TURKEY'S CAUCASUS POLICIES

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Abstract:
The emergence of newly independent states in the Caucasus at the end of the Cold War presented challenges to Turkey, while enlarging its role. The collapse of the Soviet Union removed the century-old Soviet/Russian threat, while at the same time created a power vacuum on Turkey's borders. In this environment, Turkey became an important actor in the region as a result of its strong historical connections. While Turkey had traditionally avoided involvement in regional politics, it has since been drawn into the volatile new politics of the region. After twenty years, Turkey has become one of the important players in a region where its involvement has particularly increased since August 2008 with its suggestion to establish a Caucasus Cooperation and Stability Platform. Although its attempt to further engage Armenia is halted now and, economic and political conditions in the region are unlikely to stabilize for some years, it is without doubt that Turkey will continue to create new networks of interdependency between Ankara and the regional capitals.

Keywords: Turkish policy, Caucasus, geopolitics, Stability Platform, rapprochement with Armenia, energy policies.

Resumen:
La aparición de los nuevos estados independientes del Cáucaso al final de la guerra fría, presentaba un desafío a Turquía, a la par que le abría las puertas a un papel más extenso. El derrumbe de la Unión Soviética eliminaba la antigua amenaza soviético/rusa, pero al mismo tiempo creaba un vacío de poder en las mismas fronteras de Turquía. En tal escenario, Turquía se convirtió en un actor importante como resultado de sus fuertes vinculaciones históricas. Si bien Turquía evitó implicarse en la política regional, se ha visto irremediablemente envuelta en las volátiles nuevas dinámicas políticas de la región. Tras veinte años, Turquía se ha convertido en uno de los jugadores más importantes en la región donde su implicación ha aumentado especialmente desde agosto del 2008 con su propuesta de establecer una Plataforma de Cooperación y Estabilidad en el Cáucaso. Aunque sus intentos de mejorar las relaciones con Armenia se ven bloqueados y, la situación económica y política en la región no es susceptible de mejorar en los próximos años, no cabe duda de que Turquía seguirá creando nuevas redes de interdependencia entre Ankara y las capitales regionales.

Palabras clave: *Política turca, Cáucaso, geopolítica, Plataforma de Estabilidad, acercamiento con Armenia, políticas energéticas.*

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1. Introduction

The end of the Cold War with the dissolution of the Soviet Union brought challenges and opportunities for regional and global powers at the beginning of 1990s. Once an outpost of the West against the Soviet Bloc, Turkey found itself at the epicenter of the rapidly changing Eurasian geopolitics and has been cited as an important actor because of its strong historical, cultural, ethnic and linguistic bonds with the newly independent states of Eurasia. The positive role it might play was discussed not only within Turkey but also in the West, whose fear that radical Islam, instigated and/or supported by Iran, might fill the power vacuum that the collapsing Soviet Union left behind in Eurasia, led to a strong encouragement to the newly independent states to adopt a "Turkish model" of secular democracy, combined with a liberal economy.

On the other hand, while the emergence of liberal democracies in Eastern Europe created a buffer zone between Western Europe and Russia, Turkey still felt threatened by the lingering uncertainties regarding its immediate neighborhood, especially in the Caucasus. At this juncture, the emergence of newly independent states beyond its Caucasian border was a challenge. Thus, Turkey felt the urgency of new openings in its foreign and security policies based on advantages of its geo-strategic location bordering the region. After almost two decades of practice, the main lines of Turkish policy that emerged in the first half of 1990s, though not changed much, have started to evolve recently based on a more complex understanding of the regional dynamics. Nevertheless, if one needs to understand basic counters of the current Turkish policies towards the region, the analysis should start from the basic parameters developed earlier.

First of all, Turkey, from the beginning, has strongly endorsed the sovereignty and independence of all the three Caucasian countries. This included calls for reinforcing their political institutions, building up their economic welfare, outside autonomy and internal social accord. Rather than being a simple rhetoric, this was seen as a strategic priority for Turkey's Caucasian policy, closely related to the strategic importance of these states for Turkey, the fears emanated from the competition of external forces for influence over the region, and the fact that any instability there could have easily spilled over into Turkish territory. It has been clear that Turkish decision makers had assumed that if these countries could be empowered enough to resist outside pressure and interventions, then Turkey's historical, political, economic, and strategic regional pull will gently push them towards Turkey's orbit.

Secondly, strengthening national unity and territorial integrity of the three South Caucasian countries were emphasized. Conceiving itself as a *status quo* power, Turkey approaches any change in its surrounding regions as undesirable challenges. As a country that emphasizes unitary state formation internally, Turkey is keen to see surrounding countries to behave in similar fashion. Thus, even peaceful evolutions towards federative structures in its neighborhood are watched apprehensively. Moreover, as a country that is sensitive about its borders and territorial integrity of its nation-state, Turkey opposes changes of borders either through force or otherwise. Finally, as a country that is content with the long-established balances around its borders, Turkey is very sensitive towards attempts to challenge those balances. As most of these balances are based on international agreements or treaties signed in early 1920s, frictions can emerge between Turkey and its neighboring countries that wish to contest the continued validity of these agreements.

As independent countries, Azerbaijan, Armenia and Georgia create a buffer zone between Turkey and its historic rival in the Caucasus: Russia. It was the Czarist Russia and

the Soviet Union the country that threatened Ottoman Empire and Turkey for centuries. At the end of the Cold War, however, for the first time in history, Turkey found itself not sharing a land border with its big neighbor in the north and believed that the best way to reinforce this position was to support the independence, stability and territorial integrity of the newly independent Caucasian states. For similar reasons, Turkey opposed moves from the Russian Federation to stage a political come back to the region, either through socio-economic inroads it had been able to develop or in the form of Russian soldiers on Turkish borders. It was also understood that, so long these states were able to keep their independence and political stability, it would be difficult for the Russian Federation to have a domineering influence over them near the Turkish border. As a result, when the Caucasian countries declared their independence from the Soviet Union, Turkey extended its recognition immediately.[2]

There has also been an understanding in Turkey that stability in these countries, bordering Turkey, would affect Turkey's own security and stability. There is an acute realization that if any of the Caucasian countries scum to instability, it could, if not spill over into Turkey, easily affect its trade and transport relations with a number of countries in the east. It became clear during the early 1990s that, even if Turkey did not wish to be involved in regional conflicts, it was almost impossible for her to be completely aloof from the developments as many Turkish citizens had Caucasian ancestry, thus remained interested in the region, and Turkish public had developed a sense of close kinship especially in the case of Azerbaijan.

