

TURKEY AND EU ENERGY SECURITY: THE PIPELINE CONNECTION

Ali Tekin
Paul A. Williams
Bilkent University, Ankara

'Energy security' is a growing public concern.¹ With energy prices rising from a combination of growing demand relative to available supplies, major consuming countries are struggling to formulate effective long-term energy policies. Highly dependent on relatively few energy sources and producing regions, most European Union (EU) member states have only begun to appreciate the urgency of this task. Their predicament became dramatically apparent in the winter of 2006, when Russia's Gazprom monopoly halted natural gas supplies to Ukraine, with the cut-off reverberating much further west, as Ukrainian territory conveys four fifths of Russia's gas exports to Europe. Given the heavy reliance of various EU member states and candidate countries on Former Soviet Union (FSU) gas, Betina Ferraro-Waldner, the EU's external relations commissioner, called the Russo-Ukrainian gas dispute an 'eye-opener', dramatically elevating the status of energy on the Union's foreign policy agenda.²

The EU has recently come to recognise that Turkey may be able to offer crucial strategic advantages in this area.³ In signing a recent inter-governmental agreement to back the building of the Nabucco gas pipeline that will connect Europe with various non-Russian sources of gas from the East via Turkey, EU Energy Commissioner Andris Piebalgs stated that this project is 'essential to Europe and the EU's most important gas supply project'.⁴ Going further, Emma Bonino, Italian Minister of International Trade and European Affairs, expressed that 'Turkey is an important energy corridor' to suggest that various controversial issues, such as the one over Cyprus, would not block Turkey's EU membership.⁵ As discussed herein, such declarations are based on assumptions that require closer scrutiny. One is that EU economies need to increase the security of their energy sources. The second premise is that the EU has to project greater influence over its major energy suppliers—

Middle East, Caspian Basin and Russia—in order to attain this diversification. The third is that Turkey, inside of the EU rather than as a non-member, will be instrumental in giving the Union this influence. The final assumption is that Turkey can provide an alternative East-West energy transportation route at a reasonable cost. The paper analyses these major premises to assess the relative utility of Turkey in Europe's quest to ensure secure access to energy sources and how this would affect Turkey's membership prospects in the decade to come.

Our conclusion is that the value of Turkey for the EU from an energy-security angle is becoming vital. Although increasing awareness of Turkey's valuable role in this regard does not automatically make EU member states more receptive to the prospects of Turkey's accession into the Union, the fact that Europe's capacity to meet projected energy demand from existing supplies remains tenuous argues for a more positive EU attitude towards Turkish membership in the Union. This does not necessarily mean that the EU cannot obtain its goal of energy security without Turkey as a full member, but the alternatives involve European access to energy at a much higher price both economically and politically.

The EU Needs More 'Secure' Energy

Until recently, no significant common policy had emerged regarding security of energy and energy imports in the EU area. Energy has never been included in the EU founding treaties because 'it was considered strategic' by the members.⁶ The European Commission's 'Green Paper' of November 2000 highlighted the shortcomings and risks inherent in EU members' individualistic policies and initiated a serious debate on the need for 'secure' energy supplies. The March 2006 Green Paper goes further, proposing that all member states should agree on an overall strategic objective in terms of energy, which would '...combine the freedom of Member States to choose between different energy sources and the need for the EU as a whole to have an energy mix that, overall, meets its core energy objectives'.⁷

The EU area's ability to obtain self-sufficiency is limited. As North Sea fields mature, domestic oil reserves are shrinking. Europe has indigenous coal reserves, but EU members are decreasing their use of a resource facing 'economic depletion', which makes it more expensive to

mine,⁸ and one responsible for large CO₂ emissions, a trend that could be reversed, according to the Commission, only if coal could be made 'cleaner'.⁹ Nuclear power currently provides over one third of the Union's electricity, but expanding output to meet a larger share of energy needs is regarded unfavourably by many in the EU due to waste disposal problems and the risk of accident.¹⁰ Renewable resources are domestically available, but can become usable to any significant degree only after substantially greater economic and policy commitments. As it stands now, the average use of renewable in the Union is six per cent, and although the EU has planned to double this rate by 2010, it is behind in reaching even this modest goal.¹¹

Unsurprisingly then, as the most recent Green Paper reiterates, the EU's need for external fuel sources is on an upward trajectory. The Union is one of the world's fastest growing energy markets and the biggest importer. The 25 member states rely on fossil fuels to meet about four fifths of their energy consumption, import half of their collective oil and natural gas requirements (a figure that is projected to reach 70 per cent by 2030), and are expected to depend on imports to meet 80 per cent of their collective natural gas need over the next 25 years.¹² Although acknowledging the EU's need to become a more efficient energy consumer, the European Commission admits that it will be very difficult for the EU to reduce its dependence on imports, which are expected to meet just under three quarters of its consumption needs by 2030.¹³ Therefore, the EU needs to develop new policies in order to ensure easier access to secure energy sources.

