

# The Limits to Cooperation Between Rivals: Turkish-Iranian Relations Since 2002

Tolga DEMİRYOL\*

## Abstract

The rapprochement between Turkey and Iran over the last decade has been based on a constellation of short-term economic and security interests rather than a robust alignment of long-term objectives. There are two reasons as to why the cooperative relations between Turkey and Iran are bound to collapse. First, even though growing economic ties between Turkey and Iran have facilitated the political cooperation between the two countries, beneath the growing trade volume lies an extremely asymmetric distribution of relative gains, primarily due to the predominance of energy. This imbalanced economic exchange is more likely to foster conflict than cooperation in the long run. Second, the security leg of the Turkish-Iranian rapprochement is also on shaky ground. The initial strategic rationale behind the Turkey's security partnership with Iran, i.e. that the expected benefits of cooperating with Iran to counter separatist movements in the region would outweigh the potential threats that Iran could pose against Turkey's security, is no longer valid. Iran appears unwilling to act in harmony with Turkey against the PKK. Furthermore, the Arab Spring and Iran's continual interest in acquiring nuclear weapons drive a wedge between the security interests of Turkey and Iran.

**Keywords:** Turkey, Iran, Balancing, Economic Interdependence, Energy, Nuclear Weapons.

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## Rakipler Arasında İşbirliğinin Sınırları: 2002'den Bu Yana Türk-İran İlişkileri

### Özet

Son on yıldır Türkiye ve İran arasında süregelen uzlaşma ortamı uzun vadeli amaçların sağlam bir uyumundan ziyade kısa vadeli ekonomik ve güvenlik çıkarlarının geçici olarak örtüşmesine dayanmaktadır. Tür-

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\* Assist. Prof. Dr., Department of Political Science and Public Administration, Istanbul Kemerburgaz University, Istanbul, Turkey.

kiye ve İran arasındaki işbirliğine dayalı ilişkilerin devamına engel teşkil eden iki temel neden vardır. Öncelikle, Türkiye ve İran arasındaki yoğun ticaret bu iki ülke arasındaki siyasi işbirliğini kolaylaştırmış görünse de artan ticaret hacminin ardında göreceli ekonomik kazanımların asimetrik dağılımı yatmaktadır ki bu eşitsizliğin temel unsuru da Türkiye'nin İran'a enerji alanında bağımlı oluşudur. Bu dengesiz ekonomik ilişki uzun vadede iki ülke arasında işbirliğinden çok çatışmayı arttıracaktır. İkinci olarak, Türkiye-İran uzlaşmasının güvenlik ayağı da zayıf bir temel üzerine kuruludur. Türkiye'nin İran ile güvenlik konusunda ilk plan- da işbirliği yapmasının ardında yatan temel stratejik nedenler –özellikle de İran'ın bölgedeki ayrılıkçı güçlere karşı Türkiye'nin iç güvenliğine katkıda bulunacağı düşüncesi– artık geçerliliğini yitirmiştir. İran, son dönemde PKK'ya karşı Türkiye ile ortak hareket etme konusunda isteksiz görünmektedir. Ayrıca Arap Baharı ve İran'ın nükleer güç elde etme konusundaki ısrarı, Türkiye ve İran arasındaki güvenlik ilişkisini daha da gergin bir hale getirmektedir.

**Anahtar Kelimeler:** Türkiye, İran, Dengeleme, Ekonomik Yönden Karşılıklı Bağımlılık, Enerji, Nükleer Silahlar

## حدود التعاون بين المتنافسين: العلاقات التركية – الإيرانية منذ عام ٢٠٠٢

تولغا ديميريول

خلاصة:

تأسس التقارب بين تركيا وإيران على مدى العقد الماضي على كوكبة من المصالح الاقتصادية والأمنية القصيرة المدى أكثر من كونه توازن قويا ذا أهداف بعيدة المدى. وهناك سببان لانهيار علاقات التعاون بين تركيا وإيران. أولاً، بالرغم من نمو الروابط التجارية بين تركيا وإيران التي سهلت التعاون السياسي بين البلدين، ولكن تحت حجم التعاون التجاري المتنامي يقع توزيع كبير لامتناسق في المكاسب ذات العلاقة، بشكل رئيسي بسبب سيطرة الطاقة. هذا التبادل التجاري غير المتوازن يبدو أنه يشجع الصراع بدلاً من التعاون على المدى الطويل. ثانياً، مرحلة الأمن في التقارب التركي الإيراني هو أيضاً على أرضية هشة. إن الأساس المنطقي الاستراتيجي الأولي وراء الشراكة الأمنية التركية مع إيران، مثل، تلك الفوائد المتوقعة من التعاون مع إيران لمواجهة الحركات الانفصالية في المنطقة يمكن أن ترجح التهديدات المحتملة التي قد ترفعها إيران ضد أمن تركيا، لم تعد موجودة. ويبدو أن إيران غير راغبة في العمل بانسجام مع تركيا ضد حزب العمال الكردستاني. كذلك، الربيع العربي ومصالحة إيران المستمرة في امتلاك الأسلحة النووية قد أدى إلى وضع إسفين بين المصالح الأمنية لكل من تركيا وإيران.

**الكلمات الدالة:** تركيا، إيران، التوازن، الاعتماد الاقتصادي المتبادل، الطاقة، الأسلحة النووية.

## Turkish - Iranian Rapprochement Since 2002

Iran, like Turkey, is on the rise. Tehran commands extensive influence in the region through its proxies, including Hezbollah in Lebanon and Hamas in Palestine.<sup>1</sup> The regime change in Iraq benefited Iran by eliminating its main regional adversary and opening up Shiite-controlled southern Iraq to Iranian influence. Over the last decade, the Iranian army, navy and air force have been modernized and upgraded.<sup>2</sup> Iran's ballistic missile program sped up its acquisition of short- and mid-range missiles that can effectively target the entire region.<sup>3</sup> Most importantly, Iran is on the path to developing a nuclear weapons capability.<sup>4</sup>

Iran's rise has alarmed not only the US and Israel but also most Arab governments. When asked which country poses the biggest threat to peace in the Middle East in 2011, 30 percent in Saudi Arabia and 24 percent in Iraq put Iran on the top of the list while the respondents in Jordan, Lebanon, Yemen, and the Gulf states named Iran as the second biggest troublemaker (after the US).<sup>5</sup> The Gulf Cooperation Council (GCC) took steps to counterbalance Iran internally (through armament) and externally (by forging a military alliance with the US).<sup>6</sup> Gulf states also consider Turkey a potential countervailing power to balance Iran's rising influence.<sup>7</sup>

Unlike most other countries in the region, Turkey has improved its relations with Iran over the last decade, as evidenced by the increased

- 1 Nathaniel F. Manni, "Iran's Proxies: State Sponsored Terrorism in the Middle East," *Global Security Studies*, Vol. 3, No. 2, Summer 2012, pp. 34–45.
- 2 Ronald Burgess, "Iran's Military Power: Statement Before the Committee on Armed Services United States Senate," April 14, 2010, <http://www.armed-services.senate.gov/statemnt/2010/04%20April/Burgess%2004-14-10.pdf>.
- 3 Alexander Wilner, "Iran and the Gulf Military Balance" (Center for Strategic and International Studies, October 27, 2011), [http://csis.org/files/publication/111027\\_Iran\\_Gulf\\_Military\\_Balance.pdf](http://csis.org/files/publication/111027_Iran_Gulf_Military_Balance.pdf).
- 4 Director General, *Implementation of the NPT Safeguards Agreement and Relevant Provisions of Security Council Resolutions in the Islamic Republic of Iran* (International Atomic Energy Agency Board of Governors, November 8, 2011, <http://www.iaea.org/Publications/Documents/Board/2011/gov2011-65.pdf>); J. M Lindsay and R. Takeyh, "After Iran Gets the Bomb," *Foreign Affairs*, Vol. 89, No. 2, 2010, pp. : 33–49.
- 5 Mensur Akgün and Sabiha Senyücel Gündoğar, *Ortadoğu'da Türkiye Algısı, 2011 [Perception of Turkey in the Middle East, 2011]* (TESEV Dış Politika Programı, January 2012), pp. 11–12.
- 6 Sameer Lalwani, "Why Isn't Turkey Balancing Iran?: Explaining Balance-of-Power and Alliance Behavior in Response to Nuclear Proliferation," *Center for Strategic and International Studies*, 2010, p. 165.
- 7 F. Stephen Larrabee, "Turkey and the Gulf Cooperation Council," *Turkish Studies*, Vol.12, No. 4 December 2011, p. 693.

