



CHANGING BALANCES IN TURKISH ENERGY GAME BEFORE THE COUP

by Oğuzhan Akyener



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INTRODUCTION

Turkey, with its growing economy, nearly 80 million population and increasing energy demand is one of the most important countries in energy politics of its region. Due to insufficient proven oil and gas reserves, and not having a suitable environment to efficiently develop her renewable energy resources, Turkey's energy policies used to encapsulate only “sustainability on meeting the energy demand” item.

In the last two decades, Turkey steadily and successfully keeps leaping on economic – industry – technology and trade areas, which, indeed, grows the Turkish energy demand faster and faster. While the demand is growing and Turkish influence in the region is flourishing, Turkey has been trying to develop and execute new energy strategies, for example; “to become an energy transit hub in the region”, “to support the domestic renewable energy investments and technology productions”, “to take part in more international oil & gas projects”, “to construct nuclear power plants”, “to actively support domestic coal investments”.

Naturally within the concept of some of these strategies, successful steps have been taken that some of which have not yielded satisfactory results. However, in general, its visionaries in energy strategies and politics are in harmony with its economic growth.

With its increasing influence in the region, flourishing of the productivity and of its populace, growing economy and political and strategical foresight rise young Turkey's consciousness to focus on a global visionary

(as it did throughout history). These rapid strides may not have been observed specifically in the energy area, however, Turkey's expectations stands high in all involved areas.

Some international forces have been trying very hard in order to keep Turkey under control. At constant pace, steadily growing Turkey has been tussling with some political troubles since 2012. These troubles can be exemplified as: “the unrest at Gezi Park”, “17th and 25th December operations” and “15 July coup attempt”. All of them aimed at weakening Turkey but none of these attempts were able to tackle the growing power of Turkish Moon & Star. In contrast to their goals, Turks has eagerly got united at each planned attempt, however, each intervention disintegrated the country as it had to concentrate on defying each attack. Turkey had to defer some important items from its agenda such as energy in the midterm.

In this paper, to be able to investigate if the 15 July terrorist coup were related with the energy policies of Turkey, and if the key factors expressed so far affect the Turkish energy equation before the coup. Naturally, this will not mean that the main reason of the coup was energy, however, possible interrelations will be tried to be emerged from the outcomes.

Before starting to evaluate the key factors related to Turkish energy equation, some clues about the subcontractor terrorist group Fetullah Gulen Terrorist Group (FETO), which is the apparent mastermind of the coup, will be deciphered.

FETO & 15 JULY TERRORIST



COUP IN TURKEY

FETO is the terrorist group, which organized the coup in 15th of July 2016. Some evidences point that the group has connections with international organizations and has been supported by some of them. Perhaps, it has unofficial ties with some countries as well.

Off course, such an effective and well organized (intelligence service alike) group has many contacts and relations with the international key actors in the region. Without the permissions and unofficial support of those actors, it will not be easy for such a group to be able to establish a hidden, strong, effective, well organized global structure. In addition, a group in that measure cannot take the risk of being unsuccessful in such intervention without having some words and/or support of the big actors.

That's why, initially, main international key political actors in the region have to be identified to determine the most suitable actors and to examine their intimacy level with these infidels.

By the first look, as the international key political actors in the region (except Turkey) can be assumed as: USA, EU (assuming EU contains UK & Vatican), Russia, Israel and Iran.

Then, to determine the intimacy level, some public key clues will be overlooked as follows:

About USA:

- The leader of the FETO has been living in USA more than 10 years.
- The leader of FETO and the affiliated organizations usually make declarations parallel to global USA strategies.
- Organization has a great number of

members and a powerful structure in USA.

- USA tries hard not to return the mastermind to Turkey, expecting Turkey to prove his guilt while everything FETO did all sound and clear, placing legislations and diplomacy as a backdrop.
- An indirect connection that USA backs YPG, which has the same roots with PKK, against Turkey's will in Syria. FETO's militants infiltrated the key government institutions actively worked together with PKK and DAESH.