The EU Desires Direct Influence Over Energy Suppliers

The EU's excessive dependence on certain types of energy, particularly oil and gas, and on imports of these sources is compounded by heavy reliance on particular exporters. Currently, the Union obtains two fifths of its natural-gas imports from Russia and 45 per cent of its imported oil from OPEC members in the Middle East. Therefore, it is not inexplicable that the European Commission would proclaim that EU policy on supply security should aim to minimize the risks associated with energy dependence, not only by developing renewable and curtail-ing overall demand, but also 'by balancing between and diversifying various sources of supply (by product and by geographical region)'.¹⁴

Any policy to diversify exporters may yield only partial success. The Commission concedes that the world's remaining oil reserves will be increasingly concentrated in the Middle East, and that major natural gas supplies will come from those few regions, namely Russia, the Caspian, the Middle East and Nigeria, where production and transport costs are economically viable for the Union.¹⁵ Currently, besides Norway, which adheres to the EU gas directive, Russia and Algeria supply most EU gas imports. As EU energy consumption rises and its market liberalizes, suppliers will seek to expand market share, a strategy that Russia's Gazprom Corporation is actively pursuing in its pan-European effort to expand trunk-pipeline capacity and ownership of retail gas distribution networks.¹⁶ Yet, if the EU can access Caspian hydrocarbons via Turkish pipelines, these exports, albeit small, can become '...an excellent chance of outcompeting [Russia and Algeria] on price'.¹⁷

Even with the latter option, however, the potential range of oil and gas exporters remains limited. With a small array of sources and suppliers, the EU will continue to face elevated risks, especially from price volatility or supply instability stemming from deliberate policy changes by exporters or geopolitical disputes. The perils of over-reliance on particular supply sources were dramatized by Gazprom's act of shutting off gas supplies in the severe winter of 2006 to Ukraine, where authorities in turn diverted Europe-bound gas deliveries in the TransGas pipeline to domestic customers, thereby generating successive flow decreases in countries as close as neighbouring Slovakia and as far away as Italy and France, as well as by unattributed sabotage of Russian gas pipelines to Georgia just a few weeks afterwards.¹⁸ The EU currently has little power to pre-empt similar events short of crafting the ability to exert more direct and pro-active influence over its narrow spectrum of present and future source regions.

Turkey Can Provide the EU with Greater Influence Over Producers

Currently the European Union has only limited influence over the Caspian Basin, Russia and the Middle East, the three regions critically important to the Union's energy security. On the other hand, Turkey may offer the ideal location from which the EU can play a larger role in ensuring energy security, not only in relation to the Persian Gulf, but also vis-à-vis the Caspian Basin and indirectly Russia.¹⁹

Turkey's location would make it easier to protect important energy resources for the West by military means if necessary. Incirlik, a Turkish air base used by the Americans and NATO throughout the Cold War and at present, is located within 1,000 kilometres of the Caspian and the Gulf regions. Turkey shares borders, or is otherwise in close geographical proximity to, regions possessing over 70 per cent of the world's proven reserves of oil and gas, and the Commission has stated that the EU would realize certain benefits from bordering these energy-producing regions.²⁰ Thus, if Turkey were to join the EU, then the Union would share boundaries with these strategically important regions.

Ten producing states with over one third of gas reserves are or might potentially be interested in using Turkey as a transit country to the EU, thereby elevating the country's role in the Union's gas-import market. Because of oil's greater fungibility, Turkey's role as an oil-transit country is important for regional exporters, but not vital for global importers.²¹ We now turn to examine how Turkey's position might enhance EU influence over its relevant source regions.

The Caspian Basin

Until 1989, this region lay fully within the Soviet orbit. Although Moscow knew this region to have significant reserves, it directed oil investments elsewhere in the mid 1970s.²² Therefore, in the 1990s, a virtually untapped region with ample opportunities for oil and gas extraction opened up to the West.

