

Energy Policy in Turkey:

An explanation for the diversification of energy supply sources

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A Master thesis submitted to the Department of Public Administration

(Master: International Public Management & Policy)

Rotterdam, October 10, 2014.

First reader: Prof. M. Haverland

Second reader: M. Onderco

Wordcount: 19708

Acknowledgements

This thesis is the final piece of my academic career, and writing it was sometimes a lonely process. I encountered many difficulties along the way, but I also enjoyed the help of many intelligent and wise people to overcome these challenges. In the run up to obtaining my Master's degree, I am happy to reflect on my development. I learned a lot. Not only about *relative gains* or *International Relations*, but also to bite the bullet, and to ask for help when needed.

I would like to thank a few people who made these past 18 months less lonely: my fellow IMP students Herminia, Bettina, Casper and Panos, and my colleges at CHOICE for their patience and understanding. In particular, I would like to thank Emiel for his helpful comments and insights. Also, the access to Journals of my dear friend Alex is much appreciated. And most important, my family and Jonah.

I could not complete this thesis without the supervision of Prof. Haverland. With the help of his methods, and his experience as a supervisor I was able to make something I am satisfied with. Additionally, I would like to thank Dhr. M. Onderco for his time and commitment, and his helpful comments to improve this thesis.

Zoë Nussy
Rotterdam
October 10, 2014

List of abbreviations

ACG	Azeri-Chirag-Guneshli
AIOC	Azerbaijani International Operating Consortium
Az	Azerbaijan
Bcm	billion cubic meters (of natural gas)
BTC	Baku-Tbilisi-Ceyhan
BTE	Baku-Tbilisi-Erzurum
EIA	US Energy Information Administration
EC	European Commission
EU	European Union
Ge	Georgia
Gr	Greece
IEA	International Energy Agency
Iq	Iraq
Ir	Iran
ITGI	Turkey-Greece-Italy interconnector
MENR	Turkish Ministry of Energy and Natural Resources
NICO	Naftiran Intertrade Company
SCP	South Caucasus Pipeline
SOCAR	State Oil Company of Azerbaijan Republic
TANAP	Trans-Anatolian Pipeline
TAP	Trans-Adriatic Pipeline
TCGP	Trans-Caspian Gas Pipeline
TCP	Trans-Caspian Pipeline
TPAO	Turkish Petroleum Cooperation
Tu	Turkey
UN	United Nations
US	United States
USSR	Union of Soviet Socialist Republics/Soviet Union

Summary

Turkey is a country with an increasing demand for energy. This demand cannot be met through indigenous resources, and thus Turkey has to find resources elsewhere. In the course of time, Turkey became over depend on Russian gas supplies. Overdependence on Russian gas is a serious concern for security; diversification of energy sources enhances security. This study uncovers how Turkey diversified its energy supply sources, and how this can be explained. This study applies a congruence analysis to explain the diversification of energy source in the period 1990–2012. Two different theories propose that the developments of diversification are explained by Structural Realism's systemic features, or by Liberalism's domestic features. Turkey was using the construction of pipelines to balance against Russian dominance and to spread its own influence in the region. Turkey developed warm ties with the other states in the region, while diversifying its sources of energy supply.

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Chapter 1: Introduction

Energy is an effective means to conduct international politics. Energy is often used as a tool for power. A recent example is Iran's nuclear program, which became public in 2002. While Iran often claimed its nuclear activities are peaceful and only to develop nuclear fuel for power plants and technology for scientific research, United States' (U.S.) and Western intelligence¹ suggest that Iran is trying to develop the technology and material to build a nuclear bomb.² This is a source of instability in the Middle East; it could evoke an emergence of an unstable bipolar (e.g. Iran-Israel) nuclear competition; it could trigger an additional proliferation in the Middle East, efforts to prevent the spread of Nuclear weapons could be threatened; or it could encourage terrorism against the U.S. and Israel.³ Another example of energy being a powerful tool in relationships between countries is the recent development is the Ukrainian crisis. In June, Russia's energy company Gazprom cut off natural gas supplies to Ukraine. On the surface this seems the consequence of an outstanding bill, which Ukraine refuses to pay. The gas dispute, however, is rooted in larger conflicts. The gas cut-off, violence between Russia-devoted separatists and the Ukrainian military, the supplementation of Russian weapons, and the annexation of Crimea are seen by Ukraine as parts of a larger plan for the destruction of the country.⁴ Secondly, the gas cut-off is a sign of Russia's disagreement with Europe's open access law for natural gas suppliers, which threatens the future of the South Stream natural gas pipeline.⁵ If these assumptions are correct, they indicate that Russia uses the supply of natural gas as a tool to put pressure on the governments of Ukraine and the EU to affect their behavior in favor of Russia e.g. Ukraine would allow more Russian influence in its Eastern regions in exchange for reliable natural gas supplies, or the EU would favor the South Stream pipeline over other natural gas pipelines.

The examples suggest that different sources of energy can have different effects on states and non-state actors: nuclear powers are perceived as a threat on other actors, oil is closely related to the functioning of economies and governments, and natural gas the like. What these examples have in common, is the significance of energy in state affairs. Energy plays an important role in relations between states and non-state actors, but also have implications on the behavior of these actors. The importance of energy resources is accurately depicted in the following caption:

'Because most oil moves internationally, because its trade is of enormous monetary value, because huge profits are to be made, because it is a vital necessity for most importing countries, because it is of crucial importance to the economies of the oil exporting countries and the balance of payments of developing countries for all these reasons, the ordinary day-to-day flows of international trade in oil are in effect the result of enormous and conflicting pressures among governments, companies and international organizations. It is not an

¹ Broad/Sanger, 2005.

² Fisher, 2013; Broad/Sanger, 2005.

³ Edelman/Krepinevich/Braden-Montgomery, 2011; Lindsay/Takeyh, 2010; Fisher, 2013.

⁴ MacFarquhar, 2014.

⁵ This pipeline runs from Russia under the Black Sea to Europe and delivers Russian natural gas. MacFarquhar, 2014.

*exaggeration to say that oil is the most important single commodity to shape world history in the past hundred years.*⁶

This study will focus on the development of Turkey's diversification policies. Turkey takes a more profound role in the world energy market, both as a regional transit hub and as a growing consumer of energy, which makes it an interesting case to study.⁷ The goal of this study is to find an explanation the diversification of Turkey's energy supply sources. I will study the period 1990 till 2012. The end of the Cold War marks the year 1990, which triggered changes on world stage, and hence a good starting point to study Turkey's energy policy. The focus period ends at the re-election of the Turkish Justice and Development Party, in 2012. The following research question serves as a point of departure:

How did Turkey diversified its energy supply sources, and how can this be explained?

A congruence analysis is applied to provide an answer for the research question. In general, a congruency analysis contributes to the theoretical discourse on the relevance and importance of specific theories. However, the congruence analysis is primarily used to explain the diversification, and not to contribute to theory development. Nevertheless, this study will provide insight in the explanatory power of the applied theories in this concrete empirical case.

As this study is primarily concerned with the explanation of the diversification of Turkey's energy supply sources, the societal relevance of this case is more important. Developing energy policy is of societal relevance, as energy is a requirement of economic growth.