Another priority for Turkey has been to turn itself into an energy and transport hub, mainly but not limited to, facilitating transfer of Caspian oil and gas to Europe through shipments from Ceyhan port and via pipelines, as well as air passengers through Istanbul airport. Turkish Airlines was the first international company that started its regular direct flights to regional capitals, and is still the most used company for air passengers towards the west. Besides, the renovation and opening of Batumi Airport, operated by a Turkish company, with Turkish Airlines using it as a national point for Turkish passengers who could fly to and from Batumi without passports on their way to and from nearby Turkish towns, is a novel approach for cooperation in the region.

On the other hand, Baku-Tbilisi-Ceyhan (BTC) oil and Baku-Tbilisi-Erzurum (BTE) gas pipelines, as well as Blue Stream natural gas pipeline from Russia and all the other planned connections (Kazakh oil to BTC, Turkmen, Iranian and Iraqi gas, further Russian gas through Blue Stream II, and connecting all this to Europe through Nabucco) are aimed making Turkey a regional energy player. However, Turkey has not been alone in the competition. It is not only the oil and gas transit revenues that heighten the interest countries to have pipeline routes pass through their territories. They have been seen by many players as one of the key factors in securing and maintaining influence throughout the region. US determination to undermine Russian influence was a clear strategic goal of the US administration during the BTC negotiations.[3] Moreover, though the shortest pipeline route from Azerbaijan to the Mediterranean is through Armenia, the unresolved Nagorno-Karabakh

[2] Aydin, Mustafa: "1990–2001 Kafkasya ve Orta Asya'yla Iliskiler," [Relations with Central Asia and the Caucasus, 1990–2001], in Oran, Baskin (ed.) (2002), *Turk Dis Politikasi, Kurtulus Savasindan Bugune Olgular, Belgeler, Yorumlar*, [Turkish Foreign Policy, Facts, Documents and Comments since the War of Independence], Istanbul, Iletisim, p. 406.

[3] For American policy towards the region and its implications for Turkey, see Erhan, Cagrı: "ABD'nin Orta Asya Politikalari ve 11 Eylul Sonrasi Acilimlari" [US Policy towards Central Asia and Changes since September 11], in Aydin, Mustafa (ed.) (2004): *KüreselPolitika'da Orta Asya* [Central Asia in Global Politics], Ankara, Siyasal.

conflict made this route unrealizable. Coupled with the US opposition to passing the pipeline through Iran, this left Georgia as the only possible route for the western pipeline. While the historical and cultural ties facilitates establishment of closer economic and political relations between Turkey, Azerbaijan and Georgia, they have become strategic partners with the pipeline politics.

Beyond deriving economic benefits from hosting outlets for the region's hydrocarbon reaches, Turkey hoped that such connections would create interdependences in the region that could strengthen Turkey's standing in this troubled neighborhood. Moreover, the Caucasus was also considered as an important gateway of Turkey to Central Asian Turkic world and beyond, thus needed o be secure and stable.

Another aim has been to encourage the economic, political, social and security sector transformation of the Caucasian countries and their integration into the wider European (western) structures. It was thought that this would create inroads for Turkey in the region and with its economic weight, would eventually position Turkey as the more influential regional player. In fact, with the support of its strong construction companies that are busy building roads, airports and other infrastructure, as well as trading and operating companies, Turkey has already become the biggest trade partner of both Georgia and Azerbaijan. It has also become the second biggest investor in Georgia, having build road networks and a couple of airport terminals, as well as investing in a glass factory, cell phone and airport operation businesses, and numerous small-to-medium scale companies. Although the land border with Armenia is currently closed to traffic, trade is booming between the two countries, mainly through Georgia. According to reports in the Turkish press and by Armenian sources, approximately 400 trucks per month passing to Georgia are actually destined to Armenia, and there are about 10.000 Armenians engaged in so-called "luggage trade" with Turkey, as well about 40.000 Armenians working in Turkey, mostly illegally, and sending back remittances.

Development of bilateral relations also had a vital importance to Turkey in order to increase its benevolent influence in the region. Linking to the region as much as possible could have brought Turkey strategic and economic gains as well as increasing its prestige in world politics. Moreover, when Turkey proceed to establish closer bilateral relations with the regional countries, it became immediately clear that Turkey had much in common with them, not only with the Azerbaijanis but also with Georgians and Armenians. Thus, even though historical, cultural and in same cases linguistic connections, real or imagined, were the driving forces behind Turkey's earlier active involvement in the region, Ankara's attitude was thus based more on pragmatic economic and foreign policy considerations.[4]

In its policy towards the region, another important element for Turkey to take into consideration has been the position and policies of the Russian Federation. Although Russia was briefly out of the games played in the Caucasus, its 'near abroad' policy, announced at the end of 1993, had clearly indicated its continuing interests in the former-Soviet states of Central Asia and the Caucasus, and its later economic and political recovery brought Russia back into the play.[5] Turkey, on the other hand, while it had the support of the West, especially of the US, did not possess the adequate economic resources and political power to compete

[4] Aydin, Mustafa: "Foucault's Pendulum: Turkey in Central Asia and the Caucasus," *Turkish Studies*, vol. 5, no. 2 (Summer 2004), p. 4.