However, the same logic kept the Caspian region's infrastructure and export routes under-developed. Until now, the only export routes, though with insufficient capacity, crossed Russian territory. As the EU's proclaimed policy of diversification runs counter to Gazprom's consolidation of its monopsony (single-buyer status) on gas supplies from Kazakhstan, Turkmenistan, and Uzbekistan and its monopoly on these countries' relevant export routes (notably, the Central Asia-Centre gas pipeline and the various oil pipelines that terminate at Russia's Black Sea ports or cross into Europe),²³ the Union has sought other means of accessing Caspian energy. The Russian lock on transport is being undermined by the Baku-Tbilisi-Ceyhan (BTC) pipeline, bringing oil from Azerbaijan's offshore Azeri-Chirag-Guneshli (ACG) fields to Turkey's Mediterranean coast for re-export, and its twin Baku-Tbilisi-

Erzurum (BTE) pipeline, also known as the South Caucasus Pipeline (SCP), that carries natural gas from Azerbaijan's Shah Deniz fields for shipment to and from Turkey. According to their inter-governmental agreement, Turkey can deliver Azerbaijan's energy sources received through these pipelines to European markets.²⁴ Greece, for one, agreed with Turkey in 2003 to build a pipeline interconnection for this purpose.

European firms are prominent investors in the Caspian Sea region. In Azerbaijan, British Petroleum (BP) leads the multinational BTC and ACG project consortia, and, together with Norway's Statoil, heads the SCP and Shah Deniz projects, while in Kazakhstan, Italy's Eni/Agip and British Gas control most Karachaganak gas-field output and Eni/Agip, France's Total and Anglo-Dutch Shell have a combined majority share of the Kashagan oil field, which could supply, via tanker or undersea pipeline, the BTC pipeline, of which Total and Eni/Agip have a combined 10-percent stake (Total also has a one-tenth share in the SCP, which could take Kazakh and Turkmen gas via a Trans-Caspian line).²⁵ Oddly, however, EU-15 member governments have been largely indifferent to Caspian energy, due perhaps to their dependence on Russian gas and burgeoning separate partnerships with Russian energy firms.²⁶

Yet, they would do well to emulate Europe's own private sector in focussing more seriously on gas from the Caspian littoral states of Central Asia. While this gas would cover a small fraction of overall European imports, it could help suppress gas prices, and, if provided with an exit route through Turkey to EU markets, strengthen Caspian states' economic independence and stability.²⁷ The Union, despite favouring non-military initiatives such as its European Neighbourhood Policy, might derive additional Caspian-related energy-security benefits by cooperating with the NATO alliance and integrating NATO member Turkey more closely into its security efforts. NATO, which Polish officials have proposed as a model for emergency sharing of Euro-Atlantic energy supplies, has identified pipeline security as a concern and greater satellite surveillance, deficient along the BTC/BTE route, as a necessary instrument, and the alliance includes Turkey, which has conducted joint military exercises with NATO 'partners for peace' and fellow BTC/BTE transit states Azerbaijan and Georgia and is cooperating with Northern Irish forces to train its gendarmerie in pipeline security.²⁸ Turkish membership could bring the Caspian states closer to the EU just as it could give the latter reciprocally more influence in the Caspian.

Russia

Relative to Russia, the Union and Turkey occupy entirely different positions. Geography permits Russia to export to the EU through Turkey, but, unlike other Caspian littoral states, Russia, the world's largest gas producer, already borders the Union and has established its place as Europe's biggest foreign supplier, providing, for example, all of the natural gas imported by EU countries Slovakia, Lithuania, Latvia and Finland.²⁹ In contrast to its oil sector, where upstream activity remains competitive but state-run pipeline monopoly Transneft dominates export, both Russia's natural gas output and transport are dominated by Gazprom, the country's energy joint-stock company which recently vaulted into second place among global energy firms and fourth largest among the world's corporations.³⁰ Gazprom can purportedly pre-empt any competition to fulfil the gas needs of both the Balkans and the broader EU area, thus precluding opportunities for Turkey. Despite the fact that it has been trying to renegotiate contracts to permit re-export of Russian gas imports to the EU, Turkey is more likely to compete with Russia than to become its transit route, even though its competitiveness is weakened by the fact that Russia supplied more than three fifths of its 2004 gas consumption.³¹

The opposite worry stems from Gazprom's efforts to co-opt Turkish routes. Part of its planned array of pipelines (including the underwater North European Gas Pipeline (NEGP) linking Russia's Yamal Peninsula gas fields via the Baltic Sea directly to Germany and other points in Western Europe) that bypass Ukraine, Poland and assorted Balkans and Baltic states, thereby pressuring them to lower transit fees, endeavours such as 'Blue Stream II', which could turn the Turkish network into a Russian gas carrier to Europe via Greece, might also crowd out Caspian gas exports. Given Gazprom's demands that operating entities in numerous FSU and EU states share ownership of their assets for the purposes of integrating entire supply chains under its direction, Turkey, which is now taking Russian gas via an underwater Black Sea pipeline—part of the 'Blue Stream' project, amply criticized as an example of Gazprom's corrupting influence on EU candidate countries—could inadvertently assist Russia in completing an energy-based pincer movement cutting off the EU-25's newest members.³²