frequency of high-level official visits between the two countries. Turkish Prime Minister Erdoğan visited Tehran in 2004 during which the two countries signed a memorandum of understanding regarding security cooperation. President Ahmedinejad also visited Ankara in 2008, his first visit to a NATO country, which stirred considerable backlash among Turkey's Western allies. Turkish leaders were among the first to endorse the reelection of the Iranian president in June 2009 despite the fact that the elections were disputed amidst allegations of vote fixing. Neither did Turkey voice any criticism during the protests in Tehran in the aftermath of the election; high-level official visits went on uninterrupted. Before visiting Tehran in October 2009, Turkish Prime Minister Erdoğan declared that he shared a common vision of the region with Iran and noted of the Iranian president "there is no doubt he is our friend...we have had no difficulty at all."<sup>8</sup>

Most importantly, Turkey vehemently defended Iran's right to develop nuclear power for civilian purposes. In 2010, Turkey attempted to broker a nuclear swap deal with Iran. When the deal fell through due to US opposition, Turkey vetoed UN Security Council Resolution 1929, which imposed additional sanctions on Iran.<sup>9</sup> Some analysts are astounded by the "surprisingly nonchalant attitude"<sup>10</sup> of Turkey regarding Iran's nuclear ambitions. As Kibaroglu and Çağlar wrote, "Less than a decade ago, had Iran displayed similar ambitions to develop nuclear capabilities, it would have been confronted with much more negative reactions from Turkey's public and government."<sup>11</sup>

What explains Turkey's accommodative foreign policy towards Iran over the last decade and how will the bilateral relations evolve in the near future? Those who are puzzled by the Turkish-Iranian rapprochement draw attention to two factors to explain why Ankara has not followed a more assertive foreign policy towards Tehran.<sup>12</sup> First, the grow-

8 Interview with the Guardian, 26 October 2009, cited in International Crisis Group, *Turkey and the Middle East: Ambitions and Constraints*, April 2010, p. 16.

9 "United Nations Security Council Press Release," June 9, 2010, <http://www.un.org/News/Press/docs/2010/sc9948.doc.htm>.

10 Efraim Inbar, "The Turkish-Israeli Entente," unpublished paper, cited in Ian O Lesser, "Turkey, Iran and Nuclear Risks," *Turkish Policy Quarterly*, Vol. 3, No. 2, Summer 2004, p. 4.

11 Mustafa Kibaroglu and Barış Çağlar, "Implications of a Nuclear Iran for Turkey," *Middle East Policy*, Vol. 15, No. 4, 2008, p. 61.

12 See, for instance, Mohammad Ayoob, "Beyond the Democratic Wave: A Turko-Persian Future?," *Middle East Policy*, Vol. 18, No. 2, 2011, pp. 110–119; Anoushiravan Ehteshami and Süleyman Elik, "Turkey's Growing Relations with Iran and Arab Middle East", *Turkish Studies*, Hentov, Elliot, "Turkey's Global Strategy: Turkey and Iran. IDEAS reports - special reports, Kitchen, Nicholas (ed.) SR007. LSE IDEAS, London School of Economics and Political Science, London, UK, 2011.

ing trade relations between Turkey and Iran, particularly in the field of energy, purportedly fostered political cooperation between the two countries. Second, the shared interests of Ankara and Tehran in containing Kurdish separatism in the region incentivized these two countries to engage in more extensive security cooperation.<sup>13</sup>

I argue that the cooperative relations between Turkey and Iran over the last decade were based on a precarious constellation of short-term economic and security interests rather than a robust alignment of long-term objectives, which in turn renders the Turkish-Iranian rapprochement unstable and ultimately unsustainable. There are two particular reasons why the cooperation between Turkey and Iran will not last. First, beneath the growing trade between Turkey and Iran lies an extremely asymmetric distribution of relative gains: the export to import ratio is heavily skewed in favor of Iran, primarily due to the predominance of energy. Furthermore, Turkey's efforts to drop its dependency on energy imports by diversifying its suppliers and investing in alternative energy sources will cause a sharp divergence in the interests of Turkey and Iran. Energy is an inherently zero-sum game and cannot provide the foundation of stable and lasting cooperation between Turkey and Iran.

The security leg of the Turkish-Iranian cooperation was based on the mutual concerns on both sides regarding the surge of the Kurdistan Workers Party (PKK) and the Party of the Free Life of Kurdistan (PJAK)

13 There is a third frequently raised explanation of the Turkish-Iranian rapprochement, which I do not directly address here. According to this line of argument, it is the fundamental shifts in the ideological milieu between Ankara and Tehran (particularly the declining significance of the "threat of political Islam" after 2002 in the eyes of the Turkish decision makers) that contributed to the improvement of relations. Prior to 2000s, Turkey was openly concerned that Iran might be seeking to export the Islamic revolution to Turkey and using its proxies like the Hezbollah to undermine the secular Turkish regime. Iranian perception of Turkey's identity was negative as well. As an ally of the US and Israel, Turkey was viewed with suspicion in Iran. In addition, throughout the 1990s Iran leveled accusations against Turkey for harboring opponents to the Iranian regime and even supporting Azeri separatism in Iran. The coming to power of a moderate political party with Islamist roots, Justice and Development Party (AKP) in Turkey, changed the perception that Iran posed an ideological threat to Turkey and improved Turkey's image in the eyes of Tehran, creating an environment conducive to further economic and security cooperation. It should be noted, however, that the cloud of mutual suspicion actually began to gradually dissipate in early 2000s— that is before the arrival of AKP. The first positive sign in the normalization of the bilateral relationship between Turkey and Iran was (the highly secular) Turkish President Ahmet Necdet Sezer's visit to Tehran in 2002. Indeed, the advent of economic cooperation between Ankara and Tehran can be traced back at least as early as 1995 when Prime Minister Tansu Çiller negotiated a natural gas agreement with Tehran, followed by the memorandum signed by the Erbakan government in 1996. Thus, while ideology did play a critical in lubricating rapprochement, shared economic (and security) interests proved to be decisive.

after 2004. Turkey entered into an extensive security cooperation with Iran because of the dominant perception that the internal threats to regime survival posed by Kurdish separatism outweighed any external threats that might emanate from Iran. I argue, however, that the balance between internal and external security has since shifted. Iran is no longer willing to coordinate with Turkey against the PKK; instead, Tehran is reverting to strategically exploiting the Kurdish issue to further its national interests. Meanwhile, since 2008, Turkey has improved its relations with the Kurdish Regional Government (KRG) and re-established its security partnership with the United States, which not only reduces the relative value of Iranian cooperation but also makes it less feasible, as Iran perceives the rapprochement between Turkey and the US/KRG as detrimental to its interests. Furthermore, the Arab Spring has revealed fundamental differences between Turkey and Iran, as evidenced by the escalation of tensions between Iran and Turkey regarding the Syrian conflict. Most importantly, Iran poses a more tangible military threat to Turkey than it did a decade ago, particularly given Tehran's insistence on acquiring nuclear weapons. For all these reasons, the security interests of Ankara and Tehran, like their economic interests, are on an increasingly divergent path.

The first section of the article analyzes the role of the expansion of bilateral trade and growing security cooperation against the PKK in facilitating the Turkish-Iranian rapprochement. This section also discusses the neo-liberal notion of economic interdependence and the realist concept of omnibalancing, and their applicability to the Turkish-Iranian case. The second section shows why an asymmetric distribution of gains from trade and a wobbly alignment of short-term security objectives constitute insufficient grounds for Turkey and Iran to escape the competitive impulses stemming from the ubiquitous security dilemma.

### **The Role of Trade and Security Interests in Facilitating the Turkish-Iranian Rapprochement**

#### ***Economic Interdependence and Political Cooperation***

The rapid economic growth of Turkey over the last decade produced two consequences, both of which brought Turkey and Iran closer. First, the growing economic output necessitated new export markets and Iran emerged as a key area of Turkish economic expansion. Second, economic growth brought about a surge in demand for energy. Turkey's

energy demand rose from 82.6 Mtoe (million-ton oil equivalent) in 2000 to 153.9 Mtoe in 2010, and is projected to reach 282.2 Mtoe by 2020.<sup>14</sup> With its vast hydrocarbon reserves, Iran emerged as Turkey's primary supplier of crude oil and its secondary supplier of natural gas.<sup>15</sup>

Turkey's economic relations with its neighbors exploded over the last decade.<sup>16</sup> Turkey's total volume of trade with the Middle East climbed from less than six billion USD in 2000 to over 48 billion USD in 2011.<sup>17</sup> Turkey's trade with Iran accounted for the largest portion Turkey's economic expansion in the Middle East. The value of exports and imports between Turkey and Iran was hovering around one billion USD before 2000. Bilateral trade exceeded four billion USD by 2005, ten billion in 2008 and finally sixteen billion USD in 2011. Iran quickly emerged as Turkey's biggest trade partner in the region. Turkey's trade with Iran constituted about 18 percent of Turkey's total trade with the Middle East in 2000. By 2011, Iran's share in Turkey's Middle Eastern trade reached 33 percent (Table 1).