1.1 Structure

In this study, I will first provide the reader a brief geographical context of Turkey's neighborhood. This gives the reader a clear overview of actors in the region, and energy resources. In chapter 3 and 4, an introduction to the existing theories and the theoretical framework is presented. The subsequent chapter is a research design. Then, the analysis with empirical observations will be compared with the propositions. Followed by a brief discussion of the findings, and whether the propositions are confirmed, disconfirmed or something in between. And to finalize, a conclusion in which the research question will be answered. Also, limitations of this research, and further recommendations are presented.

⁶ Iskit, 1996.

⁷ EIA, 2014.

Chapter 2: Geographical Context

In order to fully understand Turkey's energy policy, prior knowledge is required. First, I will discuss briefly the geographical context of Turkey. This study will introduce additional actors to Turkey. Hence, it is convenient to have an idea where these actors are positioned. The geographical context also includes the locations of oil and gas reserves, which are in Turkey's proximity.

2.1 Geographical context: oil and gas reserves



Figure 1: Map of Turkey's region

Turkey is situated on two continents: Europe and Asia. Turkey's European part – Thrace – is located in the Balkans, and its Asian part is called Anatolia. Turkey, and in specific Anatolia, is generally referred to as the 'bridge between Europe and Asia' or 'the bridge between East and West'.⁸ The Sea of Marmara, and the rivers Bosphorus and Dardanelles separate Thrace and Anatolia, and run through Istanbul. These are collectively known as the Turkish Straits, and connect the Black Sea with the Aegean Sea. Turkey borders eight countries: Greece, Bulgaria, Georgia, Armenia, Azerbaijan, Iran, Iraq, and Syria, and three seas: the Black Sea, the Aegean Sea and the Mediterranean Sea. Georgia, Armenia and Azerbaijan comprise the Southern Caucasian states. More than 70 % of world's proven oil and natural gas reserves are in Turkey's near proximity. The East Mediterranean Sea, the Caspian Sea and the Middle East have large oil and gas fields.⁹

⁸ The bridge between East and West has also a culturally meaning.

⁹ Turkish Ministry of Foreign Affairs, 2014.

2.1.1 The Caspian Basin

The Caspian Sea is world's first energy province. The Russian Empire developed the first oil fields near Baku with help from large international oil companies. By the start of the 20th century, the region produced half of world's total crude oil. The Soviet Union prevented further development and exploration of the Caspian Sea since the early 1950s, partly because of a lack of technology to exploit the found resources and partly because exploitation of domestic oil and gas fields were given priority.¹⁰ The Caspian Sea remained largely untapped until the collapse of the Soviet Union. The Soviet legacy for the littoral states Azerbaijan, Kazakhstan and Turkmenistan was a very weak economy. The potential of the Caspian Sea was (and still is) their only way to give their economy an impulse. As these states lacked the financial resources, they needed to attract new foreign investments for the natural resource development.¹¹ For several reasons, foreign investors showed interest in the Caspian. First, there was a decline of production in great oil provinces such as the Alaskan North Slope and the North Sea. Second, political issues constrained access to hydrocarbon resources in the Middle East. And third, exploration of the Caspian basin revealed that the basin contains the world's largest underdeveloped hydrocarbon reserves, which lead international energy companies to the Caspian region.¹²

Reserves, exploration and production

Major western multinationals such as British Petroleum and Chevron confirmed the existence of large oil and natural gas reserves from both offshore as onshore fields in the Caspian basin. The deposits were considered as economically attractive and could lead to a third major source of energy for the world markets. However, there exists a great disparity between assessments of the exact amount of oil and natural gas in the Caspian basin. Table 1 provides the assessments of British Petroleum, academics and the U.S. government. It shows there are great differences between the proven amount of oil and gas reserves. The U.S. government says the Caspian has 205.5 Tbc of natural gas, while academics say only 170.4 Tbc of natural gas can be found in the Caspian. We use the U.S. Energy Information Agency (EIA) estimation of 48 billion barrels of oil and 292 trillion cubic feet (Tbf)¹³ of natural gas. Figure 2 shows the location of the discovered fields in the Caspian Sea. Exploration also indicates that Russia and Iran have some hydrocarbon reserves in their share of the Caspian. The Shah Deniz field (Azerbaijan) is the world's largest discovery of natural gas since 1979. The Shah Deniz field has a 25 till 39 Tcf estimated natural gas deposit. Kashagan (Kazakhstan) is considered as one of the largest oil discoveries in the last decades. Kashagan is an oil field with 40 billion barrels of which 10 billion barrels are recoverable. This field has the potential to produce 2 million barrels a day, once it is fully developed.¹⁴

¹⁰ Bahgat, 2002, p. 310-311; Barylski, 1995, p. 218; Dunlap, 2004, p.117.

¹¹ Bahgat, 2002, p. 311

¹² Bahgat, 2002, p. 310-311. Barylski, 1995, p. 218.

¹³ To compare: global consumption of natural gas was 113 Tcf in 2010. For 2040, global consumption of natural gas is expected to be 185 Tfc (EIA, 2013)

¹⁴ Bahgat, 2002, p. 313; Barylski, 1995, p. 218.

	British Petroleum		Oil and Gas Journal		U.S. Department of Energy	
	Oil	Gas	Oil	Gas	Oil	Gas
Azerbaijan	6.9	30.0	1.2	4.4	8.0	11
Kazakhstan	8.0	65.0	5.4	65.0	13.8	68
Turkmenistan	0.5	101.0	0.5	101.0	1.7	126.5
Total	15.4	196.0	7.1	170.4	23.5	205.5

Table 1 The Caspian proven oil reserves in billion barrels and natural gas reserves in Tcf¹⁵

2.2 Challenges

The potential of the Caspian region as a major source of hydrocarbon resources is not in doubt. The perceived risk in the region, however, undermines (foreign) investments to further develop and explore the hydrocarbon reserves. These ‘above-the-ground risks’ are associated with difficulties in and between the littoral states. So, this not only involves an accurate assessment of the region’s reserves, but also “rivalries between regional and global powers, domestic ethnic conflicts, and disagreement over the most cost-effective pipelines”.¹⁶ One unresolved dispute is the legal status of the Caspian Sea: the littoral states disagree on the definition of the body of water as a ‘sea’ or as a ‘lake’. In each case, different international laws to the ownership of the Caspian Sea would apply. Rights over the use of water and resources, and access to the waters are regulated differently if either the ‘United Nations Convention on Law of the Sea’ or Customary International Law governing Border Lakes’ would be applied to the Caspian. Unanimity between the littoral states is necessary to agree upon the legal status of the Caspian.¹⁷

The Caspian region faces also challenges in the transportation of oil and natural gas. The oil and natural gas fields are located relatively far from export markets, thus export of natural resources tends to rely on the old Soviet network of pipelines. The independent littoral states are using their geographic position to bargain for new export routes for the Caspian resources. The difficulty in the transportation of Caspian resources is that they require a large amount of investments to develop a new infrastructure. Furthermore, the legal and regulatory frameworks lead to uncertainty for foreign investors. An example is the lack of agreement on maritime borders of the Caspian.¹⁸

It is said that the Caspian region has the potential to increase world energy security through diversification of sources of supply, but it will not be the solution to long-term global energy security.

¹⁵ Bahgat, 2002, p. 312

¹⁶ *Ibid.*

¹⁷ U.S. Energy Information Administration, 2013, p. 5.

¹⁸ U.S. Energy Information Administration, 2013, p. 9.