As Gazprom's monopolistic leverage, vividly exercised in the winter of 2006, contradicts the Union's diversification imperative, the EU seeks to dilute the firm's market power. As early as 2001, expressing sentiment in favour of Turkish routes from the Caspian as a means of loosening Russian leverage over outbound supplies and prices, the European Commission was warning that the Union 'should keep a watchful eye' on the development of Caspian export routes.³³ As implied by US Secretary of State Rice's April 2006 remarks in Athens, this vigilance should encompass Gazprom's offers to assist in the construction of pipelines such as the Turkey-Greece Interconnector and provision of affiliated gas supplies.³⁴

Conversely, Russia and the EU have initiated dialogue on energy supplies. Russia has promised to work in support of the EU's policy of long-term supply security, in large part because Gazprom subsidizes the nearly three quarters of the gas it produces for domestic consumers, thereby increasing its need for outside capital in new-field investment and access to foreign markets.³⁵ While Russia has linked Western corporate access to its large Shtokman gas field, the output of which will be dedicated to liquefied natural gas (LNG) exports, to World Trade Organization (WTO) membership and has touted prospective LNG capacity for US-bound exports and gas pipelines to East Asia in order to highlight the folly of excluding Gazprom from EU distribution networks, some EU members have conditioned market access and WTO entry on Russia's ratification of the Energy Charter Treaty (ECT), which would unfetter access to FSU export pipelines.³⁶ Thus, Russia cannot completely disregard EU interests even without alternative export routes through Turkey.

The Middle East

The Middle East, home to the world's largest energy reserves, represents the most difficult region for the Union to influence.³⁷ Firstly, due to a longer period of extraction and export activity, this region possesses abundant infrastructure and transportation routes. Secondly, many of this region's countries belong to both the Organisation of Petroleum Exporting Countries (OPEC) and Organisation of Arab Petroleum Exporting Countries (OAPEC), which have famously demonstrated their ability to wield power over global oil output and prices.

To acquire greater leverage over energy imports from the region, the European Commission proposes to establish ongoing talks with these countries, hoping that such dialogue might lead to improvements in pricing mechanisms and stable energy prices. To reach this goal, the EU needs to be sensitive to 'expectations of several producer countries regarding political developments in the Middle East'.³⁸ Turkey has negligible influence on this issue.

Major Middle Eastern producers of natural gas such as Qatar, UAE and Oman also remain hesitant to commit supplies to trans-Turkish pipelines, partially because they are developing alternative means of transport. Qatar, for one, is undertaking enormous projects to liquefy natural gas and export LNG by tanker. However, Egypt, also a budding LNG exporter, is receptive to employing Turkey (after Jordan and Syria in succession) as a transit country to the EU. In this vein, Egypt, Jordan, Lebanon and Syria recently agreed with Turkey to extend the proposed Arab Gas Pipeline project originating in Egypt to Turkish territory, where additional connections could link it to Turkey's planned Nabucco Pipeline, which is to convey natural gas supplies from various countries to European customers (see below).³⁹ EU states with Mediterranean littorals may also have a tangible interest in supporting this project, given talks between Algeria's state-run Sonatrach and Gazprom and the latter's recent acquisition of those Libyan gas assets formerly held by its German partner BASF in exchange for creation of their joint ventures to develop new Russian gas fields, build the NEGP and distribute gas in Europe.⁴⁰

Turkey Can Transport Energy at a Reasonable Cost

The last assumption, the basis for which is discussed below, is that Turkey can in fact transfer energy resources from East to West in a cost-effective fashion.⁴¹ Here, the paper surveys existing and planned pipeline projects of concern to the EU and their costs. It then examines whether the costs of these projects are reasonable for the Union in light of the EU's previously discussed benefits.

Oil

As mentioned earlier, Turkey is not a vital oil-transit corridor for the EU. It is, however, a major conduit for Caspian crude, which is fast

becoming a significant EU resource. Controversy over the economic profitability of oil pipelines from Caspian through Turkey into Europe is long-standing. Sceptics feared that these lines would cease to be viable when major exports of Iraq's relatively cheap oil started flowing again, but for many reasons, including the ongoing paralysis of Iraq's oil sector, pipelines from the Caspian are likely to remain profitable for some time to come.