[5] Tuncer, Idil: "Rusya Federasyonu'nun Yeni Guvenlik Doktrini: Yakin Cevre ve Turkiye" [The New Security Doctrine of Russian Federation: Near Abroad and Turkey], in Ozcan, Gencer and Sule Kut (eds.) (2000): *En Uzun Onyil, Turkiye'nin Ulusal Guvenlik ve Dis Politika Gundeminde Doksanli Yillar* [The Longest Decade; 1990s in Turkey's National Security and Foreign Policy Agenda], Istanbul, Buke, pp. 435–460.

with Russia. As a result, Turkey, since 1994, became more conscious of the dangers of confrontation with RF and adopted a policy of stressing the benefits of cooperation and co-existence with Russia, with increasing trade and political connections following.[6]

2. AKP Government and Turkey´s Relations with the Caucasian Countries

In the general elections of 3 November 2002, Justice and Development Party *(AKP–Adalet ve Kalkınma Partisi)* got the 34.28% of the general votes and 363 seats in the parliament. Even though the general lines of Turkish policy towards the Caucasian states remained unchanged, domestic and global developments affected the priorities of the AKP government and its attitude towards the region. When it came to power, questions were raised about Turkey's commitments towards the region. There were speculations that AKP would not be as strongly predisposed towards closer relations with the Caucasian and Central Asian republics as their predecessors had been because of its holistic Islamic rhetoric. Indeed, instead of highlighting the historical and cultural ties with the region, the AKP government has since preferred to focus on the development of economic relations especially on pipeline projects.[7] However, it also has become clear that the apparent non-interest of the AKP government towards the region was prompted by the intense agenda of the government with international and domestic developments such as the US intervention in Iraq, ups and downs in Turkish-EU relations, Cyprus-related domestic discussions, the PKK terror, Kurdish issue and lastly the possibility of closure of the AKP.

Only one area in which the AKP government was seen interested in was the energy issue where it pursued an active policy to bring alternative resources to Turkey for both Turkish consumption and in transit to Europe through Turkey. The idea of Turkey becoming a "regional energy hub" was given much support and Turkey undertook policies designed to strengthen its connections to Caspian resources through Georgia and Azerbaijan.

Another idea that affected AKP's Caucasian policy has been the initiative that Turkey, among others, should have its own "neighborhood policy" based on "zero-problem with neighbors" and "region-based foreign policy" principles. These were formulated towards the middle of the first AKP government and came to signify its foreign policy understanding. Accordingly, Turkey's foreign policy under AKP has seen a refocusing on regional matters from 2006 onwards. In this, Turkey's inability to make a substantial progress in the negotiations with the EU, American operation in Iraq and its repercussions, as well as AKP's own general preferences have played a role. In the end, there has been a substantial activity in Turkey's policies and involvement in the Middle East in general but a clear lack of activity in other regions, including the Caucasus, until after the July 2007 general elections.

With this background, 2007 was an interesting and difficult year for the Turkish politics in terms of both domestic and international developments. In addition to general and presidential elections, relations with the EU, developments in Cyprus and the Middle East continued to occupy the political agenda of the Turkish policy-makers.

[6] Aydin, "Foucault's Pendulum…", op. cit., pp. 8–9.

[7] His supporters cite Recep Tayyib Erdoğan's visit to Azerbaijan, Kazakhstan and Turkmenistan in January 2003 even before becoming prime minister, as proof of his interest in the region. See Katik, Mevlut: "Turkish Party leader Seeks favor in Central Asia," *EurasiaNet Business and Economic*, January 14, 2003, at http://www.eurasianet.org/departments/business/articles/eav011403_pr.shtml.

Presidential elections, related political and constitutional crisis, and the following early general elections kept Turkey busy for most of the 2007. A severe political crisis started in the Parliament in April 2007 with the candidacy of Abdullah Gul, then the foreign minister, for presidency that led to the general elections of July 22. It ended with the victory of the AKP, obtaining 46,7 % of the total votes[8] After the elections, multiple political crises continued to rock the country one after another, culminating in a closure case against the AKP at the Constitutional Court, which took another 8 months to resolve. As a result of these multiple domestic political crises, the government became hesitant to take pretentious steps in foreign policy, including towards the Caucasus, throughout 2007.

However, once these multiple crises were somewhat contained and especially after the August 2008 crisis between Georgia and Russia, which showed once again the very volatile nature of the region, Turkey started to pay more attention to the regional developments and came with its own initiative regarding the future of the Caucasus: The Caucasus Stability and Economic Cooperation Platform, bringing together Turkey and Russia with the three Caucasian states. Although it was not an altogether new idea, the Platform initiative has been the only proposal since the end of the hostilities that took a long term view and region-wide approach. Almost impossible to realize in the short term due to hot scars in the region, it provided necessary background to Turkey's opening towards Armenia in 2009.

There was one important initiative that took place in 2007 despite AKP government's general inactivity in the Caucasus. The lack of political relations between Turkey and Armenia and the closed situation of Turkish-Armenian border since 1993 have been creating problems for Turkey's relations with the Caucasus and its link with Central Asian countries. However, it has also forced Turkey to search alternative ways for the development of its ties with the rest of the Caucasian and Central Asian countries. The routes of the BTE natural gas and BTC oil pipelines were chosen as a result of this search and appeared as successful projects. Obviously, the realization of these projects had effects on regional development and security going far beyond the energy sector.[9] In the same lieu, another project had been developed and an agreement was signed between Turkey, Georgia and Azerbaijan to construct an international railroad connection between them, bypassing Armenia and linking Turkey with these countries as well as Central Asia.