Chapter 3: Literature review

This research aims to find an answer on the question *How did Turkey diversified its energy supply sources, and how can this be explained?* In order to answer this question, Turkey's energy policy needs to be analyzed. In this chapter, I will briefly discuss the theories¹⁹ that are adequate to analyze energy policy, and subsequently, I will make a selection of relevant theories for this research. In order to analyze the development of Turkey's energy policy, theories to analyze foreign policy will be selected. Energy policy has an international dimension: oil and natural gas reserves are concentrated in small geographic areas such as the Middle East. Consequently, most states are thus dependent on the importation of natural resources.

It is crucial to know what the study of foreign policy entails: what is it that has to be explained? A theory of foreign policy 'makes determinate predictions for dependent variable(s) that measure the behavior of individual states'.²⁰ Walter Carlsnaes²¹ inventoried the contemporary theories useful to analyze foreign policy. He distinguishes two ontological and two epistemological dimensions, which are both neutral towards the substantive nature of foreign policy. This distinction allows Carlsnaes to systematically discuss the current state of affairs in the analysis of foreign policy. The discussion of the types of explanatory factors of foreign policy includes two fundamental dimensions. First, the ontological foundation of social systems: *individualism* or *holism*. Individualism takes the view 'that social scientific explanations should be reducible to the properties or interactions of independently existing individuals'. Holism holds that 'the effects of social structures cannot be reduced to independently existing agents and their interactions'.²² The second fundamental issue involves the epistemology of social agency, which can be viewed through either an objectivistic or an interpretative lens, i.e. 'to focus on human agents and their actions either from the "outside" (Weberian *Erklären*) or from the "inside" (Weberian *Verstehen*)'.²³ The two different epistemologies tell two different stories of foreign policy. One model of approaches is related to natural sciences, and the other finds itself more in the social realm where intersubjective meanings and social rules are the core.²⁴

The combinations of the two dimensions lead to a spectrum of feasible theoretical instruments to analyze foreign policy: structural perspective, social-institutional perspective, agency-based perspective, and the interpretative actor perspective.²⁵ Theories from IR can be grouped under these four perspectives. I will discuss them accordingly by a brief literature review.

¹⁹ Foreign Policy is also discussed by theories from Psychology. I will not discuss these theories here due to time constraints and it is not my area of expertise.

²⁰ Elman, 1997, p.12.

²¹ Carlsnaes, 2002.

²² Wendt, 1999, p. 26.

²³ The "outside" is also known as "explaining" and is associated with a positivist approach: the goal is to find causal mechanisms in social laws. The "inside" refers to "understanding": the goal is to find the individual and shared meanings that motivate actors in what they do. See Wendt, 1998, p. 102.

²⁴ Carlsnaes, 2002.

²⁵ Carlsnaes, 2002, p. 335.

Ontology	Epistemology	
	Naturalism/objectivism	Interpretativism
Holism	<u>Structural perspective</u> Realism, neo-realism, neoclassical realism, neo- liberal institutionalism,	<u>Social-institutional perspective</u> Social constructivism, discursive approaches
Individualism	<u>Agency-based perspective</u> Liberalism	<u>Interpretative actor perspective</u> Foreign Policy Analysis

Table 2: inventory international relations theories.

3.1 Approaches based on a Structural Perspective: *classical realism, neo-realism, neoclassical realism and neoliberal institutionalism*

Within this perspective, the link between actors and social structure, and thus action, is considered as a function of structural determination. Individual action is perceived as a ‘function of a pre-established order’.²⁶ Even though more theories than realism are grouped under this perspective, realism remains the best fit with a structural perspective. While realists were unable to predict and explain the end of the Cold War, realism remains a relevant theoretical approach in IR, and also to analyze foreign policy. Classical realists like Morgenthau²⁷ argue that international politics is ‘governed by objective laws [rooted] in human nature’. Giving meaning to foreign policy is more than examining facts; foreign policy is the choice among alternative meanings a rational statesman makes. In a neorealism’s view, the distribution of relative power between states is the defining factor for state behavior. The absence of threat to a (dominant) power explains the freedom in making decisions on foreign policy, and if anarchy threatens the power capabilities of a state a state has to act according to it. Thus, the process how foreign policy is made is characterized by constrained choices.²⁸ Neoclassical realists argue that “relative material power establishes the basic parameters of a country’s foreign policy”. The scope and ambition of a state’s foreign policy is pushed by a state’s place in the international system and its relative material power capabilities. The impact of those capabilities, however, is diffuse. Systemic incentives have to deal with intervening variables at the unit level before it actually affects foreign policy.²⁹ Neo-liberal institutionalists accept realists’ core proposition that anarchy obstructs international cooperation. They take a different position on the effect of institutions on state behavior:

²⁶ Carlsnaes, 2002, p. 336-337.

²⁷ Morgenthau, 2005, p. 4.

²⁸ Waltz, 1993, p. 79; Carlsnaes, 2002.

²⁹ Rose, 1998, p. 146.

while realists claim that institutions have limited impact on state behavior, the new liberal institutionalists emphasize the effect of institutions and practices on state behavior. The anarchic structure does indeed foster uncertainty and insecurity, but institutions and their provision in information and common rules are a condition for international cooperation.³⁰ However, more research is required to gain insights in the value of effects.³¹

3.2 Approaches based on an Agency-based Perspective: *Liberalism*

Agency-based perspectives ‘treat actors from the ‘outside’ as rational or cognitive agents in social systems’, this is similar to the structural perspective. The structural perspective and agency-based perspective, however, differ in their ontology. The “individual” is the primary source of social order. Ideas about the relation agent-social structure can be brought to explanations with regard to individual action. The liberal approach regards the preferences of a state, and not the international structure, as the defining factor of state behavior. A state requires a purpose to drive foreign policy action, and policy in general. However, this does not mean states can pursue their ideal policies: “instead, each state seeks to realize its distinctive preferences under varying constraints imposed by the preferences of other states”.³²

3.3 Approaches based on a Social-institutional Perspective: *Social constructivism*

This perspective presents the links between actors and social structure as a form of structural determination as well. Individual action is perceived in the same way as within the structural perspective. The difference between these perspectives is that action in a social-institutional perspective refers to processes of socialization instead of structural determination.³³ Processes of socialization are, in other words, learning and interaction.³⁴ Similarly to realism, constructivism has a broad spectrum of views. Foreign policy can be analyzed through human interactions. Human interactions create intersubjective meanings that form international relations where action is based upon.³⁵

3.4 Approaches based on an Interpretative actor perspective: *Foreign Policy Analysis*

In contrast to the agency-based perspectives, interpretative actor perspectives treat actors from the inside as ‘interpretative or reflective actors in an intersubjective world of meaning’. Similar to the agency-based perspectives, individuals are the primary source of social order. Houghton³⁶ describes Foreign Policy Analysis (FPA) as a ‘free-floating enterprise’, because scholars have difficulty to categorize this approach of foreign policy. Carlsnaes placed FPA under the interpretative actor perspective, but others have placed FPA under a liberal approach or as some kind of form of realism.³⁷ FPA assumes that human decision makers cannot be approached as a unitary rational actor similar to the state, and therefore connects the

³⁰ Grieco, 1988, p. 486.

³¹ Grieco, 1988; Stein, 2002, p. 212.

³² Moravcsik, 1997, p. 520.

³³ Carlsnaes, 2002.

³⁴ Carlsnaes, 2002, p. 339; Wendt, 1992, p. 391.