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14 Mert Bilgin, "Energy Policy in Turkey: Security, Markets, Supplies and Pipelines," *Turkish Studies*, Vol. 12, No. 3, September 2011, p. 401, Table 1.

15 Elin Kinnander, "The Turkish-Iranian Gas Relationship: Politically Successful, Commercially Problematic", 2010, <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2010/11/NG38-TheTurkishIranianGasRelationship-ElinKinnander-2010.pdf>; Ahmet K. Han, "Turkey's Energy Strategy and the Middle East: Between a Rock and a Hard Place," *Turkish Studies* Vol. 12, No. 4, December 2011, pp. 603–617.

16 Özlem Tür, "Economic Relations with the Middle East Under the AKP—Trade, Business Community and Reintegration with Neighboring Zones," *Turkish Studies*, Vol. 12, No. 4, December 2011, pp. 589–602.

17 Based on my calculations on the data provided by Turkish Statistical Institute, <http://www.turkstat.gov.tr/Start.do>.

*Table 1. Turkey's Trade with Iran, in Comparison to the Middle East, 1996-2011*

Year	Import from Iran	Export to Iran	Export/Import with Iran	Total Trade with Iran	Import Form the Middle East	Export to the Middle East	Export/Import with ME	Total Trade with the ME	Iran/ME
1996	806	298	37%	1 104	3 315	2 595	78%	5 910	19%
1997	646	307	47%	953	2 774	2 821	102%	5 595	17%
1998	433	195	45%	628	2 084	2 681	129%	4 765	13%
1999	636	158	25%	794	2 124	2 566	121%	4 690	17%
2000	816	236	29%	1 052	3 373	2 573	76%	5 946	18%
2001	840	361	43%	1 200	3 016	3 261	108%	6 278	19%
2002	921	334	36%	1 255	2 321	3 440	148%	5 761	22%
2003	1 861	534	29%	2 394	3 466	5 465	158%	8 932	27%
2004	1 962	813	41%	2 775	4 269	7 921	186%	12 190	23%
2005	3 470	913	26%	4 383	6 066	10 184	168%	16 252	27%
2006	5 627	1 067	19%	6 694	8 641	11 316	131%	19 957	34%
2007	6 615	1 441	22%	8 057	10 149	15 081	149%	25 230	32%
2008	8 200	2 030	25%	10 229	13 145	25 430	193%	38 576	27%
2009	3 406	2 025	59%	5 431	7 134	19 193	269%	26 327	21%
2010	7 645	3 044	40%	10 689	13 011	23 295	179%	36 306	29%
2011	12 461	3 590	29%	16 051	20 439	27 937	137%	48 376	33%

*Source: Turkish Statistical Institute, Value: 000,000 \$*

The causal link between trade and peace is well established in the neoliberal school in international relations.<sup>18</sup> Countries that engage in intensive trade relations have strong incentives to avoid confrontation. Trade raises the costs of conflict, disincentivizing trade partners to escalate disagreements. Countries operating under conditions of economic interdependence are likely to value absolute gains more than relative gains.<sup>19</sup> In addition, trade arguably provides the most cost-effective way of resolving disputes. As Keohane and Nye observed, a

18 James Morrow, "How Could Trade Affect Conflict?," *Journal of Peace Research*, Vol. 36, No. 4, 1999, pp. 481-489.

19 Robert Powell, "Absolute and Relative Gains in International Relations Theory," *American Political Science Review*, Vol. 85, No. 4, 1991, pp. 1303-1320



critical component of interdependence is the increasing use of multiple channels of interaction between states.<sup>20</sup> All actors with a stake in the continuation of economic ties, such as business associations, actively partake in foreign policy making as conduits of information and agents of conflict resolution.<sup>21</sup>

Economic interdependence transforms not only the parameters of international relations but also the very fabric of nation-states. As Rosecrance argued<sup>22</sup> and as Kirişçi recently reaffirmed in the Turkish context,<sup>23</sup> states have a choice between two alternative survival strategies. Either they can rely on cooperation and dialogue to resolve disputes or they can emphasize military power and coercion. Increased economic interdependence renders the first option the only plausible strategy for the trading state.

Turkey, with its emphasis on economic cooperation with its neighbors<sup>24</sup> and its eagerness to allow business interests to shape foreign policy,<sup>25</sup> bears the marks of the ideal typical trading state. Indeed, the zero-problem policy could be seen as a “blueprint manifestation of the foreign policy of a trading state.”<sup>26</sup> Even though its public discourse is still security-oriented, Iran, too, tends to prioritize trade over security in its relations with Turkey. Turkey emerged as the fifth-largest trading partner of Iran, following the EU, China, Japan and South Korea. Due to the strict economic sanctions regime imposed by the UN Security Council,

20 Robert O. Keohane and Joseph S. Nye, *Power & Interdependence*, 4th ed. (Longman, 2011).

21 Kadri Kaan Renda, “Turkey’s Neighborhood Policy: An Emerging Complex Interdependence,” *Insight Turkey*, Vol. 13, No. 1, 2011, p. 106.

22 Richard Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World* (Basic Books, 1987).

23 Kemal Kirişçi, “The Transformation of Turkish Foreign Policy: The Rise of the Trading State,” *New Perspectives on Turkey*, Vol. 40, No. 1, 2009, pp. 29–57.

24 Alexander Murinson, “The Strategic Depth Doctrine of Turkish Foreign Policy,” *Middle Eastern Studies* Vol. 42, No. 6, 2006, pp. 945–964. Bülent Aras, “Turkey’s Rise in the Greater Middle East: Peace-building in the Periphery,” *Journal of Balkan and Near Eastern Studies*, Vol. 11, No. 1, March 2009, pp. 29–41; Ziya Öniş and Şuhnaz Yılmaz, “Between Europeanization and Euro-Asianism: Foreign Policy Activism in Turkey During the AKP Era,” *Turkish Studies*, Vol. 10, No. 1, March 2009, pp. 7–24.

25 For the role of business associations in Turkish foreign policy, see Mustafa Kutlay, “Economy as the ‘Practical Hand’ of New Turkish Foreign Policy: A Political Economy Explanation,” *Insight Turkey*, Vol. 13, No. 1, March 2011, pp. 67–88; Renda, “Turkey’s Neighborhood Policy: An Emerging Complex Interdependence,” Altay Atli, “Businessmen as Diplomats: The Role of Business Associations in Turkey’s Foreign Economic Policy,” *Insight Turkey*, Vol. 13, No. 1, 2011, pp. 109–128.

26 Kirişçi, “The Transformation of Turkish Foreign Policy”, p. 42.

Iran feels isolated from the global economy. Sanctions weakened Iran's ties with its former trade partners, most notably the UAE, prompting Iran to reorient its trading routes from the Gulf toward Turkey.<sup>27</sup>

The critical component of the Turkish-Iranian bilateral trade is energy. Some argue that Turkey forged closer relations with Iran despite American warnings regarding violations of the sanctions regime primarily because of Turkey's energy interests in Iran.<sup>28</sup> Minister of Foreign Affairs Davutoğlu seemed to agree with this assessment when he wrote "As a growing economy and surrounded by energy resources, Turkey needs Iranian energy as a natural extension of its national interests. Therefore, Turkey's energy agreements with Iran cannot be dependent upon its relationships with other countries."<sup>29</sup>

The top two suppliers of energy to Turkey are Russia and Iran. 64 percent of Turkish natural gas consumption currently comes from Russia<sup>30</sup> while Iran tops the list of countries selling oil to Turkey. In the first quarter of 2011 alone, Turkey imported 6 million tons of oil, 30 percent of which came from Iran.<sup>31</sup> Iran has the second biggest natural gas reserves in the world and meets nearly one-third of Turkey's natural gas demand.<sup>32</sup>

Thus, there is sound evidence in favor of the proposition that the growing economic interdependence accounts for Turkey's willingness to accommodate Iran. Trading with Iran yields absolute gains to Turkey. Escalating conflicts with Iran would disrupt the flow of goods and even jeopardize the health of the energy-addicted Turkish economy. Yet, as I discuss in the second section, this argument is limited to the extent that the gains from trade are distributed unevenly between partners. Asymmetric distribution of relative gains is more likely to foster conflict than cooperation.

27 Tür, "Economic Relations with the Middle East Under the AKP—Trade, Business Community and Reintegration with Neighboring Zones," p. 596.

28 Steven A. Cook, "The USA, Turkey, and the Middle East: Continuities, Challenges, and Opportunities," *Turkish Studies*, Vol. 12, No. 4, December 2011, pp. 717–726; Ayoob, "Beyond the Democratic Wave"; Hentov, "Turkey and Iran."

29 Ahmet Davutoğlu, "Turkey's Foreign Policy Vision: An Assessment of 2007", *Insight Turkey*, Vol. 10, No. 1, 2008, p. 91.