Other factors favour pumping Caspian crude through Turkey. First, transporting Caspian oil by pipelines (mainly through Iran) to the Gulf, where countries are not much interested in taking it, and then by sea is much less economically viable than exporting it via Turkey to the Mediterranean Sea. Moreover, Caspian crude blends from Azerbaijan and Kazakhstan are more environmentally friendly than oil originating the Middle East, so the former supplies better suit the capacities of Mediterranean and Turkish refineries.⁴²

Companies are making sufficient volumes of Caspian basin oil available for export, so pipelines have to be built at some point. The overall costs of Caspian oil per barrel are similar to those of North Sea oil but higher than those of Persian Gulf oil. North Sea reserves are diminishing and that oil will become increasingly expensive to extract. On the other hand, with advancing technology and integrated infrastructure, Caspian drilling costs should decline. Transportation expenses should be further halved with long-term regional stability. By 2010, Caspian crude could cost about US \$8 per barrel, which, albeit comparing unfavourably with the per-barrel Gulf price of about US \$2, is economically competitive at world prices over US \$15,⁴³ which are likely to stay there unless Asian demand contracts again and various source regions, especially the Middle East, become more placid.

Gas

Various countries export or are planning to export energy resources through Turkey. In terms of gas, Iran is one of the major exporters and could meet more than 10 per cent of the Union's mid-term needs.⁴⁴ Besides shipping gas to Turkey via the Tabriz-Erzurum pipeline, of which an extension to Greece is in the works, Iranian oil firms possess one-tenth shares of the BTE pipeline and its feeder Shah Deniz gas output, so Iran, which has opposed BP-backed Azeri drilling projects in disputed

zones, has an interest in facilitating the aforementioned Nabucco Project, expected to become operable in 2009, to bring various Caspian and Middle Eastern sources of natural gas across Turkey to Europe, where Bulgaria, Romania, Hungary, Austria (where the Baumgarten gas hub is the intended terminus), and possibly France, will transport and/or consume a share of the piped gas.

At present, Turkey lacks sufficient pipeline infrastructure and the plans to augment it, but could obtain much more foreign investment than it now receives. Iran represents one potential investor, but it is unlikely to raise the necessary capital. The most likely alternative suitor is Gazprom, so Turkey may still develop the infrastructure to serve as a major gas artery to Europe, albeit in a manner that reduces EU capacity to steer the process; consequently, the EU and other organizations have strong economic and political interests in tapping their coffers to help finance this undertaking. As Central Asia, the Southern Caspian and Iran are estimated to hold enough gas to supply Europe through Turkey at reasonable costs, getting this gas could restrain the overall price that Gazprom can charge for its supplies.⁴⁵

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Until the 2001 Green Paper, no serious effort had been made to articulate EU energy policy. This document stressed the urgency of the European energy security situation and proposed various ameliorative strategies. Next to steps to curb demand and develop new domestic energy supplies, the 2001 and later 2006 Green Papers have emphasized the need for policies that would diversify energy imports and enlarge strategic energy reserves.⁴⁶

It has been pointed out here that the EU's ability to diversify suppliers remains constrained. One way out of this predicament is a Turkish energy-supply corridor. Such measure would connect the European market to various non-Russian FSU exporters. Therefore, a major remaining step for the EU is to emulate US policy, symbolised in the overlapping May 2006 visits to Kazakhstan by EU Energy Commissioner Piebalgs and US Vice President Cheney, in providing greater material support for infrastructure, especially trans-Caspian pipelines to Azerbaijan that would multiply energy supplies and routes to Europe.⁴⁷

The European Commission states that gas will remain the EU's preferred fuel.⁴⁸ As part of its diversification policy, the EU should logically concentrate on widening its array of gas suppliers. Currently, there are only three main regional sources of gas supply to the EU, namely Russia (and other Russian-monopsonized output and exports, like those from Turkmenistan, a potential SCP partner), the North Sea and North Africa. Yet, with appropriate encouragement by the EU, Turkey could become 'Europe's fourth main [gas] artery'.⁴⁹

The question remains as to how much the EU would benefit from Turkish membership in terms of energy security. This paper has put forward that the EU requires greater energy 'security' in light of its growing demand and tighter supplies, which partially reflect its own policy-planning deficiencies. Because the EU, like other major consuming areas, notably the United States, has thus far been unable to fill its demand from domestic energy supplies despite periodic exhortations to do so, it thus needs greater influence over resource exporters as a way of preventing or minimizing crises of supply.

Furthermore, the paper finds that Turkey can be instrumental for the EU in influencing producer regions and countries critical to European energy security. Theoretically, the EU could gain the most leverage over Turkey in this regard if the latter belonged to the Union. In such a case, *most* EU members, not just the richest ones, could be assured of benefiting from the upgrading of Turkish hydrocarbon-transport networks, and the Union would neighbour strategically important producer regions such as the Middle East. If the EU decides not to accept Turkey, Turkey might not act as readily or reliably at the behest of Union's collective interest in energy security, in whatever form that might eventually take.