³⁵ Ruggie, 1998, p. 881; Wendt, 1999, p. 11.

³⁶ Houghton, 2007.

³⁷ *Ibid.*, p. 24.

social science foundation with contemporary IR theories: the study of both international and domestic politics.³⁸ The distinctive features of FPA are ‘factors that influence foreign policy decision-making and foreign policy decision-makers’.³⁹

3.5 Selection of approaches

I will try to find an explanation for Turkey’s diversification strategies from two-sides: from the international and domestic structures. The first approach I select is structural realism (or neorealism), which is one of the dominating theories in the field of international relations, and logically provided plausible explanations for state behavior. Structural realism is a “systemic theory” and will be used as the approach that will tell things about the effect of the international structure on state behavior.⁴⁰ A systemic theory only tells something about international outcomes without including the distinctive behavior of individual units.⁴¹ Foreign policy, however, is made by human decision makers who cannot be treated as a unitary rational actor like the state. Domestic politics, therefore, should be included in the analysis of foreign policy, because it studies ‘the process, effects, [and] causes of outputs of foreign policy decision-making’.⁴² In order to explain phenomena that occur at the systemic level, domestic structures – which consist of multiple factors – need to be analyzed. Domestic structures encompass “the organizational apparatus of political and societal institutions, their routines, the decision-making rules and procedures as incorporated in law and custom, as well as the values and norms prescribing appropriate behavior embedded in the political culture”.⁴³ Liberalism will be the second approach I select. This approach is considered as a major challenger of realism.⁴⁴ According to the liberal theory the behavior of state in international politics is embedded in the relationships with individuals and societal groups, and in the transnational context. Liberalism is a bottom-up view and employs domestic preferences into its state behavior.⁴⁵

These two approaches both represent a naturalistic epistemology, but differ in ontology; a holistic (structural realism) versus an individualistic (liberalism) approach. An interpretative epistemology is not chosen due time constraints. Also, because of insufficient skills in the Turkish language, researching intersubjective meanings and social rules is a difficult and risky affair. In the following chapter I will present the approaches thoroughly.

³⁸ Hudson, 2005, p. 2; Garrison, 2003, p. 155-56

³⁹ Hudson, 2005, p.2.

⁴⁰ Elman, 1996, p. 7; Wivel, 2005, p. 356.

⁴¹ Elman, 1996, p. 13.

⁴² Foreign Policy Analysis, 2014; Hudson, 2005, p. 5; Garrison, 2003, p. 155-56.

⁴³ Risse-Kappen, 1994, p. 209.

⁴⁴ Grieco, 1988, p. 486.

⁴⁵ Moravcsik, 1997, p.513-517.

Chapter 4: Theoretical Framework

In this chapter I will present a thorough discussion of the Structural Realist approach and of Foreign Policy Analysis. In the previous chapter is explained why these two theories are selected. These theories provide contrasting explanations: international or domestic mechanisms explain the development of Turkey's energy policy. In this chapter, each paragraph presents a theory and ends with a set of propositions. This chapter ends with a short conclusion and an introduction to chapter 5.

4.1 Structural realism

The publication of Kenneth Waltz' *Theory of International Politics* in 1979 initiated a long-lasting debate on realism' applicability to international relations. Several scholars within the realist tradition identified that realism – and for this study specific, structural realism – ‘suffers from indeterminacy when explaining foreign policy’.⁴⁶ Waltz himself acknowledges the shortcoming of structural realism, as he states: ‘we cannot predict how [states] will react to the [external] pressures without knowledge of their internal dispositions’.⁴⁷ The scholars are reluctant to apply structural realism as a study for foreign policy. I, however, will apply structural realism to study a foreign policy: the diversification of energy supply sources. In this short discussion I will highlight argument why structural realism is suitable for the analysis of foreign policies.

Some scholars reject that structural realism is not a study for foreign policy. Elman, for example, is a proponent of the inclusion of additional variables. In *Horses for Courses* he discusses several objections of the structural realism's suitability for foreign policy analysis, and he comes to the following improvements. Adequate specification of the variables and linkages, or adding more variables for greater control can help to improve the neorealist theory in predicting a single optimal behavior. This should lead to the “best choice” among alternative strategies, and thus presents a course of action a state best can follow under certain conditions.⁴⁸ According to Wivel, a state's course of action can be found through a phased realist foreign policy analysis, whereby the first phase is parsimonious and very general, and gradually more complexity is added to improve the explanatory power of the theory. Every step is a step away from the general theory, and one step closer to the specific explanations of foreign policy. Another objection Elman rejects, and on which Waltz replies, is that ‘unit-level influences will interfere to make systematically derived behavioral predictions inaccurate’.⁴⁹ This means domestic-level variables will make predictions of state behavior less solid. Critical neorealists ignore and exclude domestic-level variables, by writing determinate and “exhaustive” theories. But, a paradigm as neorealism, however, can afford sporadic inaccuracies in its outcomes. As long as the number of inaccuracies does not grow too large, and as an alternative paradigm does not provide better outcomes, neorealism can be used to

⁴⁶ Wivel, 2005, p. 359.

⁴⁷ Waltz, 1979, p. 79.

⁴⁸ Elman, p. 32

⁴⁹ Elman, p. 32.

predict foreign policy behavior.⁵⁰ Another group of neorealist scholars acknowledge the relevance of domestic-level variables, but ‘refuses to include them in their analysis’.⁵¹ According to Waltz, Elman mistakes theory for analysis. An analysis includes many variables, while a theory is simple in formulation. Waltz also adds that what should matter is what can be included in a theory, and not what should be excluded – in this case domestic-level factors.⁵² Other neorealists try to improve the inaccuracy of predictions by adding a limited number of domestic-level variables. Elman describes three potential problems of including domestic-level factors: ‘(1) the inclusion of additional variables will sacrifice parsimony; (2) after a point the inclusion of domestic-level variables removes a theory from the neorealist camp; and (3) the inclusion of domestic-level variables might amount to a regressive problem shift in Lakatosian terms’.⁵³ Waltz is mainly bothered with the second problem Elman distinguishes, as Elman regards theory as solely a selection of variables: ‘A theory (...) is not a collection of variables’.⁵⁴ If one thinks a variable belongs to a theory, it ‘requires showing how it can take its place as one element of a coherent and effective theory’.⁵⁵ However, this remains a problem without an imminent solution as neorealism aims to explain how external forces shape state behavior, and not the effects of internal forces. Only in case external forces prevail in the domestic structure, which rarely occurs, a theory of international politics needs “help”.⁵⁶ In other words, Waltz points that the theory of international politics should not include domestic-level variables, unless there is a very clear e.g. significant reason for it. Wivel, on the other hand, argues that pluralism is unavoidable in foreign policy analysis and could improve theoretical and methodological uncertainty as realists become more conscious of their theoretical and methodological choices.⁵⁷ It is important to provide an ‘accurate and consistent account of when systemic variable alone should suffice, and when domestic-level variables need to be included’.⁵⁸ Wivel distinguishes an additional challenge for neorealist theory as foreign policy analysis: ‘[combining] the realist emphasis on the continued importance of materialist factors with the observation that [material] factors are interpreted and perceived by human beings making foreign policy’.⁵⁹ This challenge can also be understood as the combination of materialist and idealist arguments. Wivel explains his definition of materialist and idealist variables as follow: ‘[materialist variables] are related to the capabilities or resources, mainly military, with which states can influence one another’, and ‘[idealist variables] are motives, that is, those basic psychological driving forces which determine which particular goals the actor will pursue, as well as beliefs held by individuals, that is, their world views, principled beliefs, and causal

⁵⁰ Elman, p 33.