30 Bilgin, "Energy Policy in Turkey."

31 "Iran Dominates Turkey's Oil Imports in First Quarter," *Hurriyet Daily News*, May 30, 2011, <http://www.hurriyetedailynews.com/default.aspx?pageid=438&n=iran-dominates-turkeys-oil-imports-in-first-quarter-2011-05-30>.

32 Bilgin, "Energy Policy in Turkey", p. 409.

### **Balancing Internal and External Threats**

The second frequently raised explanation of the recent cooperation between Turkey and Iran is their shared interest in containing Kurdish separatism. Ironically, the Kurdish issue was the main source of contention between Ankara and Tehran throughout the 1990s.<sup>33</sup> It was widely held at the time that Iran provided logistical and financial support to terrorist groups operating throughout Turkey to destabilize the political regime.<sup>34</sup> The hardliners within the Iranian government, the Revolutionary Guard in particular, considered the PKK instrumental in the competition between Turkey and Iran over northern Iraq and the Caucasus.<sup>35</sup>

In contrast to the ambivalent attitude of Tehran towards the PKK throughout the 1990s, the level of security cooperation between Turkey and Iran in the early 2000s was exceptional. Relations began to improve during Turkish Minister of Foreign Affairs Cem's visit to Tehran where Iran stressed that it considered the PKK a terrorist organization.<sup>36</sup> High-level strategic contacts continued via the meetings of the Turkish-Iranian High Commission for Security and the Joint Security Committee.<sup>37</sup>

The invasion of Iraq in 2003 inadvertently created an environment conducive to a security rapprochement between Turkey and Iran. The presence of the US forces in Northern Iraq incentivized Tehran to stand closer to Ankara. Turkey, too, was in need of a regional ally. The Turkish-US relationship was at a historic abyss following the 2003 parliamentary vote that denied Turkish air space to the US forces entering Iraq. Most importantly, the power vacuum created in Iraq in the aftermath of the overthrow of the central government allowed an independent Kurdish state that would carve out territory from both Turkey and Iran to appear as an imminently plausible scenario.

33 Robert W. Olson, *Turkey-Iran Relations, 1979-2004: Revolution, Ideology, War, Coups, and Geopolitics* (Mazda Pub, 2003).

34 Daphne McCurdy, "Turkish Iranian Relations: When Opposites Attract," *Turkish Policy Quarterly*, Vol. 7, No. 2, Summer 2008., pp 88-106.

35 Bayram Sinkaya, "Turkey-Iran Relations in the 1990s and the Role of Ideology", *Perceptions: Journal of International Affairs*, Vol. X, No. 1, 2005, p. 11.

36 "Information Note on Foreign Minister İsmail Cem's Visit to Iran 12-13 February 2001," *Republic of Turkey Ministry of Foreign Affairs*, February 13, 2011, [http://www.mfa.gov.tr/information-note-on-foreign-minister-ismail-cem\\_s-visit-to-iran\\_br\\_12-13-february-2001-.en.mfa](http://www.mfa.gov.tr/information-note-on-foreign-minister-ismail-cem_s-visit-to-iran_br_12-13-february-2001-.en.mfa).

37 Ehteshami and Elik, "Turkey's Growing Relations with Iran and Arab Middle East."

As a country with a sizeable Kurdish minority population, Iran had always been sensitive to irredentist movements in the region. In 2004, Iran's security interest in containing the Kurdish separatism became more pressing when PJAK launched a campaign against the Iranian government. PJAK was established in 2004 as an offshoot of the PKK. Like the PKK, PJAK operates out of northern Iraq and shares the same leadership structure with the former.

In 2004, Prime Minister Erdoğan visited Tehran and signed a security cooperation agreement acknowledging the joint commitment to regional security.<sup>38</sup> The Turkey-Iran High Commission for Security Meeting in April 2008 was a landmark in the consolidation of the security cooperation. Prior to the meeting, an Iranian official declared that Iran considered the PKK and PJAK a "single terrorist organization under two different names."<sup>39</sup> Turkey and Iran signed a Memorandum of Understanding, pledging joint action in maintaining border security and fighting organized crime. Turkey and Iran started to coordinate their efforts closely against the PKK/PJAK, including extensive intelligence sharing.

The realist concept of omnibalancing provides a useful heuristic tool to examine the security cooperation between Turkey and Iran. Unlike the traditional balance of power theory, which entails that countries counter external threats to national security, omnibalancing suggests that policy makers seek to balance *all* threats to their survival, internal *as well as* external. Internal threats may be aimed at the leader (e.g. violent competition over power) or the regime (e.g. a secessionist movement).<sup>40</sup> If the internal threat is perceived as primary, then the state would align with or appease the secondary external threat.<sup>41</sup>

Originally, omnibalancing was intended to explain alignment behavior in the Third World. While the nature of the internal threats to Turkey's security is different, the concept of omnibalancing is potentially useful in understanding the rapprochement between Turkey and Iran to the

38 McCurdy, "Turkish Iranian Relations: When Opposites Attract."

39 "There Is No Difference Between Terrorist Organization PKK And PJAK," April 4, 2008, [http://www.turkishpress.com/news.asp?id=225672#.UB-ujvbE\\_d1](http://www.turkishpress.com/news.asp?id=225672#.UB-ujvbE_d1).

40 Steven David, *Choosing Sides: Alignment and Realignment in the Third World* (The Johns Hopkins University Press, 1991).

41 Lalwani, "Why Isn't Turkey Balancing Iran?: Explaining Balance-of-Power and Alliance Behavior in Response to Nuclear Proliferation," p. 175.

extent it draws our attention to how decision makers seek to balance internal and external threats in formulating policy.<sup>42</sup> The three-decade long Kurdish separatist movement is unquestionably the most important threat to the survival of Turkey's unitary political regime. Turkey allied itself with Iran on the security front because, given the parameters of omnibalancing, the internal threat posed by ongoing Kurdish separatism far outweighed any external immediate threat that Iran might have posed against Turkey, including Iran's nuclear ambitions.<sup>43</sup>

Most Gulf countries — not to mention the US and Israel— believe that Tehran's insistence on developing nuclear power is indicative of its belligerent and revisionist intentions. By contrast, Turkish policy makers did not (until recently, as discussed later) perceive Iran's nuclear ambitions as a particularly credible and urgent threat to national security.<sup>44</sup> In 2008, Prime Minister Erdoğan was asked, "why Turkey did not seem to be worried" about Iran's nuclear program, to which he responded "Our Iranian colleagues tell us that they want nuclear energy for peaceful purposes to satisfy their energy needs, not for weapons."<sup>45</sup>

Turkey resisted partaking in the US efforts of coercive diplomacy towards Iran, emphasizing that Iran, as a member of the Nuclear Non-Proliferation Treaty, had sovereign rights to develop enriched uranium for strictly civilian purposes. Following Ahmedinejad's visit in 2008, Turkey adopted an even more vocal position on the nuclear issue. Both President Gül and Prime Minister Erdoğan repeatedly criticized economic sanctions and stressed that the solution to the problem of Iran's nuclear program was diplomatic. Erdoğan went so far as to suggest that the real problem was Israel's nuclear weapons, not Iran's.<sup>46</sup>

42 Lalwani, "Why Isn't Turkey Balancing Iran?: Explaining Balance-of-Power and Alliance Behavior in Response to Nuclear Proliferation."

43 This argument does not necessarily presuppose that the threat of insurgency in the 2000s was greater than the previous decade (even though by some measures it was). Even if the level of threat to Turkey's internal security remained roughly unchanged after 2002, Iran's potential relevance in countering that threat increased substantially, for at least two reasons. First, the establishment of PJAK in Iranian territory as a parallel force to the PKK meant that Iran had inevitably become an integral part of the equation. Second, the loss of Iraq's territorial integrity following the war in 2003, coupled with Turkey's decaying relations with the US in the fight against insurgency, raised Iran's significance as a regional ally.

44 Lesser, "Turkey, Iran and Nuclear Risks."

45 Kibaroglu and Çağlar, "Implications of a Nuclear Iran for Turkey," p. 65.

46 Tayyip Erdogan's Speech in Washington DC, 7 December 2009, cited in International Crisis Group, *Turkey and the Middle East: Ambitions and Constraints*, p. 17., fn. 175.

As the self-appointed arbiter of regional conflicts, Turkey insistently sought to mediate between Iran and the US. The negotiations came to an impasse in 2010 due to disagreements regarding Iran's enrichment of Uranium-235. Turkey, along with Brazil, brokered a deal, which would have revived a stalled nuclear-swap deal originally backed by the UN. Under the deal, Iran would send 1,200 kg of low-enriched uranium to Turkey to be swapped with 120 kg fuel for a research reactor. Turkey claimed that the deal removed the need for more sanctions against Iran while the US dismissed the nuclear swap as a negotiating ploy by Iran.<sup>47</sup> The deal fell through due to American opposition. The US pressed on for a UN Security Council resolution to bring in harsher economic sanctions on Iran. Turkey had little choice but to veto the UN Resolution on June 9, 2010.