In fact, a railroad corridor linking Europe to Asia had already existed passing through Turkey and Armenia and brunching out to three different lines from then onwards.[10] However, this railroad link was disused as a result of border closure and thus the railroad connection between Turkey and Asia was routed through Iran, which created many logistical problems as well as political complications. Thus to establish a rail connection between Kars and Tbilisi was proposed as an alternative first in July 1993 during a Turkish-Georgian Transportation Commission meeting in Ankara.[11] Azerbaijan joined in the meetings of the Commission from 2004 onwards and the project was enlarged to become Kars-Tbilisi-Baku railroad connection.

[8] Merkezi, Haber: "Gül'ün Cumhurbaşkanlığı Neler Getirecek?", *Bianet*,28 de agosto 2007, at http://www.bianet.org/bianet/kategori/bianet/101422/gulun-cumhurbaskanligi-neler-getirecek.

[9] Gaudiano, M.: "Can Energy Security Cooperation Help Turkey, Georgia, and Azerbaijan to Strenghten Western Oriented Links?", *NATO Defense College Academic Research Branch Research Note*, no. 5 (June 2007), pp. 1–2.

[10] Kanbolat, Hasan: "Kafkasya'da Demir Ipek Yolu" [Iron Silk Road in the Caucasus], *Stratejik Analiz* (March 2007), p. 63.

[11] Kanbolat, Hasan: "Turkiye Kafkasya'ya Demir Aglarla Baglanacak mi?" [Will Turkey be bound to the Caucasus by Iron Networks], *Stratejik Analiz*, no. 65 (September 2005), p. 57.

The project aimed to create direct railroad transportation between Turkey, Georgia and Azerbaijan in order to facilitate and increase the overland transportation between Turkey and the Caucasus and between Europe and Asia through Turkey without the need to pass through Iran. The strongest opposition to the project understandably came from Armenia and Armenian Diaspora around the world since the project would have further isolated Armenia in the region both strategically and economically. The Russian Federation was not also in favor of the project since it would have contributed to the development of economic and strategic relations between Turkey, Georgia and Azerbaijan as well as increasing Turkey's influence in the regional politics. Nevertheless, the trilateral declaration of intention to build the Kars-Tbilisi-Baku Railroad Connection was signed in Baku on May 25, 2005 by the heads of states of Azerbaijan, Georgia and Turkey.[12] Although the implementation of the project was somewhat slowed down as a result of financial and political obstacles, the framework agreement was finally signed in February 2007 by the Turkish Prime Minister Erdogan and the heads of states of Azerbaijan and Georgia, aiming to conclude the project by 2010.[13]

In the meantime, BTE gas pipeline became operational in March 2007 with the delivery of gas from Shah Deniz of Azerbaijan, which effectively ended Georgia's gas dependency on Russia and provided an alternative source to Turkey.[14] In fact, natural gas that was destined to Turkey was initially diverted to Georgia, in agreement with Turkey, when Georgia was experiencing gas shortages due to its heightened tension with Russia and latter's retaliation with stopping delivery of gas in the winter of 2007.

In addition to advantages the project brought to the relations of the three countries and their strategic importance to each other, it also showed an important alternative route for gas transportation to Europe and enabled Turkey to start dreaming about becoming an energy corridor. In this, Turkey was also emboldened by the construction and operation of the BTC oil pipeline, which had became operational in 2006 even before the BTE. Under the BTC project, which had the support of the US from the very beginning with the prospect that "it would secure Turkey's role as a major player in the Caspian region" as well as providing an alternative route for the Caspian oil bypassing both Russia and Iran, oil entered Turkey on 17 November 2005 and the first export from Ceyhan was realized on 4 June 2006.[15]

Another pipeline project that captured the attention of the world at large has been the *Nabucco* project linking natural gas resources of Azerbaijan and possibly Iran, Iraq and Turkmenistan to Europe. After many delays and discontent, an intergovernmental agreement and a joint declaration was signed between Turkey, Austria, Bulgaria and Hungary, and witnessed by the representatives of other countries on 13 July 2009, providing a legal framework and highlighting the intention of these countries to build the pipeline.[16] The planned 3.300 kilometer pipeline, expected to cost some 7.9 billion euros and to carry 31 billion cubic meters of gas annually by the end of the decade, is planned to come online in 2014.

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[12] Kanbolat, "Kafkasya'da Demir Ipek Yolu...", *op. cit.*, p. 66.

[13] "Bakü-Tiflis-Kars Demiryolu Canlanıyor", *Haber*, 19 september 2007, at http://www.haberler.com/baku-tiflis-kars-demiryolu-canlaniyor-haberi/

[14] *USAK Stratejik Gündem*, at http://www.usakgundem.com/haber.php?id=11034; and *Turkish Weekly*, at http://www.turkishweekly.net/news.php?id=45736.

[15] Aydin, Mustafa (2000): *New Geopolitics of Central Asia and the Caucasus*, Ankara, Center for Strategic Research, p. 70. For detailed information about the historical progress of the BTC pipeline project, see Http://www.btc.com.tr/proje.html.

[16] "EU Countries sign geopolitical Nabucco agreement", *EurActiv*, 14 July 2009, at http://www.euractiv.com/en/energy/eu-countries-sign-geopolitical-nabucco-agreement/article-184062.

Although the Nabucco agreement was hailed as an alternative gas route bypassing Russia in the wider energy game, the picture convoluted again when Turkey signed several agreements with the visiting Russian premier Vladimir Putin on August 7, 2009, witnessed also by the Italian Prime Minister Silvio Berlusconi who came just for the occasion.[17] With these agreements Turkey allowed Russia to start a feasibility study on Turkish economic zone in the Black Sea regarding the South Stream gas pipeline project, which many consider as direct competitor to proposed *Nabucco* line. There was also an agreement to build a new oil pipeline between Black Sea and Mediterranean costs of Turkey to transport Russian oil to the Mediterranean on to Israel, Red Sea and eventually to carry it to India.