⁵¹ Elman, p. 41.

⁵² Waltz, p.56.

⁵³ Elman, 2005, p. 38.

⁵⁴ Waltz, p.57.

⁵⁵ *Ibid.*

⁵⁶ *Ibid.*

⁵⁷ Wivel, 2005, p. 370-371.

⁵⁸ Elman, p, 40.

⁵⁹ Wivel, 2005, p. 373.

beliefs'.⁶⁰ Explicitly identifying the motivational assumption of actors will shed light on how foreign policy makers react on the changes in the international and domestic structures.⁶¹

4.1.1 The Regional Structure

International structure has an anarchic order. Anarchy suggests a system of self-help wherein states are first and foremost concerned with their own survival. The state of nature is one of high risks: bankruptcy could occur anytime, war can break out promptly, and supply of energy resources can be interrupted instantly. Threat is created by the existence of other states in the system. Behavior of states is conditioned by concerns of their own security.⁶² In an anarchic world there is not an 'overarching authority to prevent others from using violence, or the threat of violence, to destroy or enslave them'. States are 'preoccupied with power and security, (...) predisposed towards conflict and competition, and often fail to cooperate even in the face of common interests'.⁶³

Further, major units – or, states – define the international structure. All units in the system are functionally similar. The international structure changes when the distribution of economic and military capabilities among the units changes. An example of a profound change in the international structure is the end of World War II that transformed the multipolar world – with the United Kingdom, France, Soviet Union (USSR) and the United States of America (US) as great powers – into a bipolar world with the USSR and US as the remaining great powers. The former great powers were economically and military weakened, while the USSR and US came out stronger. The different systems of polarity should lead to different behavior among states. Structures can also change by imposed requirements on states, where those previously could decide for themselves.⁶⁴

This research will focus on the regional structure, as this is the space were Turkey operates. Also, world's energy reserves are located in Turkey's geographical proximity.

4.1.2 Relative gains

States are concerned with relative gains in their decision-making: their position vis-à-vis others in the system matters.. States are positional in character. The drive of survival makes states sensitive to erosion in their relative capabilities, which form the basis for their security and independence in the anarchic system. Therefore, 'states seek to prevent increases in other actors' relative capabilities' and their own 'performance in any relationship' is always assessed 'in terms of the performance of others'.⁶⁵ If a partner in a cooperative agreement achieves relatively greater gains than the state itself, the fear exists that the 'joint gains that advantage a friend in the present might produces a more dangerous potential foe in the future'.⁶⁶ Concerns for relative gains may impede the willingness of a state to cooperate even

⁶⁰ Wivel, 2005, p. 368.

⁶¹ *Ibid.*

⁶² Waltz, 1979, p. 102-111.

⁶³ Grieco, 1988, p. 486-487.

⁶⁴ Waltz, 1979, p. 108.

⁶⁵ Grieco, 1988, p. 499

⁶⁶ *Ibid.*

though a cooperative agreement would provide a state with absolute gains. Fear exists that cooperation threatens a state's survival as independent actor. Becoming too dependent is a security concern for a state. Consequently, 'a state will decline to join, will leave, or will sharply limit its commitment to a cooperative arrangement if it believes that partners are achieving, or likely to achieve, relatively greater gains'.⁶⁷ Thus, apart from their own payoffs states care about the payoffs of other actors in a cooperative agreement. States seek to ensure that partners in a cooperative agreement keep their promises, and that the collaboration results in "balanced" or "equitable" achievements of gains. This means that the distribution of gains among the participants maintains the balance of capabilities as it was before the cooperation.

The sensitivity of a state to the gap between the other's and its own payoffs will be greater if: '(1) a state's partner is a long-term adversary rather than a long-time ally; (2) if the issue involves security rather than economic well-being; (3) if the state's relative power has been on the decline rather than on the rise; (4) if payoffs in the particular issue-area are more rather than less easily converted into capabilities within that issue-area; or (5) if these capabilities and the influence associated with them are more rather than less readily transferred to other issue-areas'.⁶⁸

Relative gains can be a good explanation for the diversification of energy supply sources, if I can observe that Turkey is willing to give up on the cheaper Russia natural gas, and instead chooses an expensive alternative. So, the more important the relative gains vis-à-vis Russia are, the more Turkey is willing to give up on absolute welfare.

In brief, state A is willing to give in one dollar, as this would mean that state B gives in more than one dollar. The willingness to give in one dollar increases if relative gains become more important. If it concerns a situation in which relative gains are not important, state A is not concerned with state B's achievements. State A only has to decide whether it wants to cooperate with state B or not. State A will trade with state B if it achieves benefits for its own economy, even if state B's benefits are larger. In this situation, state A is only concerned with absolute gains⁶⁹.

4.1.3 Balancing behavior

Uncertainty about others' behavior derives from a state's inability to predict or control other states' interests and future leadership. As Waltz puts it: 'uncertainty is a synonym for life, and uncertainty is at its greatest in international politics'.⁷⁰ The system of self-help⁷¹ and the anxiety of unwanted consequences lead to balancing behavior of states: states prevent upsetting the balance of power by a potential hegemon. Balances of power give an explanation for the outcomes of states' actions, '(...) and those [outcomes] may not be foreshadowed in any of

⁶⁷ Grieco, p. 499; Powell, 1991, p. 1303

⁶⁸ Grieco, p. 501.

⁶⁹ See Powell, 1991 for a discussion on relative and absolute gains.

⁷⁰ Waltz, 1993, p. 53

⁷¹ 'A self-help system is one in which those who do not help themselves, or who do so less effectively than other, will fail to prosper, will lay themselves open to dangers, will suffer' in Waltz, 1979, p.118.

the actors' motives or be contained as objectives in their policies'.⁷² Thus, policies with the purpose to balance other states do not reveal the aim of balancing. It is necessary to understand what "unwanted consequences" are. The core idea of balance of power is that hegemonies do not form in a multipolar world because the perceived threat of hegemony in the international system results into balancing behavior among other powers in the system.⁷³ In other words, the end of states to survive leads to balancing behavior. States control threatening concentrations of power by: (1) mobilizing their own means (internal efforts) - such as increasing military strength and economic capability; (2) external efforts - such as building alliances with other units or weaken opposing alliances; and/or (3) emulation – 'adopting the successful power-generating practices of the prospective hegemon'.⁷⁴ Mearsheimer adds a fourth measure for making balancing work: 'send clear signals to the aggressor through diplomatic channels that they are firmly committed to maintaining the balance of power, even if it means going to war. Emphasis lies on confrontation not reconciliation.'⁷⁵

4.2 Liberal theory of international politics

State behavior is shaped by 'the relationship between states and the surrounding domestic and transnational society in which [states] are embedded'.⁷⁶ The society influences the state preferences under the pretext of social purposes. States are "functionally differentiated", which means 'they pursue particular interpretations and combinations of security, welfare, and sovereignty preferred by powerful domestic groups enfranchised by representative institutions and practices'.⁷⁷ In this, they differ from realists who aim to maximize security. In the liberal view, trade-offs among goals as security, sovereignty or economic welfare are not uncommon. Moravcsik distinguishes three core assumptions of the liberal theory: the primacy of societal actors, political institutions, and interdependence. These assumptions will be discussed in the subsequent subparagraphs.