Omnibalancing, understood as a heuristic shortcut to analyze how states balance internal and external threats, helps explain part of the puzzle of why Turkey chose to cooperate with a regional rival like Iran in the first place. Given the imminent (internal) threat posed by Kurdish separatism and the relatively low level of (external) threat perception towards Iran's nuclear ambitions, Ankara simply calculated that the value of Iran as a security partner outweighed the potential risks posed by Iran as a security threat. This security calculus, however, was subject to change, as I discuss below.

## **From Conflict to Competition**

### ***Imbalanced Trade and Energy Dependency***

On its surface, the Turkish-Iranian relationship has been a testament to the validity of the neoliberal proposition that economic interdependence fosters political cooperation. Yet, simply considering the growing volume of trade provides an incomplete picture. The terms of trade between Turkey and Iran are heavily imbalanced in favor of Iran, primarily because of the predominance of energy imports into Turkey.<sup>48</sup>

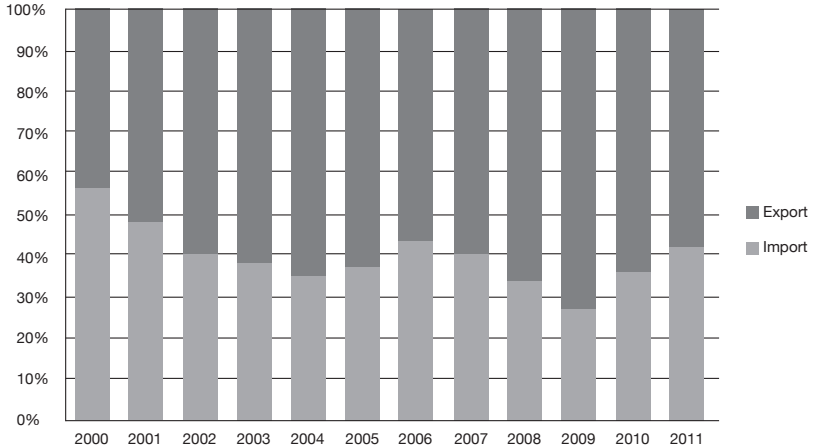
47 Ian Anthony, "The End of Deference: Iran, Brazil and Turkey and the Nuclear Fuel Swap," *Análisis Del Real Instituto Elcano (ARI)* No. 96, 2010, p 1; Thomas Lorenz and Joanna Kidd, "Turkey and Multilateral Nuclear Approaches in the Middle East," *The Nonproliferation Review*, Vol. 17, No. 3, November 2010, pp. 513–530.

48 "Turkey-Iran Economic and Trade Relations," *Republic of Turkey Ministry of Foreign Affairs*, accessed August 15, 2012, [http://www.mfa.gov.tr/turkey\\_s-commercial-and-economic-relations-with-iran.en.mfa](http://www.mfa.gov.tr/turkey_s-commercial-and-economic-relations-with-iran.en.mfa).

As Turkey's dependency on energy worsens, the distribution of relative gains from trade becomes more uneven. Furthermore, any steps that Turkey will take to alleviate its energy dependency — such as diversifying its energy suppliers— will only hurt and alienate Iran. Thus, although economic interdependence has served to foster cooperation between Turkey and Iran in the short term, the interests of these two countries will inevitably diverge, paving the way for a potentially more competitive political climate.

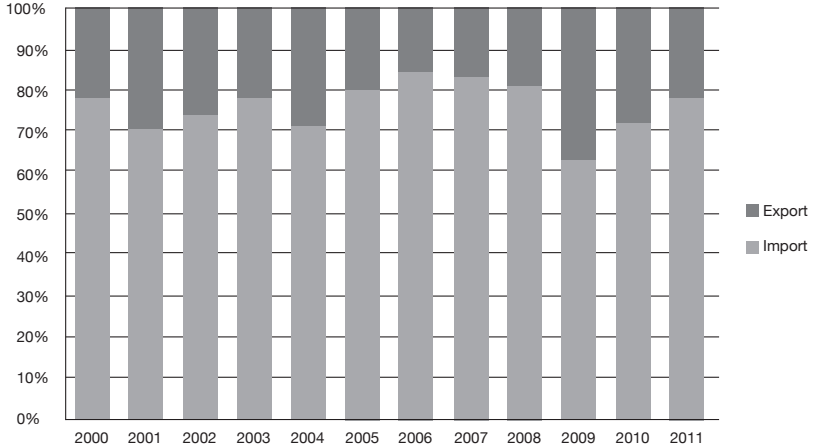
Turkey's terms of trade with the Middle East have improved substantially since 2000, with the notable exception of Iran. In 2000, the value of Turkish exports to the Middle East was less than 2.6 billion USD and the imports totaled at 3.4 billion USD. By 2011, Turkey's imports from the Middle Eastern countries were at 20 billion USD, whereas exports reached almost 28 billion USD (Table 1). The ratio of exports to imports increased from 76 percent in 2000 to 137 percent in 2011. Put differently, the share of imports in total trade with the Middle East declined from 56 percent in 2000 to 42 percent in 2011 (sinking as low as 27 percent in 2006) (Figure 1). The breakdown of Turkey's trade with Iran, however, reveals a strikingly different picture. Turkey's imports from Iran increased from 815 million USD in 2000 to 12.5 billion USD in 2011. Exports to Iran grew too, from a measly 235 million USD to over 3.5 billion USD over the same period. However, terms of trade with Iran remained extremely unfavorable to Turkey: the ratio of exports to imports was a mere 29 percent in both 2000 and 2011, sinking as low as 19 percent in 2006 (Table 1). Put differently, imports continue to constitute more than three fourths of Turkish trade with Iran (Figure 2).

Figure 1. Share of Imports and Exports in Turkey's Trade with the Middle Eastern Countries, 2000-2011



Source: Turkish Statistical Institute, data derived from Table 1.

Figure 2. Share of Imports and Exports in Turkey's Trade with Iran, 2000-2011



Source: Turkish Statistical Institute, data derived from Table 1.

The trade imbalance is partially explained by the variation in economic openness: unlike Turkey, Iran has a closed economy, protected by high tariffs and a rigid bureaucratic structure. Turkish businesses investing heavily around the Middle East experience difficulties penetrating the Iranian market. In a now well-known incident in 2004, the Iranian Revo-



lutionary Guard took control of Imam Khomeini International Airport, which was about to be opened and operated by a Turkish firm (TAV). The airport was shut down and the contract was cancelled due to the alleged business ties of TAV with Israel.<sup>49</sup> In another incident, Turkish GSM giant Turkcell was forced by the Iranian Parliament to reduce its stake in a deal for the second cellular network of Iran from 70 percent to a non-controlling 49 percent, again on the grounds of national security, ultimately resulting in the collapse of the deal.<sup>50</sup> These two contracts would have been among the largest foreign investments in Iran since 1979. Smaller Turkish businesses exporting into Iran regularly encounter problems with Iranian customs regulations.<sup>51</sup>

Even if Iran liberalized its trade regime and opened up its market to Turkish businesses, a more significant problem would remain: Turkey's dependence on Iranian energy. Natural gas and oil constitute more than 80 percent of Iranian exports to Turkey.<sup>52</sup> The energy trade between Turkey and Iran serve the short-term interests of both parties: Turkey meets a large chunk of its growing appetite for energy and Iran finds an expanding external market in Turkey and a much-needed potential route to the European buyers.

It is highly unlikely however that the current energy partnership will last. First, Iran is a notoriously unreliable trade partner.<sup>53</sup> Tehran cut off exports to Turkey several times, most notably during 2007 and 2008 winters, when domestic demand in Iran was unexpectedly high.<sup>54</sup> Turkish Energy company BOTAŞ frequently complains about the quality of Iranian gas. Iran lacks the modern infrastructure to ensure a secure supply of gas or the means to upgrade the existing infrastructure, pri-

49 International Crisis Group, *Turkey and the Middle East: Ambitions and Constraints*, p. 17.

50 Sinan Ülgen, "Preventing the Proliferation of Weapons of Mass Destruction: What Role for Turkey?," *Transatlantic Academy Paper Series*, 2010, p. 13, [http://www.transatlanticacademy.org/sites/default/files/publications/GMF\\_TA\\_Ulgen\\_060710web.pdf](http://www.transatlanticacademy.org/sites/default/files/publications/GMF_TA_Ulgen_060710web.pdf).