About Israel:

- Unlike the other Islamic groups or leaders, FETO's leader or members abstain from criticizing Israel's cruelties in Palestine.
- No problem is observed between FETO & Israel.

About EU (Including UK & Vatican):

- EU includes many countries in its structure. By assuming as the UK (as used to be) is also a member in the analysis;
- FETO has good relations with EU. Organization has many companies, schools and a great number of members inside the borders of EU.
- FETO also has close relations with the Vatican, which is a key actor in EU (also is not an official EU member).
- FETO is one of the subcontractors of Vatican's popular project: "Interreligious Dialogue" from the Islamic sight.

About Russia:

- Russia has closed the FETO schools inside its boundaries in 2006 by claiming they have relations with CIA.

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About Iran:

- Due to temperate Islamic model of FETO, Iran always seems repulsive for the group members.
- There can be seen some declarations of the FETO group in favor of Israel, USA and some EU countries. But it is not easy to find such statements in favor of Iran and Russia.

By the way, with the light of very general public clues, it seems easy to determine the intimacy level of FETO with the due international key organizations in the region. As can be observed from the items above, FETO is obviously closer to or a part of Western Bloc (including the USA & EU). We may add Israel to the western bloc due to its regional policies are parallel with the Israel’s.

Important note: “This does not officially mean that: Turkish coup was organized by the western block. For such declaration more evidence is necessary. Here by taking into account, only some small public clues are used to make assumptions.”

In the next chapter, by assuming there is a possibility of the western bloc to be behind of the FETO and FETO’s last strike as the 15 July coup was organized to weaken Turkey’s power (while unsuccessful) or to subjugate the government and make it vulnerable to all the targets of the supporting actors (while successful). From this point of view, key factors expressed that affect Turkish energy equation will be evaluated in order to determine the possibility of having relations with the reasonings of the coup.

KEY FACTORS EXPRESSED AS EFFECTING TURKISH ENERGY EQUATION

Before the 15 July terrorist coup, some agreements and proceedings were on the talk be-

tween governments that would have changed the balances in Turkish energy equation. These can be expressed as the ongoing TANAP pipeline project, possible recuperations with Israel–Russia–Egypt–Syria relations, weakening EU, nuclear and domestic coal strategies.

These events are going to be analyzed inside the energy window, on a base of possible (also weak) reason for the 15 July Turkish coup to weaken Turkey.

TANAP – A CONCRETE STEP ON BEING A GAS TRANSIT HUB

TANAP is the ongoing pipeline project, which is going to transport Shah Deniz Stage 2 gas to Turkey (6 bcma) and Turkish western borders (10 bcma), then with TAP to Italy market. The project is to be completed at the beginning of 2019.

According to the capacity of the pipeline, although there are plans for extensions, 10 bcma is a very small volume for EU’s energy security issue, while considering, this is a project supported by EU & USA.

The importance of the pipeline project for Turkey is the pipeline to carry an additional 6 bcma for Turkey and to be the first international transit gas line through the boundaries. The second important point is that this pipeline will be the first concrete step of Turkey being a gas transit hub. Moreover, from the sight of EU, it is also the only and the first concrete step again in the concept of the “Southern Gas Corridor Project”.

From the sight of Russia, while some experts claim that Russian government is against the TANAP due to their strategic and commercial targets (and expressing that TANAP is the rival to Russian gas export routes), it is better to remind that Luk Oil (a Russian Company) is a partner of the Shah Den-

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iz Project. TANAP is not a rival project for Russian strategies, hence:

- TANAP is going to transport Russian gas produced in Azerbaijan.
- TANAP has an insignificant capacity comparing the Russian gas export volumes to EU.
- Azeri gas transported to EU via TANAP will never be able to find a chance to compete with Russian gas price in EU markets.

Hence, none of Russia, EU, and USA is against TANAP. As a result, this project cannot be associated with the coup.