4.2.1 Societal and interest groups

Individuals and interest groups are the fundamental actors of international politics in the liberal perspective. These individuals and interest groups 'act rationally in the pursuit of material and ideal welfare' under the constraints 'imposed by material scarcity, conflicting values, and variations in societal influence'.⁷⁸ Scarcity and differentiation result in a variety of interests among the individuals, which are independently constructed of politics. The notion of scarcity is relevant for this case, as energy is a scarce resource. According to liberalists, extreme scarcity 'tends to exacerbate conflict over resources by increasing the willingness of social actors to assume cost and risk to obtain them'.⁷⁹ Individuals push their interest through 'political exchange and collective action'.⁸⁰ In other words, individuals and interest groups

⁷² *Ibid.*, p. 118.

⁷³ Wohlforth et al, 2007, p. 156.

⁷⁴ Wohlforth et al, 2007, 157; Waltz, 1979, p. 118; Mearsheimer, p. 156-57.

⁷⁵ Mearsheimer, p. 157.

⁷⁶ Moravcsik, 1997, p. 516.

⁷⁷ *Ibid.*, p. 520.

⁷⁸ Moravcsik, 1997, p. 516-17.

⁷⁹ *Ibid.*, p. 516.

⁸⁰ *Ibid.*

lobby governments and politicians to get the policies that advance their interests. An example is the effort Greenpeace and other anti-nuclear movements put to let governments abandon the nuclear industry. Successful campaigns include: ‘a six-month long Quit Coal campaign (...), [where] the Greek government is not considering coal or nuclear power as part of Greece's energy future’ in 1997; ‘a national coalition of environmental and civic groups which on May 20th unanimously petitioned the [Spanish] government to deliver on election promises of “safer, cleaner, cheaper energy”’, that lead to a phase-out of the nuclear industry in Spain.⁸¹ Business groups and communities depending on nuclear energy do the reverse; they lobby governments in favor of nuclear energy, which happened when Japan intended to phase-out the nuclear industry after the Fukushima disaster.⁸²

4.2.2 Political Institution

States are not actors but representative institutions, and its preferences⁸³ are defined by the subset of domestic society it represents. Individuals turn to the state to advance their own preferences, as they cannot achieve it efficiently themselves. Government policy, therefore, compels to ‘underlying identities, interests, and power of individuals and groups (inside and outside the state apparatus) who constantly pressure the central decision makers to pursue policies consistent with their preferences’.⁸⁴ The state is subjected to ‘capture and recapture, construction and reconstruction by coalitions of social actors’, which means preferences and policies change regularly.⁸⁵ A universally representing government is a *utopia*, so it occurs some individuals or groups are better represented than others. The nature of the political institutions is an essential determinant of how states behave internationally, and so it influences foreign policy and strategic interactions. Representation involves ‘characters of the political process, formal or informal, that privilege particular societal interests’.⁸⁶ There exist many forms of political institutions, of which autocracy and democracy are the opposing poles on the spectrum.⁸⁷ State behavior of authoritarian regimes can be explained by a few accounts. Before elaborate further on these accounts, one should be aware that authoritarian regimes could be classified as military regimes, single-party regimes, personalist regimes, or as a mixture of the pure type.⁸⁸ These forms of authoritarian regimes suggest that policy is the will of a dominant. A motive to control policy is the pure enjoyment of control and power.⁸⁹ Nevertheless, an authoritarian leader is still in need of support, and often there is a struggle of power within these regimes. So, support of key elites and figures is important. Intensification of elite rivalries or policy differences between these figures can result in a regime breakdown.⁹⁰ A likely scenario would be a coup by other officers in a military regime, or

⁸¹ Greenpeace, 2014.

⁸² Tabuchi, 2012

⁸³ Liberal theory focuses on “fundamental preferences” which are ‘a set of fundamental interests across “states of the world”, (...) and are by definition causally independent of the strategies of other actors and, therefore, prior to specific interstate political interactions, including external threats, incentives, manipulation of information, or other tactics’. See: Moravcsik, p. 519.

⁸⁴ *Ibid.*, p. 518.

⁸⁵ *Ibid.*

⁸⁶ *Ibid.*, p. 518.

⁸⁷ Moravcsik, p.518.

⁸⁸ Geddes, p. 122.

⁸⁹ *Ibid.*, p. 129.

⁹⁰ *Ibid.*, p. 131.

succession of key individuals by other individuals in the personalist and single-party regimes. Another scenario would be a process towards democratization, which starts with allowing opposition. But also collective pressure of citizen by mass-protest can result in a regime breakdown. In contrast with authoritarian regimes, a democratic institution has different accounts for policy choices. Democratic regimes can be classified as a direct democracy or a representative democracy. Both classifications are sub-classified in different ways e.g. popular democracy or (il)liberal democracy. In a direct democracy, people have the opportunity to participate in decisions that form public policy, for example by means of a referendum people vote to approve legislation. In indirect democracies, people vote on a candidate or a party that represents what people think a government should (not) do. Public opinion is therefore the an account of democratic regimes. Public opinion is an important factor that affects politicians⁹¹. Elections or referenda are the mechanisms through which people can express their preferences and influence politicians and public policies. Behavior or choices made by political leaders in a democracy are constrained by public accountability and monitoring. Further, the ability of political leaders, which is visible in actions and performances, also affects the policy outcome. If people are dissatisfied with policy it can result in poor electoral prospects.⁹²In non-democracies, leaders are less limited in their choices because they do not require the support of the public. Political support, power and ability of elected leaders and their constituencies, voting rules and party systems all affect public policies.⁹³ But even if a government institution is ‘formally fair and open, a relatively inegalitarian distribution of property, risk, information, or organizational capabilities’ can result into ‘social or economic monopolies’ that influence state policy.⁹⁴

4.3 Propositions

This chapter makes a distinction between a holistic and an individualistic approach: Structural Realism and Foreign Policy Analysis. Structural realism stresses that state behavior can be explained by their search for security. This can be achieved as states maintain or improve their position in the international structure. Factors such as behavior of other states, and the conditions of the international structure influence the search for security. Foreign Policy Analysis on the other hand, focuses on actions that happen within the state. Most important factors that influence policy behavior are the government form and societal or interest groups. For each theory, propositions are formulated.

4.3.1 Propositions for Structural Realism

SR1: A change in the regional structure diversifies Turkey’s energy supply sources

SR2: Turkey’s concern of relative gains diversifies the Turkey’s energy supply sources

SR3: Balancing behavior of Turkey results in the diversification of energy supply sources

⁹¹ Envagelista, 1997, p. 211, 217; Foyle, 2003, p. 165.

⁹² Smith, 1998, p.623.

⁹³ Gourevitch., p. 311-312.

⁹⁴ Moravcsik, p. 518.

4.2.3 Propositions for the Liberal theory

L1: *Pressure of interest groups diversify Turkey's energy supply sources*

L2: *The characteristics of Turkey's political institutions diversify Turkey's energy supply sources.*

These propositions are part of an “inferential leap”, and are used to compare theory with the empirical observations. In the following chapter, I will elaborate further what this “inferential leap” involves.

