as Libya and Nigeria, plus LNG from GCC states like Oman, Qatar, and the UAE. One argument in favor of Ankara’s ‘go big or go home’ plans is that, if all goes well, Russian gas would not be able to fully meet the Turkish gas hub’s demand—so said the country’s Minister of Energy and Natural Resources, Fatih Donmez.

Pragmatic and Pivotal

Russian proponents of the rapprochement and partnership with Türkiye are inclined to reframe the history of conflicts and wars between the Ottoman and Russian empires and their successor states by attributing these to what they depict as Western instigations rather than to causes driven purely by Russians and Turks themselves. Turks, however, substantiate the necessity for partnership in their own way—by what they regard as unfair Western treatment of Turkish interests despite Turkish support and cooperation in matters that are important to the West itself. Resultingly, Moscow and Ankara have both assumed a pragmatic posture in the context of their contemporary bilateral relationship.

More broadly, the partnership serves both states simultaneously:

Russia’s ambition to be an autonomous pole in the reshaping world order and Türkiye’s ambition to become an autonomous actor on the world stage. Those ambitions were manifested in Putin’s 30 September 2022 annexation address in which he said that the “world has entered a period of a fundamental, revolutionary transformation. New centers of power are emerging. They represent the majority—the majority—of the international community. They are ready not only to declare their interests but also to protect them. They see in multipolarity an opportunity to strengthen their sovereignty, which means [...] the ongoing collapse of Western hegemony is irreversible. And I repeat: things will never be the same. Similar ambitions were also manifested in Erdogan’s statement that “the world is bigger than five”—a reference to the five permanent members of the UN Security Council. Bottom line: the Kremlin considers the conflict over Ukraine crucial to reshaping world order whereas Ankara sees it as an opportunity to flesh out its international status in accordance with its doctrine of strategic autonomy.

Putin’s proposal to create a European gas hub in Türkiye in response to the effects of the war with Ukraine and the resulting

sanctions regime against Russia captivates much attention in the mosaic of the bilateral relationship. Yet many unanswered questions remain. Here is a sample: *one*, who and how to define the gas pricing; *two*, will non-Russian suppliers of gas be involved; *three*, will the EU decide to be a customer—and if not, is the project viable; *four*, by the time the project is launched, will LNG suppliers have cornered the market.

These are tough questions, and they have not yet been answered to anyone’s satisfaction. Still, the mere emergence of the idea illustrates how Moscow and Ankara understand, appreciate, and use each other’s vulnerabilities and strengths. Whether this idea will actually be executed in practice will be hugely determinant of the future trajectory of Turkish-Russian relations; it will also have significant geopolitical and geo-economic implications beyond that bilateral relationship.

Rosatom’s construction of nuclear power plants in Türkiye, Moscow’s supply of its S-400 air defense missile systems to Ankara, and the implementation of TurkStream all came to fruition despite sometimes adamant Western objections and the imposition of sanctions on both Ankara and Moscow (all predate

the start of the Russia-Ukraine war, however). Such and similar successful examples of cooperation continue to shape the long-term, strategic character of what is now evidently an increasingly important bilateral relationship.

Unlike the foregoing projects, which were Turkish-centric in the sense that they were implemented in Türkiye, the Turkish gas hub proposal is understood by both Moscow and Ankara to be Europe-centric. This means that the geopolitical and geo-economic implications are potentially much greater, in both scope and scale—and

unlike previous bilateral endeavors, this one is taking place amidst the war in Ukraine.

Thus, the Kremlin's proposal to establish largest European natural gas hub in Türkiye is a pivotal idea for the future trajectory of the Russian-Turkish partnership. To go even further: it could represent a hitherto missing element in deliberations of serious decisionmakers that presumably are taking place in the halls of power in various capitals with regards to the terms that could bring the Russia-Ukraine war to an end, if not the underlying conflict itself. **BD**

bakudialogues.ada.edu.az



SUSTAINABILITY at PMD



APPROACH TO SUSTAINABILITY

PMD is committed to contributing and making progress toward the well-being of society. By incorporating the **UN's Sustainable Development Goals** into its sustainability strategy, PMD continuously enhances its **innovative solutions** and **positive influence**.

CORPORATE GOVERNANCE

- Conducting all business operations in the standards of strict institutional procedures
- Having strong corporate culture and identity
- Creating a fair and safe environment for all employees

SOCIAL RESPONSIBILITY

- Supporting education, health, sport, and other social projects
- Cooperating with several universities to train and recruit young talents
- Sponsoring sports competitions to promote a healthy lifestyle

ENVIRONMENTAL PROTECTION

- Environmentally conscious in all of its operations
- Having strong corporate culture and identity
- Supporting and organizing environmental projects