POLITICAL RECUPERATION WITH ISRAEL

As described above, Israel is assumed to be in the western block, which has more possibility of being behind the FETO group. By the way, before the coup Turkey and Israel relations has got in a recuperation period. As a result of this period, many experts claimed their expectations about Israeli gas transported to Turkey, and via TANAP to EU. In this concept, the conflicts for the Cyprus were anticipated to be solved.

Meanwhile, in order to claim Israeli gas being transported to Turkey and EU; initially, commercial estimation and export capacity has to be studied. The total export capacity of Israel after meeting her domestic demand and feeding the neighbors' demands (which will be more economic for the seller while considering the high transportation costs) have to be identified.

Currently, Israel has around 1 tcm proved and possible gas reserves. Current daily production is around the domestic consumption. In the midterm (in 2020), by developing the new fields (mainly Leviathan); and

considering the expected increasing domestic consumption, there will be around 5 bcma export capacity (for a 20 years sustainable supply capacity)¹. This volume is very small to alter the international strategies. However, as described in the same reference, although there are difficult political milestones to handle, Turkey is commercially the best option for Israel's oil fields to be developed and exported.

So, what do the mending relations with Israel bring to both sides from the sight of energy?

- From the sight of Turkey;
 - She will supply additional 5 (or 10) bcma gas to feed her domestic market.
 - And according to the unit costs, Israel gas may be cheaper than the Iran's, which means a positive affect for the domestic gas markets.
 - In addition to such project, the gate for the possibility of long term (by considering possible future discoveries) supplies of Israel and other Western Mediterranean resources to flow to Turkey will be opened. This may be a good step for Turkish energy strategy of being an energy transit hub.
- From the sight of Israel;
 - Besides the disputes in the political sight, Turkey root is the best selection for Israel's future exports. Hence other options are usually more complex or very huge investments are needed.
 - Turkey is the most stable, most trustable and the biggest market in the region.
 - Turkey is the only gate for Israel to economically reach her gas exports to EU markets.

While such a win-win situation exists between the two sides, what can be supposedly in for Israel in the 5 July coup attempt?



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Initially, it is clear that Israel wishes such a recuperation with Turkey. And it is engrossing that Israel usually is on the side of western block and about the coup it was so silent.

But no one can say that if the coup was successful, the occupier terrorist government in Turkey would have bad relations with Israel. In addition, this situation makes some analysts think if Israel is not happy with some items in the concept of recuperation with Turkey.

However, hence there is no evidence about these claims, political recuperation with Israel cannot be directly related with the coup attempt in Turkey.

POLITICAL RECUPERATION WITH RUSSIA

Another important item these days that affects the Turkish energy equation is the results of the political recuperations with Russia.

As described above, Russia is one of the most important members of the eastern bloc. And far from the end of cold war, holding its position of being an unofficial enemy of the western bloc.

After a 7 months of straining period, as a result of some diplomatic attempts, Turkish relations with Russia has started to be normalized (before the coup). Due to normalization efforts, main items discussed by both sides have been the Syria policies, tourism, trade and energy.

Focus on energy item consists of two main sub items, which are the Turkish Stream Pipeline and Akkuyu Nuclear Power Plant.

TURKISH STREAM PIPELINE:

Russia is planning to have 2 gas supply hubs for the EU markets that bypass Ukraine.

They are located in the both North and South; one being in the northern German boundary and the other in the Northwest of the Turkish boundary. To the Northern hub, Russia is supplying gas via Nord Stream and is planning to supply additional volumes via Nord Stream2. To the southern part, Turkish Stream is going to transport the gas for the Southern Europe and the Balkan countries.

As can be understood from the explanation above, by considering the possible long term market struggles in EU, sustainability in gas supply security and importance of bypassing Ukraine, Turkish Stream is almost a vital project for Russian energy security.

By the way, aren't there any other options instead of Turkish Stream? Yes there are but Turkish Stream seems less complex, more stable and strategic.

If so, why US and some of the EU countries are against Turkish Stream?