Chapter 5: research design

In chapter 4, propositions from the theory are presented. These propositions belong to an “inferential leap”, which is part of a “research design”. In this chapter I will discuss the available research designs, and subsequently outline the choice of most appropriate design for this study. The discussion of available research designs will focus on non-experimental designs. The independent variables of this study cannot be controlled for and be subject to experimental manipulation, because they simply exist in nature.⁹⁵

5.1 Discussion of available non-experimental designs

Experimental designs are sometimes not applicable to phenomena researchers would like to study. Alternatives for experimental designs are observational studies that emulate experiments. The observational study observes the world in the way it exists, and it compares between either individual units or an aggregated quantity varying over time. Within observational studies, cross-sectional observational studies and time-series observational studies are the ideal types of designs.⁹⁶ Cross-sectional observational studies focus on the variation between individual spatial units – like citizens, elected officials, voting districts, or countries – for a single time unit. The cross-sectional study examines thus “a cross-section of social reality (...) and explains the variation in the dependent variable across them”.⁹⁷ An example of a cross-sectional study is ‘what is the connection between the preferences of voters from a district (X) and a representative’s voting behavior (Y)?’. Kellstedt and Witten: . The second pure example of an observational study is the time-series observational study, which focuses on variation within a single spatial unit over multiple time units. In this type of study a researcher is able to examine the variation within a single spatial unit over a longer time.⁹⁸ An example: How do changes in the media coverage about the economy (X) affect public concern about the economy (Y)?

The observational studies are example of large-N studies, which use multiple cases to test the explanatory power of independent variables. The general idea is that the independent variable co-varies with the dependent variable, and therefore a large-N observational study requires a high amount – at least 50, and in cases of survey data thousands - of cases or observations. The large-n studies seek to ‘achieve and increase the validity of causal inferences by increasing the number of cases and data-set observations’.⁹⁹ A large-N design is preferable when the available information is comparable and sufficient quantifiable. These observational studies are factor-centric and aim to “estimate the direction and size of particular causal effects of one ore a few independent variable on the dependent variables”. The opposite of observational studies have a small number of observations or cases and are outcome-centric: case studies. Case studies are in-depth analysis of cases, while observational studies are more focuses on broad findings. This type of small-N research can lead to precise causal stories of

⁹⁵ Kellstedt/Witten, 1997, p. 84-85

⁹⁶ *Ibid.*, p. 88.

⁹⁷ *Ibid.*, p. 91-91

⁹⁸ *Ibid.*

⁹⁹ Gschwend/Schimmelfennig, 2007, p. 10-12

one or a few causes. Generalization of the findings to a large population is thus not in order.
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There are three types of case study designs: the co-variational analysis, causal-process tracing, and the congruence analysis. A co-variational analysis is used to find out whether a specific factor has a significant effect – or makes a difference – in social reality or not. This analysis basically ‘presents empirical evidence of the existence of co-variation between an independent variable (X) and a dependent variable (Y) to infer causality’.¹⁰¹ This approach is an X-oriented case study research, which does not reveal directions or values of a causal relation.¹⁰² It is therefore recommended to complement a co-variational analysis with causal-process tracing or congruence analysis for more fruitful conclusive results.¹⁰³ The second design is causal-process tracing, which traces the causal mechanisms for a certain outcome. Contrary to the co-variational analysis, causal-process tracing is a y-oriented approach. This design characterizes itself through ‘configurational thinking’, which is the assumption that “explanations should begin with the assumption that a plurality of causal factors work together to create an outcome”. Causal-process tracing also takes further advantage of the fact that “causality plays out in time and space”.¹⁰⁴ The final case study approach is the congruence analysis. This approach can provide “empirical evidence for the explanatory relevance or relative strength of one theoretical approach in comparison to other theoretical approaches”, by comparing empirical observations with theoretical deduced expectations.¹⁰⁵ This study aims to test the explanatory power of a theory in comparison with another theory, and thus a congruence analysis will be used. In the following paragraph I will argue why this research design is appropriate.

5.2 Congruence analysis

A small-N study, and in specific a case study, is the appropriate research design for this study, as it contains the analysis of one case: the diversification of energy supply sources. The goal of this study is an in-depth analysis of this unique phenomenon, and not to find a generalization for a larger population nor to measure the influence of certain variables. A large-N observational study is therefore not chosen. Moreover, the available information is not sufficient quantifiable and comparable. Furthermore, a small-N research is better in achieving concept validity in comparison with large-N research because “it focuses on [a single or] a few cases [which] allows variables to be conceptualized in complex and multidimensional ways”.¹⁰⁶

For this research a congruence analysis is chosen as a case study approach. It offers the most suitable way to study a single event and to determine the theoretical power of structural realism and foreign policy analysis. I collect empirical evidence “for the explanatory relevance or relative strength of one theoretical approach in comparison to other theoretical

¹⁰⁰ *Ibid.*, p. 8, 11, 14.

¹⁰¹ Blatter/Haverland, 2012, p. 33-35.

¹⁰² *Ibid.*

¹⁰³ *Ibid.*, p. 63.

¹⁰⁴ *Ibid.*, p. 81.

¹⁰⁵ *Ibid.*, p.144.

¹⁰⁶ *Ibid.*, p. 34.

approaches”. Pro-typically, the congruence analysis is an appropriate design to contribute to theoretical discourse on the importance of the specific theories chosen for a study. Furthermore, it is also applied for theoretical innovation to either develop a theoretical synthesis within or between paradigm, or to strengthen a relative position of theory in the theoretical discourse.¹⁰⁷ The purpose of this study is primarily to determine the theoretical power of the specific theories, but not necessarily to contribute to a theoretical discourse. This study focuses on the explanation of a specific case: the diversification of Turkey’s energy supply sources. The theoretical approaches are thus used to explain the empirical case, and the purpose of theoretical innovation or contribution can be disregarded.

5.3 Validity

A congruence analysis has two elements of control. The first is a vertical element of control and consists of two steps: deducing specific propositions from abstract theories¹⁰⁸, and comparing these deduced expectations with empirical observations. This is also known as an inferential leap. The second element of control is a horizontal element. This second element does not only highlights the link between theory and empirical observations, but also shows the higher level of empirical congruence of one theory compared to other theories. It is thus necessary to use at least two theories in the congruence analysis, to actually analyze the higher congruence of a certain theory. Involving empirical information and (at least) two different theories is also called a three-cornered flight.¹⁰⁹

Thus, the validity of this research relies mainly on the ‘three-cornered flight’. The application of two theories leads to a valid conclusion on the level of congruence of one of the two theories. This research will pay extra attention to the concept validity (“do the observations express the meaning of the abstract conceptualization in an accurate way?”), and invest extra in the explicit justification of interpretations that specific observation are indeed (dis)conforming the specific propositions and theories.¹¹⁰

5.4 Data collection

This research will be conducted through desk research. Hence, we are depending on secondary material from newspapers (e.g. Hurriyet Daily News, Today’s Zaman, Turkish Press, New York Times, the Guardian), journals (e.g. Turkish Studies, Insight Turkey, Energy Policy, International Organization, Foreign Affairs, Middle Eastern Review of International affairs, Middle East Policy, Global Governance) and official documents from governments or other international institutions (e.g. Turkish Ministries, International Energy Agency, European Union institutions). News articles will be accessed via Lexis Nexis, and opinion polls via e.g. Ipsos, International Republican Institute, EDAM Centre for Economics and Foreign Policy Studies.