Although the picture regarding energy deals signed by Turkey or proposed pipelines going through or around Turkey looks rather confusing, as a result of all these projects, Turkey, by the middle of 2009, was able to position itself successfully once again between the energy producing countries of the east and energy hungry countries of the west. The political implications of these projects and their effects in Caucasian politics would no doubt be felt in coming years if not in months.

3. Recent Developments and Repositioning of Turkish Policies

The August 2008 crisis has affected Turkish politics towards the Caucasus in multiple ways and has forced it to reconsider its approach. The conflict showed clearly that the "frozen" conflicts of the Caucasus were not so frozen and could ignite at any moment. Thus, given the heavy military procurements of involved parties, simply waiting the problems to solve themselves out was not an option. Moreover, Russia gave a clear indication of its intentions regarding regional hotspots in case of opening a second round of warfare. Finally, Turkey realized that, unless it became active and somehow pacify the region, the Caucasus will easily succumb to instability and oblivion, a situation that does not tune with Turkish political, economic and security interests.

Although Turkey's bilateral economic and political relations with Azerbaijan and Georgia continue to improve, its overall Caucasian policies seem to be convoluted by the developments beyond Turkey's control.

3. 1. Bilateral Relations with Georgia

Turkey's relations with Georgia since its independence continued to develop within the framework of good friendship and strategic partnership. The two countries had formed the skeleton of gas and oil pipelines which have became alternatives to the routes passing through either Iran or Russia. By providing more secure alternative routes for Europe and the US, and contributing to the stability of the region, development of bilateral relations between Turkey and Georgia in every field have been supported by the West. Since its establishment, Turkey has been supporting Georgia's territorial integrity, stability, independence, as well as modernization and strengthening of its ties with the West. Since the "Rose Revolution", Georgia's relations with NATO have improved rapidly under the Individual Partnership Action Plan (IPAP) which laid out the detailed program of cooperation between NATO and

[17] "Yuzyilin anlasmalari imzalandi" [Contracts of the century were signed], *HaberTürk* daily, 7 August 2009, http://www.haberturk.com/ekonomi/haber/163699-Yuzyilin-anlasmalari-imzalandi.aspx.

Georgia.[18] Turkey has been one of the countries supporting Georgia's NATO membership as well as helping Georgia to reform its armed forces to match the NATO standards.

Besides their political relations, economic relations between Turkey and Georgia have improved rapidly, with Turkey becoming both biggest trade partner and second biggest investor in Georgia, leading to a Free Trade Agreement between the two countries in 2007.[19] Moreover, Turkish companies took an important role in developing Georgian infrastructure, forming 23 % of the total foreign investment to that country.[20]

Since 2004, the foreign investments in Georgia also started to show a sharp rise as a result of economic reforms and privatization of state assets; thus the foreign direct investment in 2007 reached to $ 1.5 billion from $ 1 billion of the previous year.[21] Turkish companies took an important role in this increase. In 2004, their investment in Georgia formed the 23 % of the total foreign investment to that country, most of which were in the fields of telecommunication, manufacturing, harbor management, glass packaging and water bottling.[22] Since 2006, Turkish companies stepped up their operations in Georgia adding important construction bids to their portfolio.[23] In addition to direct investments, Turkish businesses contribute to the Georgian economy "no less than $500 million annually in value added tax, no less than $ 200 million in income tax and no less than $ 200 million on income tax on the payroll."[24]

The increasingly vital and close economic and political relations reached a new level in March 2007, when the movement of people between the two countries was enhanced by lifting visa application for 90 day-stays and opening the Batumi airport, which was built and will be operated by a Turkish company (TAV) for the next 20 years, as a domestic destination for the Turkish citizens. According to the agreement, Turkish Airlines will fly to Batumi from Istanbul, and then Turkish passengers will be transported by bus to nearby Turkish towns passing the border without a passport or visa. Moreover, Sarp/Sarpi border gate between the two countries was started to be renovated and expanded, which was expected to finish in a year time, allowing increased and easier connection between Turkish and Georgian societies as well as increasing tourism.

While economic and political relations between Turkey and Georgia continued to improve, the uneasy situation in Georgia caused by the Abkhazia dispute stayed unsolved and somewhat colored Turkey's relations with Georgia. Even though Turkey continued to support the territorial integrity of Georgia, it also pushed for a peaceful resolution of the dispute. Even tough Turkey attempted to bring to sides together and offered alternative openings, the existence of both Georgian and North Caucasian origin Turkish citizens complicated Turkey's stance, creating suspicions on both sides, thus preventing repeated Turkish attempts to create

[18] For detailed information about Georgia–NATO relations, see http://www.nato.int/issues/nato-georgia/index.html.
[19] http://www.state.gov/e/eeb/ifd/2008/100871.htm.
[20] Yalcin, Serkan: "Turkish Investments in Georgia and Azerbaijan: Recent Trends and Future Prospects", *Caucaz* (03 September 2006), at http://www.caucaz.com/home_eng/breve_contenu.php?id=259.
[21] "FACTBOX - Georgia's foreign investment booms", *Reuters* (06 January 2008), at http://uk.reuters.com/article/topNews/idUKL0354894120080106.
[22] Yalcin, Serkan: "Turkish Investments in Georgia and Azerbaijan: Recent Trends and Future Prospects" http://www.caucaz.com/home_eng/breve_contenu.php?id=259.
[23] For the detailed investment graphics of foreign investors in Georgia, see: *Investor*, no. 1 (February-March, 2008), at http://www.investor.ge/issues/2008_1/08.htm.
[24] *Ibid.*

a platform for peaceful resolution to bear fruit. What is more, Turkey faced an increasingly volatile home ground as both Georgian and North Caucasian Diasporas living in Turkey have become more vocal in recent years in their demands from the successive governments to take action benefitting their kin across the border in the Caucasus. This forced Turkey to be even more cautious in its dealings with Georgia.