51 Serdar Poyraz, "Turkish-Iranian Relations: A Wider Perspective," *SETA Policy*, 2009, p. 12.

52 Hentov, "Turkey and Iran," p. 32.

53 Han, "Turkey's Energy Strategy and the Middle East," pp. 605-606. Kinnander, "The Turkish-Iranian Gas Relationship."

54 Tuncay Babali, "The Role of Energy in Turkey's Relations with Russia and Iran" (presented at the "The Turkey, Russia, Iran Nexus: Economic and Energy Dimensions" hosted by The Economic Policy Research Foundation of Turkey, Washington, D.C.: Center for Strategic and International Studies, 2012, p. 4.

marily due to the economic sanctions regime.<sup>55</sup> Second, Iranian gas is costly. Under the “take or pay” restrictions in the existing contracts, Turkey cannot re-export portions of the pre-paid gas transited through its soil. According to one estimate, take or pay contracts with Iran cost Turkey 1.354 billion dollars in 2008 and 2009.<sup>56</sup> If Turkey could re-sell some of the unused gas to third parties at the market price, this would not only allow Turkey recoup its losses but also help Turkey position itself as an energy center or hub rather than a mere transit corridor.<sup>57</sup>

Given the dependence of Turkey on Iranian natural gas and oil, it is not surprising that Turkey is actively pursuing a strategy of diversifying its energy suppliers.<sup>58</sup> Currently there are several ongoing and planned projects. The much-debated Nabucco pipeline was originally conceived as an alternative to the Gazprom Eni South Stream pipeline to supply Caspian gas directly to the EU. The primary suppliers for Nabucco were planned to be Azerbaijan, Iraq (via the Arab gas pipeline), and potentially Turkmenistan and Egypt as well. Along with other planned natural gas pipelines via Turkey (most notably, the extension of the Greece-Italy portion of the Turkey-Greece-Italy pipeline), Nabucco would help Turkey to integrate itself into the vital energy routes into the heart of Europe.

The Nabucco project has been criticized because there is insufficient gas supply to make the project profitable.<sup>59</sup> Iran was particularly vocal about this point; the then Foreign Minister Mottaki said, “Speaking about the Nabucco pipeline without Iran’s participation would amount to nothing but a pipeline without gas.”<sup>60</sup> The future of Nabucco in jeopardy, Turkey is considering alternative solutions to alleviate its energy dependency on Iran.

55 Han, “Turkey’s Energy Strategy and the Middle East,” p. 609.

56 *ibid.*

57 Ali Tekin and Paul A. Williams, “EU–Russian Relations and Turkey’s Role as an Energy Corridor,” *Europe-Asia Studies* Vol. 61, No. 2, March 2009, pp. 337–356. Mert Bilgin, “Turkey’s Energy Strategy: What Difference Does It Make to Become an Energy Transit Corridor, Hub or Center?,” *UNISCI Discussion Papers*, May 2010.

58 “The Republic of Turkey, Ministry of Energy and Natural Resources, Strategic Plan, 2010–2014,” 2009, [http://www.enerji.gov.tr/yayinlar\\_raporlar/ETKB\\_2010\\_2014\\_Stratejik\\_Planı.pdf](http://www.enerji.gov.tr/yayinlar_raporlar/ETKB_2010_2014_Stratejik_Planı.pdf). Tolga Demiryol, “Turkey’s Energy Security and Foreign Policy,” *Turkish Review*, Vol. 2, No. 1, January 2012, pp.44–49.

59 Saban Kardas, “Turkish–Azerbaijani Energy Cooperation and Nabucco: Testing the Limits of the New Turkish Foreign Policy Rhetoric,” *Turkish Studies*, Vol. 12, No. 1, March 2011, pp. 55–77.

60 “Iran Calls Nabucco a ‘Dead Plan’, Says Ready to Transit Turkmen Gas to Europe,” *Tehran Times*, October 23, 2011, <http://www.tehrantimes.com/index.php/component/content/article/3838>.

The Trans-Anatolian Gas Pipeline (TANAP) is a newly proposed natural gas pipeline from Shah Deniz gas field in Azerbaijan through Turkey to Europe. The project was announced in November 2011. Estimated to cost 7 billion USD, the pipeline will be completed in 2018 and ultimately reach a transit capacity of 31 billion cubic meters of gas.<sup>61</sup> The Arab Gas Pipeline is yet another project that Turkey seeks to incorporate into its diversification strategy. The Arab Gas Pipeline exports Egyptian natural gas to Jordan, Syria and Lebanon. In 2006, Egypt, Syria, Jordan, Lebanon, Romania and Turkey signed an agreement to extend the Arab Gas Pipeline through Syria to Turkey. The new Syria-Turkey route was planned to connect to Nabucco pipeline. Turkey expects to buy 4 billion cubic meters of natural gas from the Arab Gas Pipeline.

Turkey is increasingly interested in gaining direct access to Iraqi hydrocarbon reserves. Due to the political turmoil in Iraq, and Turkey's uneasy relationship with the Kurdish Regional Government (KRG), Turkey had avoided entering a close energy partnership with Iraq until recently. Turkish Petroleum Company TPAO was kept out of the KRG contracts by the Turkish government due to concerns that this would legitimize the KRG. Relations with the KRG however have much improved since 2008. Turkey is now interested in fostering a two-way partnership with Iraq in which Turkey would import oil (and to a lesser degree natural gas) and exports electricity, gasoline, LNG and diesel fuel back to Iraq.<sup>62</sup> In addition to TPAO, private firms are developing various oil fields in Northern Iraq.<sup>63</sup>

Turkey is also planning to invest heavily in renewable energy infrastructure.<sup>64</sup> Over the next two decades, Turkey will build two to four nuclear power plants (one in Akkuyu by 2017, one in Sinop by 2020 and possibly two more by 2030), 1100 hydroelectric plants (in addition to the current 213), and wind turbines (15,000-20,000MW total power).<sup>65</sup> In addition, Turkey is also planning to create an energy industry zone in Ceyhan by building refineries, LNG terminals, and other processing facilities.<sup>66</sup>

61 "The Energy of the Future Is Ready," June 26, 2012, <http://www.tanap.com/en/the-energy-of-the-future-is-ready.aspx>.

62 Han, "Turkey's Energy Strategy and the Middle East," p. 611.

63 *ibid.*, p. 612.

64 Durmus Kaya, "Renewable Energy Policies in Turkey," *Renewable and Sustainable Energy Reviews*, Vol. 10, No. 2, April 2006, pp. 152-163.

65 Bilgin, "Energy Policy in Turkey," p. 399.

66 *ibid.*, p. 400.

To this date, the energy partnership between Turkey and Iran has served to solidify the political cooperation between two countries. However, as Turkey's energy needs grow and Turkey considers alternatives beyond importing oil and natural gas from Iran, the interests of Turkey and Iran are bound to diverge. Turkey's search for additional suppliers, its support for alternate projects like the Arab Gas Pipeline, Nabucco, and TANAP, and its plans to invest heavily in alternative energy inevitably go against Iran's interests. There is a potential conflict between long-term strategies and short-term interests here. Overcoming energy dependence is a long-term objective for Turkey (or any other country); diversification of suppliers and supply routes will take decades and massive investment as well as lengthy and painstaking political maneuvering. In the short-term, Turkey does need Iran to meet its energy needs; a disruption in trade Iran would surely damage Turkey's economic drive. Thus, Turkey might have little choice but to seek to balance its strategic need for energy independence and the continued benefits of cooperating with Iran, which could in turn mean that Ankara would be exceedingly cautious to avoid jeopardizing relations with Iran by acting too aggressively in the name of lessening its energy dependence on Iran. Nonetheless, the point still stands from a long-term geopolitical perspective: as long as the energy relationship between Iran and Turkey remains on unequal footing, it cannot provide a proper pedestal for a long-term, stable political cooperation.

Moreover, if Turkey aspires to become a major player in the energy game, it has little choice but to play well with the US. It is worth keeping in mind that the Baku-Tbilisi-Ceyhan pipeline was made possible thanks to American support.<sup>67</sup> It is unlikely that another project of similar scope, like Nabucco or TANAP, could be realized without political backing by the US. Closer cooperation with the US on energy would further undermine the relationship between Turkey and Iran. Neither would the US support Turkey's bid to become a regional energy hub as long as Ankara insisted on stretching the sanctions regime against Iran. Indeed, Turkey is already cooperating with the US by cutting down oil purchases from Iran in return for obtaining renewable short-term exemptions from US sanctions against Iran.<sup>68</sup>

67 Han, "Turkey's Energy Strategy and the Middle East," p. 613.

68 "Turkey Cuts Iranian Oil to Obtain US Exemption," accessed December 13, 2012, <http://www.hurriyetdailynews.com/turkey-cuts-iranian-oil-to-obtain-us-exemption.aspx?pageID=238&nID=35979&NewsCatID=348>.

### **Shifts in the Internal and External Security Balance**

As discussed above, one major factor contributing to the Turkish-Iranian rapprochement was the omnibalancing strategy of Turkey. Given the threat to its regime security posed by the Kurdish separatism, Turkey prioritized extending cooperation with Iran over any possible threat that Iran might pose against Turkey. This calculus, however, has recently changed. Kurdish separatism remains strong yet the security cooperation between Turkey and Iran has become manifestly fragile.