Because:

- They do not want EU to be dependent on Russian gas supplies.
- EU in the mid and long term, is targeted to be the most important market for USA's gas supplies (Unconventional).
- However, USA's gas has no chance to win over a price struggle with Russian gas.² (While all EU gas markets are on the way of having hub price mechanisms.)
- If Turkish Stream (and Nord Stream 2) can be constructed, Russia will continue to be the leader supplier for all EU markets in the long term.
- Although Russian gas is the most economic option for EU markets, western political targets are more important.
- By Russia bypassing Ukraine (where Ukraine seems like the most strategic castle of the western bloc against Rus-

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sia), Ukraine will lose power & around annually 2 billion \$ transit fee, will need Russian gas in the midterm and these will make Western Bloc leave their castle in the hands of Russia.

In addition, similar to western bloc's anxieties on Turkish Stream, also in Nord Stream 2, although Germany seems the leader of EU and takes place on the western bloc's side, USA, UK and some EU members do not want Germany to be an energy hub and get stronger.

By the way both Germany and Turkey are the biggest customers for Russian gas.

So, Turkish Stream Project to turn back to life, which is a result of political recuperation with Russia, can be accepted to relate with the coup attempt in Turkey. Hence, the western bloc might favor a successful coup.

AKKUYU NUCLEAR POWER PLANT

First Turkish nuclear power plant, which will supply Turkey an additional electricity capacity equivalent to 4 bcma gas, was suspended due to corrupted relations with Russia.

This power plant has some strategic advantages for Turkey. Which are:

- Hence, being the first nuclear power plant, this will be an important step for Turkey on gaining knowledge and experience on nuclear technology and nuclear power plants.
- After that, new nuclear power plant projects are to be constructed.
- All nuclear power plants can be accepted as independency steps for Turkish energy demand.
- Turkey has qualified human resources capacities to develop nuclear technolo-

gies for the military issues, which can be accepted as a vital risk for western bloc.

As a result, only the realization possibility of the last item above, is enough for western bloc to assume having a chance to be related with the coup attempt.

POLITICAL RECUPERATION RUMOURS WITH SYRIA AND EGYPT

Before the coup, there were of rumors about Turkey to recuperate her relations with Syria and Egypt. However, after the coup it is understood that, those rumors means that:

- Turkey will have a more active role in the solution for the chaos in Syria. In the concept of this;
 - Continue to support unity of Syria.
 - Not let a terrorist Kurdish corridor or a dependent Kurdish government to be realized.
 - Support the composition of a democratic Syria government.
 - And after such a government achieved, again have close intercourses.
- From the sight of Egypt, with low level relations, Turkey wants to communicate with the current Egypt government.

So, how these steps can affect the Turkish energy equations?

Neither Syria nor Egypt is a key energy supplier in the region. And only Egypt has sort of important volumes of energy resources. On the contrary, due to its huge consumption, these resources do not seem strategic for the regional energy politics.

In addition, Neither Syria nor Egypt is geo-strategically important places from the sight

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of energy politics of Turkey.

As a result, recuperation rumors of Turkey with Syria and Egypt, from the sight of energy cannot be referred to the coup attempt in Turkey.

A WEAKLING UNITY: EU AFTER BREXIT

If unity of the Europe is disrupted, then history shows that, there is always a possibility to turn into a chaotic environment and a cold war (usually effecting the whole world).

Initially, by checking the GDP change of EU after and before the Brexit (from CIA Factbook), EU used to have the second GDP in the world with 19,18 Trillion \$. And after the Brexit, the GDP rate is expected to be around 16,5 which makes EU to come after USA again in the GDP ranking (Remains unchanged but the figures have got smaller).

In addition to decrease in GDP, the possibility of some other countries to leave the EU is the most important risk for the unity. However, such a possibility is not likely to occur in the near term.

Before the Brexit, EU has already started the negotiations on the major climate and energy framework targets for 2030. In this concept, while shortly touching the results of the Brexit upon EU energy targets and policies;

- By considering the influence and self-success application potential of UK in the EU's energy targets, the power of the unity on achieving the agreed targets is weakened.
- Hence, UK's future position in the implementation of EU's existing energy targets and legislations is not clear, some delays are expected to happen in the agreed strategies. (For example: In emissions trading and effort sharing negotiations.)
- Midterm weakening in dealing ability

and short term fluctuations in energy prices.