The Union has recently shown strong signs of having more fully discerned the energy-related benefits of Turkey's accession. Even if a few large countries like Germany choose to make side deals with Russia, a country that is not necessarily a reliable partner, no longer do most EU members appear to harbour a belief that they can gain their desired levels of energy security if Turkey is not cut in. The idea that Turkish membership could boost the Union's long-term energy security is gaining strength as the EU becomes more willing to consider the greater in-

fluence it might be able to exert over Turkish export routes in exchange for inviting Turkey into the European club.⁵⁰

NOTES

1. Any discussion of EU energy policies and needs requires clear definition of the term 'energy security'. Energy security, or more properly, 'security of supply', can be described as the 'availability of energy at all times in various forms, in sufficient quantities, and at reasonable and/or affordable prices', as noted in Clingendael International Energy Programme (CIEP), 'Study on Energy Supply Security and Geopolitics', January 2004, at http://www.clingendael.nl/ciep/events/20040130/EU_study_presentation.pdf. Its attainment is placed at risk when there is a probability that energy supply to consumer countries will be affected by events in producer and/or transit countries, such as deliberate policy changes or domestic instability in producer and/or transit countries. See The European Commission, *Green Paper: Towards a European strategy for the security of energy supply* (Office for Official Publications of the European Communities, Luxembourg: 2001), p. 22.

2. See Andrew Rettman, "EU Caucasus Trip Opens New Policy Horizon", *EU Observer*, 15 February 2006. Like the United States, Europe is becoming increasingly dependent on energy imports from (and through) regions of precarious stability, yet, relative to its economic size, the EU possesses a noticeable paucity of tools at its disposal for ensuring stable flows of energy in a more competitive environment.

3. On Turkey-EU relations generally, see Ali Tekin, "Future of Turkey-EU relations: a civilisational discourse," *Futures*, 37 (2005), pp. 287-302.

4. See Vladimir Socor, "Pipeline Project Can Diversify Europe's Gas Supplies", *Eurasia Daily Monitor*, 30 June 2006, at http://www.jamestown.org/cdm/article.php?article_id=2371236.

5. "The Mouse and the Elephant", *Alithia*, 24 June 2006.

6. See Axel Krause, "From the Pump to the Plug: Europe's quest for an energy policy", *Europe*, 1 February, 2002, p. 10

7. European Commission, *Green Paper: A European Strategy for Sustainable, Competitive and Secure Energy* (Brussels: Commission of the European Communities, 8 March 2006), p. 10.

8. European Commission, *Energy: Let us overcome our dependence* (Luxembourg: Office for Official Publications of the European Communities, 2002), p. 8.

9. European Commission, *Report on the Green Paper on Energy: Four Years of European Initiatives* (Luxembourg: Office for Official Publications of the European Communities, 2005), p. 3.

10. *Ibid.* See also C. Van der Linde et al., *Study on Energy Supply Security and Geopolitics* (The Hague, Netherlands: Clingendael International Energy Programme, Institute for International Relations, 2004), p. 23; and European Commission, *Green Paper: Towards a European strategy for the security of energy supply*, p. 64.

11. See Euractiv interview with A. Piebalgs, the EU Energy Commissioner, May 2005, at <http://www.euractiv.com/Article?tcaturi=tcu:29-138996-16&type=interview>. The EU, as expressed in the Commission's 2003 Directive for the Promotion of Biofuels, has been in the forefront of this effort as much for environmental reasons as for energy security,

as mentioned in Greg Pahl, *Biodiesel: Growing a New Energy Economy* (White River Junction, VT: Chelsea Green Publishing Company, 2004), and p. 89.

12. 1 See EU Guides, "Energy Policy in the European Union", March 2005, at <http://www.eubusiness.com/guides/energy>; and European Commission, *Green Paper: A European Strategy for Sustainable, Competitive and Secure Energy*, p. 1.

13. See *Green Paper on energy efficiency*, 2005, at http://europa.eu.int/comm/energy/efficiency/doc/2005_06_green_paper_book_en.pdf; and European Commission, *Green Paper: Towards a European strategy for the security of energy supply*, p. 64.

14. European Commission, *Green Paper: Towards a European strategy for the security of energy supply*, p. 2.

15. See *ibid.*, pp. 22-23.

16. See Vladimir Socor, "Gazprom Broadens, Deepens Inroads Into European Union's Internal Markets, Transport Systems", *Eurasia Daily Monitor*, 21 March 2006, at http://www.jamestown.org/publications_details.php?volume_id=414&issue_id=3659&article_id=2370893.