Iran assumed a softer stance on the PKK since 2011.<sup>69</sup> According to widely circulated reports, Iran captured and subsequently released senior PKK leader Karayılan in August 2011, a few days before Turkey launched a major air offensive against the PKK bases in Kandil.<sup>70</sup> It is also claimed that Iran did not inform Ankara of Karayılan's capture even though Turkey had shared intelligence regarding his location.<sup>71</sup> Soon after the incident, Iran allegedly reached a cease-fire agreement with the PJAK. In September 2011, Iranian Revolutionary Guard Corps General Araki announced that the PJAK accepted all conditions proposed by Tehran in exchange for ceasing military operations against the PJAK in Iraq.<sup>72</sup> PJAK agreed to stay clear of the Iranian border, cease all military activity in Iran and stop recruiting Iranian nationals.<sup>73</sup>

Meanwhile, Turkey's efforts to cooperate with Iran against terrorism prompted the US administration to assume a more active stance in Northern Iraq. In September 2006, Turkey and the US signed a document regulating strategic coordination and appointing special repre-

69 Ilan Berman, "Turkey's Iran Dilemma," *Turkish Review*, Vol. 2, No. 2, April 2012, pp. 30–32.

70 "Iran Captured but Later Released PKK Leader Karayılan, Report Claims," *Today's Zaman*, October 11, 2011, <http://www.todayszaman.com/news-259497-iran-captured-but-later-released-pkk-leader-karayilan-report-claims.html>.

71 Turkish government could neither verify nor deny that Iran captured and subsequently released Karayılan. Then Speaker of the government and Deputy Prime Minister Bülent Arınç acknowledged the reports and said that the validity of the details surrounding the incident is uncertain. "Bülent Arınç'ın Karayılan Şüphesi (Bülent Arınç's Suspicions Regarding Karayılan)," accessed December 13, 2012, <http://www.cnnturk.com/2011/turkiye/08/22/bulent.arincin.karayilan.süphesi/626927.0/index.html>.

72 Celalettin Yavuz, "Türkiye – İran İlişkileri Stratejik Ortaklıktan Çatışmaya: Füze Kalkanı'ndan PKK Ve Karayılan Olayına (Turkish-Iranian Relations: From Partnership to Conflict, The Missile Shield, PKK and the Karayılan Incident)" (Uluslararası İlişkiler ve Stratejik Analizler Merkezi, October 12, 2011), <http://www.turksam.org/tr/a2495.html>.

73 "İran PJAK'ı Teslim Aldı (Iran Accepted PJAK's Surrender)," *Milliyet*, September 30, 2011, <http://dunya.milliyet.com.tr/iran-pjak-i-teslim-aldi-/dunya/dunyadetay/30.09.2011/1445010/default.htm>.

sentatives on terror. This early measure, while a step in the right direction, accomplished little in repairing the damaged relations.<sup>74</sup> US policy towards the PKK improved dramatically after 2007 as marked by Secretary of State Rice's promise that the US would extensively cooperate with Turkey against the PKK:

"The United States considers the PKK a terrorist organization and indeed we have a common enemy that we must find ways to take effective action so that Turkey will not suffer from terrorist attacks... There is a US role and a US obligation to do something about the role of the PKK in Northern Iraq... I am quite certain that we can find ways to cooperate for effective action. We also want to see action."<sup>75</sup>

In 2007, the US started supplying Turkey with intelligence on the PKK's activities in Northern Iraq, to be used in Turkish offensives on PKK hideouts in the region.<sup>76</sup>

The improvement of Turkish-American relations was also coupled with Turkey's growing ties with the KRG. In a marked turn in strategy in 2007, the Turkish government ceased using the Turkmen minority in Northern Iraq to undermine the KRG and began engaging both the central government in Baghdad and the KRG in Erbil.<sup>77</sup> Turkey's involvement in Iraq continues to be a source of friction between Turkey and Iran. Neither Turkey nor Iran is willing to give up their agenda of influencing the political prospects of Iraq.<sup>78</sup>

The wave of political change in the Arab Middle East has brought to surface cardinal conflicts of interest between Ankara and Tehran. Turkey's involvement in the NATO operation against Gaddafi exasperated Iran and exacerbated its doubts regarding Turkey's aspirations in the

74 Tarık Oğuzlu, "Middle Easternization of Turkey's Foreign Policy: Does Turkey Dissociate from the West?" *Turkish Studies*, Vol. 9, No. 1, March 2008, p. 8.

75 "Sayın Bakanımızın ABD Dışişleri Bakanı Rice İle Ortak Basın Toplantısı (The Joint Press Meeting of Our Minister of Foreign Affairs and US Secretary of State Rice)," November 2, 2007, [http://www.mfa.gov.tr/sayin-bakanimizin-abd-disisleri-bakani-rice-ile-ortak-basin-toplantisi-\\_2-kasim-2007-\\_-tr.mfa](http://www.mfa.gov.tr/sayin-bakanimizin-abd-disisleri-bakani-rice-ile-ortak-basin-toplantisi-_2-kasim-2007-_-tr.mfa).

76 Ofra Bengio, "The 'Kurdish Spring' in Turkey and Its Impact on Turkish Foreign Relations in the Middle East," *Turkish Studies*, Vol. 12, No. 4, December 2011, pp. 619–632., fn.45.

77 Volker Perthes, "Turkey's Role in the Middle East: An Outsider's Perspective," *Insight Turkey*, Vol. 12, No. 4, p. 6, 2010; Henri J. Barkey, "Turkey and Iraq: The Making of a Partnership," *Turkish Studies*, Vol. 12, No. 4, December 2011, pp. 663–674.

78 Sean Kane, "The Coming Turkish Iranian Competition in Iraq," *USIP Special Report* 276, June 2011.

region. Turkey's policy towards the Assad regime in Syria, the main ally of Iran, further escalated the tension.<sup>79</sup> Iran accused Turkey of providing support to the Syrian opposition and being in cahoots with the US-led coalition (along with Saudi Arabia and Qatar) to overthrow the Syrian government.<sup>80</sup> In response to Tehran, the Turkish Foreign Ministry issued an official statement harshly condemning the "baseless accusations and inappropriate threats" of the Iranian officials.<sup>81</sup> The next day, on August 9 2012, Iran suspended the visa waiver program with Turkey, the crown achievement of the zero problems policy.<sup>82</sup> On August 10, Turkish vice Prime Minister Arınç said he was "disappointed" with Iran's policy towards Syria and claimed that the PKK militants who took part in the attacks in Eastern Turkey originated from Iran, implying a lapse in Iran's resolve against the PKK.<sup>83</sup>

Turkey and Iran have remarkably divergent expectations and concerns regarding the Arab Spring. Despite the public narrative of Tehran that is largely welcoming of the "widespread awakening of nations,"<sup>84</sup> Iran is concerned that the popular movements might topple not only additional Middle Eastern governments that are Iran's allies, like Syria, but also the wave of democratization might soon reach the gates of Tehran. Regime change in Egypt did serve Iran's strategic interest as well since the overthrown government of Hosni Mubarak was not a friend of Tehran. Nonetheless, the regime changes in Tunisia, Egypt, Yemen and Libya initiated a social and political process, which no single actor, including Iran, can hope to easily steer in its favor. Turkey, on the other hand, hopes that widespread democratization around the region will raise Turkey's image as a model democracy and validate its claim

79 Alex Vatanka, "Syria Drives a Wedge Between Turkey and Iran," *Middle East Institute*, May 16, 2012, <http://www.mei.edu/content/syria-drives-wedge-between-turkey-and-iran>.

80 "İran TV'si Türkiye'yi Yerden Yere Vurdu (Iranian TV Harshly Criticized Turkey)," *Vatan* (June 27, 2012), <http://haber.gazetevatan.com/iran-tvsi-turkiyeyi-yerden-yere-vurdu/460776/1/Gundem>. "Sıra Türkiye'ye Gelir (Turkey Will Be Next)," *Ntvmsnbc*, August 7, 2012, <http://www.ntvmsnbc.com/id/25372322>.

81 "İranlı Yetkililer Tarafından Yapılan Açıklamalar Hk. (About the Statements Made by Iranian Officials)" (Turkish Ministry of Foreign Affairs, August 8, 2012), [http://www.mfa.gov.tr/no\\_-196\\_-7-agustos-2012\\_-iranli-yetkililer-tarafindan-yapilan-aciklamalar-hk\\_.tr.mfa](http://www.mfa.gov.tr/no_-196_-7-agustos-2012_-iranli-yetkililer-tarafindan-yapilan-aciklamalar-hk_.tr.mfa).

82 "İran'dan Vizeli Tepki (Iran's Visa Reaction)," *Radikal*, August 9, 2012, <http://www.radikal.com.tr/Radikal.aspx?aType=RadikalDetayV3&ArticleID=1096674&CategoryID=77>.