The August 2008 crisis showed the weaknesses and limitations of Turkey with regard to these problems. When Georgia and Russia started exchanging fires, Turkey found its policy options limited on three grounds. First of all, Turkish government was lobbied by Turkish citizens of Georgian and North Caucasian origins, both sides wishing to stir Turkey towards their supported causes. An interesting development was to see both sides demonstrating on Turkish streets about something that Turkey did not have much to resolve. Secondly, Turkey was pressed between its strategically important partner Georgia and economically and politically important neighbor Russia. Territorial integrity of Georgia was important to and was propped up by Turkey for various political, strategic, psychological and historic reasons, while Russia has become an important trade and political partner to Turkey in recent years. Thirdly, Turkey was squeezed between the demands of its newly emerging partner, Russian Federation, and long-term allies, the US and NATO countries. Faced with all these pressures, Turkey's initial reaction to the crisis was quite mute, while it became rather active later on with Prime Minister Erdogan's direct involvement and his Platform idea. Though the idea did not make much headway, it prepared the ground for Turkish-Armenian reconnection. The crisis also showed once again that the volatile nature of the Caucasus could at any time create further hot conflicts and exacerbated the old ones while making it harder all the time to Turkey to remain aloof or develop and implement alternative policies.

3.2. Bilateral Relations with Armenia

Armenia has been the only Caucasian country with which Turkey's bilateral relations, up until very recently, did not show serious improvement. While there was an understanding on both sides to develop relations in the early 1990s, it is replaced by the mid-1990s with a suspicion and distrust as a result of regional and domestic developments on both sides and the historical baggage that the two countries bring into their current relationship. As a result, the land border between them remains closed and the diplomatic relations has not yet been established, although air connections expanded significantly in recent years and dialogue on the civil society level has lately started to develop.

The already complex nature of the relations between the two countries is further complicated by the fact that third parties have a stake in the continuation of the stalemate. On the one hand, Armenian Diaspora, having developed a group identity around the 1915 events, continues in its effort trying to isolate Turkey internationally, Azerbaijan on the other hand resents any move on the Turkish side to improve its relations with Armenia so long as the Nagorno-Karabakh conflict remains unsolved.

However, after the assassination of Hrant Dink, a prominent and outspoken Turkish citizen of Armenian origin, on 19 January 2007, an interesting thawing process in the relationship, similar to the rapprochement experienced in Turkish-Greek relations after the earthquakes hit both countries in 1999, started to develop.[25] Even though a successful solution of the disagreements between the two states did not yet come out of this thaw, important

[25] Deveci Bozkus, Yildiz: "Hrant Dink Suikasti Sonrasi Turk-Ermeni Iliskilerinde Olasi Gelismeler" [Possible Developments in Turkish-Armenian Relations after Hrank Dink Assassination], *Stratejik Analiz* (March 2007), p. 10.

human-to-human connections and dialogue between the Turkish and Armenian civil societies appeared. Continuation of Nagorno-Karabakh dispute, mystery surrounding the (non)recognition of the border between the two states as it was drawn with the Kars Treaty of 1921, closure of the border crossing, claims and counter-claims regarding the 1915 events, and the activities of the Armenian Diaspora with the support of the Armenian government for international recognition of these events, as genocide continue to color the relations between the two states.

Although Armenia countered Turkish proposal to establish an international history commission to investigate the events of the turn of the century with its own proposal to establish alternative commissions to discus various outstanding issues between the two countries once the diplomatic relationship has been normalized, neither side by the end of 2007 agreed to other's proposals. Opposing voices of Armenian Diaspora and Turkish nationalists were enough to stall the process, though both sides seemed to be in agreement in continuation of often rumored secretive talks between the low level officials of their foreign ministries. Moreover, discussions over Turkish history in general and Turkish-Armenian relations in particular have tentatively started in Turkey among academics and experts, which would no doubt in time help to further the understanding between the two peoples.

Another interesting development took place in 2007, when Turkey decided to restore and later, in March 2007, open the historical Armenian Church in Akdamar, Van, as a museum at the end of restoration works. For the opening ceremony of the museum, an Armenian committee came to Turkey through Georgia, though expected visit of the Armenian Foreign Minister or the Minister of Culture to commemorate the opening did not take place, thereby loosing another chance to further the thawing process.[26] The Armenian Patriarch in Istanbul, Mesrob Mutafyan, on the other hand expressed his pleasure for the restoration of the church in its original form and called again for the improvement of the relationship between the two countries.[27]

The problematic relations with Turkey and Azerbaijan as well as its isolation from the enhanced cooperation in the region have been negatively affecting the economic recovery of Armenia. The worsening conditions send many Armenians to search employment in the neighboring countries. As a result, even though the land border still remained closed, some forty thousands Armenians came to Turkey by the end of 2006 for employment.[28] By the end of 2007, Turkish officials were regularly quoting a figure of seventy thousand regarding Armenian citizens working illegally in Turkey.[29] Besides providing jobs and livelihood for the families of these workers, this illegal but "condoned" immigration has further created opportunities of contact between ordinary Armenians and Turks.

[26] There were news on te Turkish press that this kind of a high level attendance by an Armenian minister to the opening cermony was expected by the Turkish Ministry of Foreign Affairs as a tit-for-tat response for Turkey's "goodwill gesture" to restore and open the former church as a museum. When the Armenian side did not reciprocated in kind, it created a bitter taste as it strenghtened the hands of those groups that oppose any kind of improvement of relations with Armenia and also led to a perception within the Foreign Ministry that Armenia was not at the time interested in improving the relaionship. See: "Akdamar Kilisesi'nin açılışı yapıldı", *NTV;MSN; NBC,* 30 March 2007, at http://arsiv.ntvmsnbc.com/news/403946.asp.

[27] *Ibid.*

[28] *Economist*, 17 November 2006.