17. Steven R. Mann, Remarks at a Florence IEA Conference, 14 April, 2003, at <http://www.iea.org/Textbase/work/2003/caspian/Mann.pdf>

18. See C. J. Chivers, "For Putting and the Kremlin, a Not So Happy New Year", *New York Times*, 3 January 2006, p. A8; and Andrew W. Kramer, "Russia Gas Line Explosions Scare Europe", *New York Times*, 26 January 2006, p. A6. An alternative explanation for the cut off to Ukraine suggests that the combination of a sudden domestic upsurge in subsidized demand during an especially cold winter and Gazprom's declining reserve base has made it increasingly imperative for the company to raise export revenues or obtain in-kind payments in the form of shares of distribution networks in its export markets. As discussed in Nadejda M. Victor, "Russia's Gas Crunch: Looming Shortfall Poses a Tough Choice", *Washington Post*, 6 April 2006, p. A29.

19. See Ali Tekin and Iva Walterova, "Turkey's Geopolitical Role: The Energy Angle," *Middle East Policy*, Spring 2007, Vol. XIV, No. 1, pp. 84-95.

20. See John Roberts, *The Turkish Gate: Energy Transit and Security Issues* (Belgium: Centre for European Policy Studies, 2004), p. 2; and European Commission, *Commission Communication to the European Parliament and the Council. The internal market in energy: Coordinated measures on the security of energy supply*, p. 18, at http://ec.europa.eu/prelex/detail_dossier_print.cfm?CL=cs&DoslD=176250.

21. See Roberts, pp. 1-2.

22. 1 See Terry Adams, *Caspian Hydrocarbons, the Politicisation of Regional Pipelines, and the Destabilisation of the Caucasus* (Belgium: Centre for European Policy Studies, 2004), p. 1.

23. See Vladimir Socor, "Central Asian Gas: Lost to Europe After Russian-Ukrainian Deal?", *Eurasia Daily Monitor*, 10 January 2006, at http://jamestown.org/edm/article.php?article_id=2370643; and Platts, "Ukraine Mulls Talks with Turkmenistan, Kazakhstan on Gas Supplies", *Platts*, 28 April 2006, at <http://www.platts.com/Natural%20Gas/News/8409386.xml>.

24. Evgeniy Krishtalev, "Baku-Tbilisi-Erzurum Gas Transportation Pipeline: Basis of Economic Development of Three Countries", *Contact Magazine*, Baku: Chamber of Commerce and Industry of Azerbaijan, June 2002, p. 24, at <http://www.chamber.com.az/eng/magazine/contact602/Page22-24.pdf>, pp. 22-24.

25. See Vladimir Socor, "Azerbaijan Spearheading Initiative on Trans-Caspian Gas Pipeline", *Eurasia Daily Monitor*, 30 March 2006, at <http://jamestown.org/edm/>

article.php?article_id=2370929; and Vladimir Socor, "Agreement at Hand on Oil Transport From Kazakhstan to Azerbaijan", *Eurasia Daily Monitor*, 10 May 2006, at http://jamestown.org/edm/article.php?article_id=2371070.

26. See Zeyno Baran, "The Baku-Tbilisi-Ceyhan Pipeline: Implications for Turkey", in Frederick Starr and Svante Cornell (eds.), *The Baku-Tbilisi-Ceyhan Pipeline: Oil Window to the West* (Washington, DC: Central Asia-Caucasus Institute Silk Road Studies Program), pp. 103-118, at p. 115; Vladimir Socor, "European Union's Energy Paper: A Muffled Call to a Slow Wakeup", *Eurasia Daily Monitor*, 27 March 2006, at http://jamestown.org/edm/article.php?article_id=2370918; and Vladimir Socor, "Gazprom Picks Off One Large German Morsel, Poised for Another", *Eurasia Daily Monitor*, 3 May 2006, at http://jamestown.org/edm/article.php?article_id=2371044.

27. Mann points out that Shah-Deniz line would bring only about 10-15 BCM a year of Azeri gas to the EU market, a small volume compared to 719 BCM consumed in the EU annually. The amount of gas imported from the Caspian would remain relatively small even with Turkmenistan and Kazakhstan supplies.

28. See Gal Luft, "Baku-Tbilisi-Ceyhan Pipeline: Not Yet Finished and Already Threatened", *Energy Security*, 4 November 2004, at <http://www.iags.org/n1104041.htm>; Brooks Tigner, "How Secure is the New Pipeline Across the Caucasus?", *Alexander's Gas & Oil Connections*, 5 April 2006, at <http://www.gasandoil.com/goc/company/cnc61401>; and Paul Gallis, "NATO and Energy Security", CRS Report for Congress, Washington DC: Congressional Research Service, 2006, at <http://www.usembassy.it/pdf/other/RS22409>.