83 "Arınç'tan PKK Açıklaması (Arınç's Statement on the PKK)," *Samanyolu Haber*, August 11, 2012, <http://www.samanyoluhaber.com/gundem/Arinc-teroristlerin-hangi-ulkeden-geldigini-acikladi/815657/>.

84 Naysan Rafati, "Iran and the Arab Spring," 2012, p. 50, [http://www2.lse.ac.uk/IDEAS/publications/reports/pdf/SR011/FINAL\\_LSE\\_IDEAS\\_IranAndArabSpring\\_Rafati.pdf](http://www2.lse.ac.uk/IDEAS/publications/reports/pdf/SR011/FINAL_LSE_IDEAS_IranAndArabSpring_Rafati.pdf).



at being a benevolent regional power.<sup>85</sup> Even though Turkey's policy towards the Assad regime seems to have undermined Ankara's claim of being an impartial regional leader, Turkey is still keen to continue projecting the image of a stable democracy and strong economy that the newly democratized Middle Eastern countries could emulate. The vision of the region promoted by Iran and Turkey are, in the last instance, intensely irreconcilable.

In addition to the ongoing struggle for influence in Iraq and the post-Arab Spring regimes, it is Iran's nuclear ambitions that drive the deepest wedge between Ankara and Tehran. Over the past couple of years, Iran's nuclear program has developed into a clear and present danger to Turkey's national security. Until 2009, Turkey had avoided taking a definitive position on the issue, capitalizing on the lack of consensus among the permanent members of the UN Security Council as well as between the US and the EU.<sup>86</sup> Recently, however, there is a growing concern among the Turkish security elite that Turkey can no longer afford to remain neutral in the face of Iran's nuclearization.<sup>87</sup>

A nuclear-armed Iran would indeed undermine regional stability by decisively shifting the balance of power in favor of Tehran. Nuclear weapons, even a mere "nuclear latency,"<sup>88</sup> would further elevate Iran's superior military position vis-à-vis the Gulf States.<sup>89</sup> A regional nuclear arms race is conceivable. Global non-proliferation regime would be compromised, as more countries sought to join the nuclear club.<sup>90</sup> Iran would become less amenable to compromise in pursuit of its foreign policy objectives. Iran's allies in region, too, would be buoyed up by the protection offered by Iran's nuclear weapons.<sup>91</sup> Israel and the US al-

85 Ziya Önis, "Turkey and the Arab Spring: Between Ethics and Self-Interest", *Turkish Insight*, Vol. 14, No. 3, 2012, pp. 45–63; Sadik J. Al-Azm, "The 'Turkish Model': A View from Damascus," *Turkish Studies*, Vol. 12, No. 4, December 2011, pp. 633–641.

86 Meliha B. Altunışık and Lenore G. Martin, "Making Sense of Turkish Foreign Policy in the Middle East Under AKP," *Turkish Studies*, Vol. 12, No. 4, December 2011, pp. 569–587.

87 Kibaroglu and Çağlar, "Implications of a Nuclear Iran for Turkey."

88 Nuclear latency entails the ability to produce a nuclear weapon without actually producing a nuclear weapon. Poyraz, "Turkish-Iranian Relations," pp. 8-9.

89 Kibaroglu and Çağlar, "Implications of a Nuclear Iran for Turkey."

90 Ülgen, "Preventing the Proliferation of Weapons of Mass Destruction: What Role for Turkey?"

91 Ian O Lesser, *Can Turkey Live With a Nuclear Iran?* (German Marshall Fund, March 2, 2009), <http://www.gmfus.org/archives/can-turkey-live-with-a-nuclear-iran/>.



ready consider a nuclear Iran an existential threat<sup>92</sup> and a military confrontation between them and Iran would devastate the region. In any scenario, Turkey would be most adversely affected by Iran's nuclear weapons, even if Turkey were not a direct target of Iranian aggression.

How would Turkey respond to the increasingly tangible potentiality of a nuclear Iran? Some hold that Turkey would have no choice but respond in kind. Political analyst Ümit Özdağ argued, "Turkey will not accept living side by side with an Iran possessing nuclear weapons for a long time, and it will produce nuclear weapons to achieve balance."<sup>93</sup> Turkish MP Emin Şirin asserted, "If Iran will not relinquish its ballistic missiles and nuclear weapons program, so as to preserve the regional balance, Turkey must necessarily obtain nuclear weapons and ballistic missiles."<sup>94</sup>

It is possible but not quite probable that Turkey would seek to acquire its own nuclear weapons to counterbalance Iran. Such a unilateral action would undermine Turkey's partnership with NATO and irreparably damage relations with the EU.<sup>95</sup> Turkey's response to a nuclear Iran would most likely take a more measured tone and a decidedly multilateral form. Turkey has already taken steps towards a multilateral response in late 2011 by agreeing to host on its soil NATO's early warning radars, which are a part of the new ballistic missile defense shield covering all NATO members within the range of Iran's ballistic arsenal.<sup>96</sup> Tehran declared the NATO missile defense system a direct threat against Iran and announced that it will launch retaliatory strikes against the missile shield, including the radar installations in Turkey, in case of a conflict with the US or Israel.<sup>97</sup> By cooperating with NATO on the missile defense system, Turkey clearly signaled its growing concern over Iran's intentions.

92 Lindsay and Takeyh, "After Iran Gets the Bomb." Tolga Demiryol, "Economic Sanctions, Threat of Force and Internal Politics: The US-Israel Relations in the Context of Iranian Nuclear Crisis" *Ortadoğu Analiz*, Vol. 4, No. 47, November 2012, pp. 67-76.

93 Ümit Özdağ, "Iran Nükleer Silah Sahibi Olmalı Mi?" [Should Iran Possess Nuclear Weapons], *Aksam*, March 7, 2005. Also cited in, Kibaroğlu and Çağlar, "Implications of a Nuclear Iran for Turkey," p. 71.

94 [http://www.tbmm.gov.tr/develop/owa/web\\_basin\\_aciklamalari.aciklama?p1=34274](http://www.tbmm.gov.tr/develop/owa/web_basin_aciklamalari.aciklama?p1=34274) Also cited in, Kibaroğlu and Çağlar, "Implications of a Nuclear Iran for Turkey", fn.61.

95 Ülgen, "Preventing the Proliferation of Weapons of Mass Destruction: What Role for Turkey?"

96 Adam Entous, "Turkey to Station U.S. Radar to Counter Iranian Rockets," *Wall Street Journal*, September 2, 2011, <http://online.wsj.com/article/SB10001424053111904716604576545210817356164.html>.

97 "IRGC Commander: Iran to Target NATO Missile Shield If Attacked," *Fars News Agency*, November 11, 2011, <http://english.farsnews.com/newstext.php?nn=9007274969>

## Conclusion

As two rising powers of the Middle East bidding for regional hegemony, Turkey and Iran would make natural rivals; yet they chose to engage in a comprehensive economic, military, and political cooperation instead. To many observers, the key to this puzzle was the expanding bilateral trade between Turkey and Iran and their joint commitment to containing Kurdish separatism in the region.

I showed in this article that neither growing economic interdependence nor common security concerns could ultimately provide sufficient grounds for the Turkish-Iranian rapprochement to be stable and sustainable. The trade relationship between Turkey and Iran is extremely lopsided; the terms of trade heavily favoring Iran. Economic interdependence cannot foster political cooperation if the relative gains from trade are so unevenly distributed. Furthermore, the deepening dependency of Turkey on energy imports is forcing Ankara to pursue a supply diversification strategy, which, in turn, will result in further divergence of Turkish and Iranian interests. The security leg of the Turkish-Iranian relationship is on equally shaky ground. The initial rationale behind the Turkish-Iranian security cooperation, i.e. that the expected benefits of collaborating with Iran to counter Kurdish separatism outweigh the potential threats that Iran might pose against Turkey's security, is no longer valid. Iran practically abandoned its hardliner policy against the PKK. The Arab Spring and Iran's continual interest in acquiring nuclear weapons drove a wedge between the security interests of Turkey and Iran.

Given the increased competitive pressures stemming from the asymmetric distribution of gains from trade and the shifting composition of internal and external threats to Turkey's security, Turkish-Iranian relations is bound to move towards a more competitive and conflict-prone environment. Turkey will have little choice but counter the rising power of Iran more directly. While internal balancing in the form of armament (including acquisition of nuclear weapons) is improbable due to disproportionately high potential costs of such action, external balancing through joining and forging alliances against Iran is eminently likely. The degree of aggressiveness of such a counterbalancing policy will be determined by extraneous developments including the future of the Arab Spring, the prospect of large-scale energy projects, political stability in Iraq, the success of nuclear negotiations with Tehran, as well as the domestic politics of Iran and Turkey.

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