[29] http://www.cagdaskitap.netteyim.net/haber/Siyaset/turkiyede_kac_kacak_ermeni_isci_var-haberi-11356.html; and "Ermeniler: Türk patronlar iyi", *Milliyet*, 18 Kasim 2006, at http://www.milliyet.com.tr/2006/11/18/siyaset/siy09.html.

In addition, although, according to Turkish official sources, there is no trade connection between the two countries, trade through third countries is steadfastly increasing. Especially trade through Georgia seemed to reach significant levels, indicating that if the border between the two countries is opened for direct connections, the trade would substantially increase and Turkey might easily become, as in Georgia and Azerbaijan, the biggest trade partner of Armenia. It is argued that the indirect trade volume through third parties have already reached over $100 million, and according to Turkish-Armenian Business Development Council, in case of development of political relations, could easily reach $ 400-500 million.

Under these circumstances, the political relations has taken an interesting turn when newly elected Armenian president Serzh Sarkisyan invited president Abdullah Gul to watch the football game between Turkish and Armenian nationals team played in Yerevan on 6 September 6 2008. President Gul's acceptance of the invitation and later his travel to Yerevan in a first-ever visit of a Turkish Head of State marked an interesting watershed in Turkish-Armenian relations, raising hopes for reconciliation and supplying necessary political push for the long time secretive talks between Turkish and Armenian officials to normalize the relationship. The initiative seemed to pave the way to Turkish-Armenian framework agreement towards reconciliation on 22 April 2009. The brief statement, posted on web sites of both Turkish and Armenian foreign ministries said that "the two parties have achieved tangible progress and … have agreed on a comprehensive framework for the normalization of their bilateral relations."[30] However, Azerbaijani reaction towards opening the Turkish-Armenian border without improvement on Karabakh created a strong backlash in Turkey, forcing Prime Minister Erdoğan to put a break to developments when he visited Baku on 13 May 2009, and announce that Turkey will not proceed to open its land border with Armenia unless the latter end the occupation of Azerbaijani territory.[31] By the time Turkey and Armenia were ready to announce on 31st August that they agreed on two protocols and would sign them in due time, it seems that Turkey was able to explain its position better to Azerbaijan. As a result the Azerbaijani reactions were more muted this time round and Turkey signed the protocols on 10 October 2009, though it was made clear inside the country that the government would not try to force the ratification of the protocols by the Turkish Parliament, where majority still opposed such a move unless positive developments were seen towards the solution of the Nagorno-Karabakh dispute.

After the signature of the protocols, President Sarkisyan of Armenia visited Turkey, attending the second football game between Turkish and Armenian national teams on 14th October. Apart from creating an opportunity to further engage with his Turkish counterpart, Sarkisyan became the first Armenian President to officially visit Turkey since President Ter Petrosian came to Turkey in 1993 attend the funeral of late Turkish President Turgut Ozal. After the signature of the protocols and Sarkisyan's trip to Turkey, the two sides started to engage their own publics and tried to explain what the protocols contained. On the Armenian side, the "public" also included Armenian Diaspora in various countries. In their efforts, while Turkey was trying to show that the improvement of the relationship was internally linked to movement on the Karabakh issue, Armenia was adamant in proving that there was no connection whatsoever. These two positions obviously did not match and it was inevitable

[30] Recknagel, C.: "Turkey, Armenia Announce Framework For Normalizing Ties", *RFE/RL*, at http://www.rferl.org/content/Turkey_Says_Agrees_Framework_For_Ties_With_Armenia/1614312.html; and Sheridan, M. B.: "Turkey and Armenia in Broad Accord", *Washington Post*, 23 April 2009, at http://www.washingtonpost.com/wp-dyn/content/article/2009/04/22/AR2009042203888.html.

[31] "Prime Minister Erdogan puts Baku's Armenia concerns to rest", *Today's Zaman*, 14 May 2009, at http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=175222.

that the process would be halted if no other way out could be found. The process was further dealt a blow by the decision of the Armenian Constitutional Court on 12 January 2010, which, according to Turkish side, undermined the spirit of the protocols. Then on February 25, the Armenian Parliament passed a resolution allowing its President to withdraw his signature from any agreement he had signed. Finally, the process were officially halted when in late April Armenian side announced that they would withdraw the protocols from the Parliament and would not submit them again until Turkey had approved them.

3.3. Bilateral Relations with Azerbaijan

Like the relations with Georgia, Turkey's relations with Azerbaijan have been rapidly developing since its independence. Having cultural, linguistic and historical ties as important driving forces, Turkish-Azeri relations have easily developed not only in terms of strategic, economic and military relations deriving from national interests but also in terms of cultural and social relations of the two societies, putting a sense of reality to late Heydar Aliyev's pronouncement that Turkey and Azerbaijan came to constitute one nation-two states.

First of all, Turkey and Azerbaijan have been strategic allies in the region since the latter's independence, which was enhanced by the establishment of Baku-Tbilisi-Erzurum Gas Pipeline and Baku-Tbilisi-Ceyhan Oil Pipeline connections. In addition, Azerbaijan's cooperation with Georgia and Turkey for the enlargement of the railroad form Tbilisi to Baku clearly shows its eagerness for further development of strategic and economic relations between the three.

Turkey's political standing in Azerbaijan in recent years seemed to improve with the strong support that Ilham Aliyev's government received from Turkey, as well as Turkey's continuing supportive position regarding the Nagorno-Karabakh problem. Upon passing away of former Azerbaijani President Heydar Aliyev, Turkey came to realize that stability in Azerbaijan would better be served by a continuity of the regime and thus supported, alongside the US, his son's elevation to power. Since then Ilham Aliyev proved to be a willing partner in further improving the relationship between two countries. He even went as far to allow direct flights from Baku to Turkish Republic of Northern Cyprus when a showing of an international support for Turkish case was needed.