29. See British Petroleum, *BP Statistical Review of World Energy 2005*, at http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/publications/energy_reviews_2005/STAGING/local_assets/downloads/pdf/statistical_review_of_world_energy_full_report_2005.pdf.

30. See Igor Torbakov, "Kremlin Tries to Convince Wary West that Strong Gazprom is Good for It", *Eurasia Daily Monitor*, 28 April 2006, at http://www.jamestown.org/publications_details.php?volume_id=414&&issue_id=3707.

31. See Gareth M. Winrow, "Turkey and the East-West Gas Transportation Corridor", *Turkish Studies*, Vol. 5, No. 2 (2004), pp. 23-42, at p. 27f; and *The Economist*, "Customer Relations, Gazprom Style: What's Ours is Ours, and What's Yours is Ours", *The Economist*, 29 April 2006, p. 34.

32. See Roberts, pp. 11-13; Andrew E. Kramer, "Russia Plans to Use Turkey as a Gas Hub", *New York Times*, 18 November 2005, p. C4; and *The Economist*, "Divided and Panicky: Europe's Quandary over Russian Gas", *The Economist*, 6 May 2006, p. 68. The corruption scandals and investigations in Turkey related to the Blue Stream project are mentioned in Gareth M. Winrow, "Pivotal State or Energy Supplicant?: Domestic Structure, External Actors, and Turkish Policy in the Caucasus", *Middle East Journal*, Vol. 57, No. 1 (2003), pp. 77-92; and Socor, "Azerbaijan Spearheading Initiative on Trans-Caspian Gas Pipeline".

33. European Commission, *Green Paper: Towards a European strategy for the security of energy supply*, p. 73.

34. See Torbakov, "Kremlin Tries to Convince Wary West".

35. 1 See Julian Darley, *High Noon for Natural Gas: The New Energy Crisis* (White River Junction, VT: Chelsea Green Publishing Company, 2004), p. 104.

36. See Igor Torbakov, "Europe Rejects Gazprom's Ultimatum", *Eurasia Daily Monitor*, 21 April 2006, at http://www.jamestown.org/article.php?article_id=2371009; and Pavel K. Baev, "Europe Calls Gazprom's Bluff and Ponders Its Threat", *Eurasia Daily*

Monitor, 24 April 2006, at http://www.jamestown.org/publications_details.php?volume_id=414&&issue_id=3699. A major name on the short list of potential companies to be awarded a contract to develop the Shtokman field is California-based ChevronTexacoUnocal, and Gazprom has agreed to export some of its output to California and northern Mexico, as noted in Simon Romero, "A Dispute Underscores the New Power of Gas", *New York Times*, 3 January 2006, at <http://www.nytimes.com/2006/01/03/business/worldbusiness/03gas.html>.

37. On the "Europeanization" of Turkish foreign policy towards the region, see Ali Tekin, "The Europeanization of Turkish Foreign Policy towards the Middle East: New Opportunities and Pitfalls," in Goren, Nimrod and Nachmani, Amikam (eds.) *The Importance of Being European: Turkey, the EU and the Middle East* (Jerusalem: The European Forum of the Hebrew University of Jerusalem, 2007).

38. European Commission, *Green Paper: Towards a European strategy for the security of energy supply*, p. 73.

39. See Dow Jones, "Ministers Agree on Arab Gas Pipeline Extension to Turkey", *Alexander's Gas & Oil Connections*, 5 April 2006, at <http://www.gasandoil.com/goc/company/cnm61478.htm>.

40. See Carl Mortished, "Gazprom Talks Spark Fear of Gas Cartel", *The Times*, 24 April 2006, at <http://business.timesonline.co.uk/article/0,,9072-2149374,00.html>; and Socor, "Gazprom Picks Off One Large German Morsel".

41. See Tekin and Walterova, "Turkey's Geopolitical Role."

42. See Terry Adams, *Caspian Hydrocarbons, the Politicisation of Regional Pipelines, and the Destabilisation of the Caucasus* (Belgium: Centre for European Policy Studies, 2004), p. 4.

43. See *ibid*, p. 8.

44. European Commission, *Report on the Green Paper on Energy: Four Years of European Initiatives*, p. 15.

45. See Adams, *Caspian Hydrocarbons*, p. 8.

46. European Commission, *Green Paper: Towards a European strategy for the security of energy supply*, p. 3-4.

47. See Reuters, "Kazakhstan Supports Caspian Sea Pipeline", *Turkish Daily News*, 5 May 2006, at <http://www.turkishdailynews.com.tr/article.php?enewsid=42578>.

48. European Commission, *Energy: Let us overcome our dependence*, p. 20.

49. This self-designation by Turkish officials is cited in Roberts, p. 2.

50. See Tekin, "Future of Turkey-EU Relations."

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