- Weakened international energy diplomacy ability. Which will effect:
 - Southern gas corridor strategies.
 - Russian relations.
 - Energy import price negotiations.
 - World's carbon and climate issues.
- Unpredictable new milestones for the “single energy market” vision and the energy unity.

While focusing on the results of Brexit on the Turkish energy issues, there seems no direct short or midterm affects. But Turkish Stream and southern gas corridor strategies can only be accepted as indirect effects.

From the sight of Turkish Stream, as described in above due part, with a weakened EU diplomacy and with the absence of UK (which is strictly against to new Russian gas export strategies), the legislatives and agreement milestones of the project will be handled easier.

From the southern gas corridor's sight, the only concrete step TANAP and Shah Deniz 2 (also the operator of the project is a UK company: BP) does not seem to be effected. However, for the other possible resources such as the western Mediterranean, northern Iraq and etc. may not be able to find a chance to reach the European markets without a strong diplomatic and political support. So, a diplomatically weakling EU may affect the southern gas corridor strategies.

As a result, by considering the effect level and the importance of the results, Brexit and the weakening unity of EU may not be related to the coup attempt.

DOMESTIC COAL UTILIZATION STRATEGIES



Before the coup attempt, in order to reduce the imported natural gas dependency, Turkey has prepared legislations to encourage the investors for domestic coal burning power plants.

However, due to general technical handicaps of the Turkish coal reserves, with the common technologies and commercial conditions, by adding the possible sanctions of the Paris Climate Conference, these encouragements will not seem so effective in the mid-term.

Although there are some investments due to the governmental supports, however, this attempt does not seem to have a big effect in Turkish energy politics.

From another respect, domestic coal utilization strategy may result in a decrease in coal imports. Where Russia is again the biggest coal supplier for Turkey (as it is of natural gas). This issue can only find a chance to be related with the due key actors in the region. However, again the results of such strategy and the market volume shows that, this item also cannot refer the coup attempt.

RESULTS

As studied above, 15 July terrorist coup is attempted to be tied to the main energy issues in Turkey. By this way, most important events, which are assumed to affect the Turkish energy equation before the coup attempt are analyzed.

Before these analyses, main actors and groups, having influence in the region (except Turkey) are determined. And those actors' possible approaches and positions on the due energy issues are tried to be estimated.

According to the estimations and analyses, only Turkish recuperation with Russia and the natural results of this recuperation on en-

ergy, which are Turkish Stream and Akkuyu Nuclear Power Plant, might be accepted as the key energy items that can be referred as the indirect reasons of the coup. Because, the more intimate group for the terrorists of FETO: western bloc is strictly against these issues.

The other adverted issues cannot be referred with the coup. Moreover, may not have important effects on Turkish energy equation.

As a result, energy and Turkish steps on energy cannot be accepted as the main reasons for the 15 July terrorist coup. However, the results of the Russian recuperation gives some clues about how energy is important for the international policies.

WHAT ABOUT FOR TURKEY?

The analyses above show that; although energy issues cannot be directly accepted as the main reasons for the coup attempt, energy continues to be one of the most important items for the international policies.

Turkey with the due diplomatic, political, economic and technological leaps, continues to be more powerful and influential country in the region (as it was before). 15 July terrorist coup and the previous coups in Turkish history were organized by some key actors (?) in order to weaken the Turkish expansion in the region.

Due to those effects, Turkey had to delay some strategies and has become late for some important leaps on energy sector. Perhaps, with the correct attitude and feasible approaches in politics, economics, culture and religion, Turkey will reach out and grab its potential of being an energy giant that it has been longing for.

As it can be understood from the findings above, the main reason of the last coup was

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not the energy. However, to continue delaying the Turkish leaps in the energy game in the region can be accepted as one of the general important reasons for the coup attempt when the different energy policies are very active in the region.

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