Economic relations have also been booming, with the trade volumes recording an average yearly increase of 40% since 2003 that reached over $1.2 billion in 2007, making Turkey the biggest trade partner of Azerbaijan.[32] While the trade volume increases generally favors Turkey, its import of oil and gas from Azerbaijan have been steadily increasing and Turkey has become the biggest investor in Azerbaijan in non-energy fields. Turkish investments in non-energy fields in 2007 reached to $ 2,5 billion while the investments in energy sector is also around those volumes which brings total Turkish investment in Azerbaijan close to $ 5 billion.[33] 1200 Turkish companies work in various sectors in Azerbaijan from telecommunication to transportation, confection, marketing, furniture, banking, and building construction. An interesting development in 2007 to watch was the settlement of a former Azerbaijani shipping magnet, Mubariz Mansimov, into Turkey together

[32] "Türkiye-Azerbaycan Ekonomik İlişkileri", *Turkey´s Ministry of Foreign Affairs*, at http://www.mfa.gov.tr/turkiye-azerbaycan-ekonomik-iliskileri.tr.mfa

[33] *Ibid.*

with planning to move his business headquarters to Istanbul after receiving Turkish citizenship.[34]

Turkish-Azeri relations have also been developing in education and cultural fields. Azeri students are coming to Turkey for education, and young diplomats are receiving training in Turkey organized by the Turkish Ministry for Foreign Affairs.[35] Turkey was a strong supporter of the program to re-introduce the usage of Latin alphabet in Azerbaijan, preparing and sending textbooks, thus bringing two countries' usage of the "Turkish" language even closer. While Turkish TV channels are easily and widely followed in Azerbaijan, there already exist 15 middle schools and 11 high schools as well as a university in Azerbaijan opened with direct Turkish investment and contribution.[36] These types of cultural activities encourage closer relations between general publics, contributing and supplementing political relations.

However, the relationship has increasingly came under stress from April 2009 onwards as Turkey's opening towards Armenia started to take shape, creating constraints in Turkish-Azerbaijani relationship. As indicated above, after various shows of displeasure by Azerbaijan, Turkish Prime Minister Erdogan visited Baku in May 2009 and assured his Azerbaijani hosts about Turkey's intentions and overall support to their position on Karabakh problem.[37] Although this visit and following political developments in Turkey and the region have hampered Turkey's rapprochement with Armenia, the relationship with Azerbaijan, which could still be classified as strategic partnership, is stabilized. Having cultural, linguistic and historical affinities as important driving forces, Turkish-Azeri relations have easily developed not only in terms of strategic, economic and military relations deriving from national interests but also in terms of cultural and social relations of the two societies.

4. Conclusions

The collapse of the USSR has been a mixed blessing for Turkey. While the century-old Soviet/Russian threat to Turkey's security has disappeared, the vacuum created by this departure in the Eurasia has become the breeding ground on Turkey's borders for potential risks and threats for regional security, because of the deep tensions between mixed national groups, contested borders, economic difficulties, and competition of outsiders for influence.

[34] With his 129 ships, Mansimov's company Palmali is rumored to be within top five operators in world maritime transportation. His group's main operation area though appears to be oil transportation and Palmali handles 75% of all Russian oil transportation between Black Sea and the Medditerranean. Apart from moving his headquarters of maritime operations, Mansimov is reported to preparing to invest in health, education, trousim, construction and avitiation sectors in Turkey. See http://www.patronlardunyasi.com/news_detail.php?id=34674. (12.07.2008). Mansimov was not only Azeri-origin businessmen though to operate in Turkey. For details see "Arap ve Ruslar'dan sonra Azeri petrodoları da akıyor", *Star*, 26 Ocak 2008, at http://www.stargazete.com/ekonomi/arap-ve-ruslar-8217-dan-sonra-azeri-petrodolari-da-akiyor-84251.htm and "Türkiye`nin Abramoviç`i olma yolunda", *Tümgazateler*, 19 May 2008, at http://www.tumgazeteler.com/?a=2861627.

[35] http://azerbaycan.ihh.org.tr/uluslararasi/azerbaycanturkiye.html .

[36] *Ibid.*

[37] "Prime Minister Erdogan puts Baku's Armenia concerns to rest", *Today's Zaman*, 14 Mayıs 2009, http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=175222.

It is clear that Turkey has undergone a dramatic shift away from its traditional policy of isolationism since the end of the Cold War, and that Turkish foreign policy is increasingly focusing on the Caucasus, alongside other surrounding regions. Even if Turkey's initial vision towards wider Eurasia proved somewhat unrealistic, the effects it generated did set the tone for Turkish policy for the rest of the 1990s and early 2000s. While Turkey has not necessarily become the model to which the new states of Eurasia aspire, its thriving private sector, its secular approach toward religion and its functioning democracy continue to have their appeal in the region.

The emergence of independent republics in the Caucasus represented a turning point in Turkey's regional role and policies. Turkey has become one of the important players in a region where it previously had only a marginal influence and no active involvement. Although economic and political conditions in the region are unlikely to stabilize for some years, it is without doubt that Turkish policymakers will continue with their efforts to create new networks of interdependency between Ankara and the regional capitals. It is also clear that the tensions in the region will continue to be a contributing factor for Turkish security planning.

There are a number of challenges that need to be tackled before any country, including Turkey, could operate fruitfully in the region. In view of continued potential for conflicts and overarching difficulties, Turkey tries to follow a multi-layered and multi-dimensional policy in the region in order to realize its stated goals. Whether Turkey will be successful in its new opening and retuning of its policies towards the region is still an open question and will depend on various regional and international developments, sometimes beyond the control of Turkey or the regional countries. In this limited opportunity environment, Turkey, by creating innovative solutions to regional problems and by putting the region into a wider context, can contribute to a creation of a larger geography where stable countries cooperate with each other in multilateral conventions as well as in their bilateral relationships. Various Turkish initiatives in and around the Black Sea and the Caucasus promises to do so. Their positive results will have multiplying impact all around, just as negative results will have repercussions in much wider area.