¹⁰⁷ Blatter/Haverland, 2012, p. 150

¹⁰⁸ Propositions are formulations of causal connections between specific elements from the theories. Predictions are observable implications derived from the theories of what can be expected in the empirical world. A prediction is the connection between the empirical world and the abstract system of knowledge. These predictions are made at the most concrete level of abstraction, and are thus on the same level as empirical observations. Together, the propositions and predictions form the expectations.

¹⁰⁹ Blatter/Haverland, 2012, p. 146.

¹¹⁰ Blatter/Haverland, 2012, p. 166.

Chapter 6: Turkey and Energy Supply Policy

Answering the research question ‘*how did Turkey diversified its energy supply sources, and how can this be explained?*’ requires an inventory of energy policies of the period 1990-2012. Energy policy has a multi-faceted and context dependent character. Energy policies vary per country, depending on their needs, domestic energy resources, energy infrastructure, and several other factors. In order to systematically analyze policies, it is useful to understand what “energy policy” is. I will define energy policy as ‘interventions in the sectors of coal, electricity, oil and gas, as well as nuclear and renewable energy, and the activities aimed at improving energy efficiency in supply and consumptions’.¹¹¹

Before I continue to the empirical observations and analysis, one should be aware that diversification of energy supply sources can only be seen through “actual” policy actions. An example (not related to the case) to be more explicit: if Turkey includes the ambition to become the “largest renewable energy producer in the region”, I would expect Turkey conducts renewable energy policies. But, if Turkey does not construct any wind turbines, solar panels or any other renewable energy plant to “implement” this ambition, then its not policy.

6.1 Energy Mix

6.1.1 Non-renewable sources

Oil

In the 1990s, oil was Turkey’s main source of energy. Most oil is imported mainly from Saudi Arabia, Iran, and the United Arab Emirates. But also Libya, Algeria, Syria, Egypt and Russia supplied Turkey with oil.¹¹² Iraq is also a supplier of crude oil, though its means of transportation – by pipeline – was regularly cut off.¹¹³ Oil sources from the Caspian are in particular interest of Turkey. In 1994, Turkish State Petroleum Company (TPAO) joined the Azerbaijan International Operating Company (AIOC) to develop three offshore fields in the Caspian Sea.¹¹⁴ Since 2005, additional oil supplies come from the Azeri Caspian reserves.¹¹⁵

Natural Gas

Natural gas is currently the main source of energy. In the 1990s, its share in primary energy consumption was increasing rapidly.¹¹⁶ Natural gas consumption started in 1987 with the completion of the first natural gas pipeline (West pipeline) from Russia. Since 1990, Turkey imports additional natural gas supplies from Iran, Azerbaijan, and Russia. Algeria, Nigeria and Qatar deliver liquefied natural gas (LNG) to Turkey’s coastal LNG terminals.¹¹⁷

¹¹¹ McGowan, 1996 in Prontera, 2009, p.: 2.

¹¹² Demirbas, 2001, p. 1242.

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¹¹⁴ Demirbas, 2002, p. 1882.

¹¹⁵ Baran, 2005, p. 103.

¹¹⁶ Kilic, 2006, p. 1932.

¹¹⁷ International Energy Agency, 2013, p. 16; Hacisalihoglu, 2008, p. 1870.

6.2 Energy infrastructure

The energy infrastructure includes all the means of transmission and distribution of energy: pipelines, grid, ports and pumping stations are examples. For this research, I will focus only on the pipelines as these indicate whether or not supplies are diversified.

6.2.1 Natural gas supply infrastructure

Currently, Turkey has nine points where natural gas enters or leaves the country: four international pipelines, two LNG terminals, two domestic production areas and one storage facility. Turkey has two LNG terminals. The Marmara Ereğlisi LNG terminal was constructed in 1994 and is operated by BOTAS. The Aliaga LNG Terminal was completed in 2002, and is operated by Ege Gaz.¹¹⁸ Furthermore, Turkey lacks adequate gas storage facilities. The storage facilities are limited to Silivri with a capacity of 3bcm. An additional storage facility in Tuz gölü is yet to be built.¹¹⁹

Turkey's completed natural gas pipelines transport Russian, Azeri and Iranian gas to the Turkish, European and other market via the East – West and North – South corridor. Table 3 provides an overview of natural gas pipelines constructed between 1990 and 2012 in Turkey, and pipelines, which are either projected or under construction between 1990 and 2012.

Iran – Turkey Pipeline

Russian gas constituted for 75% of Turkey's natural gas supplies. In 2000, Turkey's gas demand was expected to be 27 Bcm, and 52 Bcm in 2010. A pipeline between Iran and Turkey would deliver 10 Bcm natural gas of the total demand.¹²⁰ Fully operational in 2001, the Iran – Turkey pipeline immediately made Iran Turkey's second largest natural gas supplier. The first discussion involved a Turkmenistan – Iran – Turkey pipeline, and was sponsored by the US Secretary of State Alexander Haig in 1993.¹²¹ Iran agreed with Turkmenistan on the construction of a natural gas pipeline in 1994. An interconnecting line would, eventually, deliver Turkmen natural gas to the western markets via the Iran – Turkey pipeline. In July 1996, Iran and Turkey signed a \$23 billion deal for the delivery of Turkmen and Iranian natural gas over 25 years via this pipeline. While Turkey agreed with Turkmenistan on a 30-year gas delivery in that same year, a full operating connection between Turkmenistan and Turkey collapsed.¹²²

Baku-Tbilisi-Erzurum Pipeline (or South Caucasus Pipeline)

The BTE pipeline transports natural gas from the Shah Deniz gas field to Erzurum in Turkey, and runs parallel to the BTC pipeline. SCP is part of Shah Deniz Phase 1, and intend to be the first part of the TCGP or the EU-promoted “Southern Corridor”. Gas from BTE to the European will be distributed via the Turkey-Greece-Italy pipeline. In September 2006, first

¹¹⁸ IEA, 2013, p.: 16.

¹¹⁹ Bilgin, 2006, p.: 124; Hürriyet DailyNews, 2014; IEA, 2013, p.: 16.

¹²⁰ Calabrese, 1988, p. 83-84; Olcott, 2006, p. 213.

¹²¹ Olcott, 2006, p. 213.

¹²² Daly, 2013; Larrabee, 2007, p. 108; Calabrese, 1998, p. 83-84; Olcott, 2006, p. 203, 213.

gas was delivered to Georgia. In July 2007, gas was transported to Turkey for further distribution. Until now, BTE does not transits natural gas from the Central Asian states.¹²³

Blue Stream

The Blue Stream pipeline became operational in March 2003, and runs from Olilnoye (Russia) via Dzughba (the Black Sea) to Samsun up to Ankara. Blue Stream roots in a 1997 intergovernmental agreement between Russia and Turkey for the delivery of 16 bcm additional gas. Italian Eni joined the project as it could construct a deep-sea pipeline. In terms of engineering, Blue Stream is a success; commercially it is less successful. Due poor strategic planning and a staggering economy, natural gas demand turned out lower. Turkey had a gas glut. In April 2013, gas deliveries were temporarily cut-off, because Turkey demanded lower supplies and price revision.¹²⁴ Furthermore, the plans of the Blue Stream pipeline evoked much criticism among the Turkish public and opposition parties. Primary concern is its overdependence on Russian gas supply.¹²⁵ An alternative for the Blue Stream could have been the Trans-Caspian Gas Pipeline Project (TCGP), initially suggested by the U.S. who was looking for additional supplies for the BTE and BTC pipelines. Turkmenistan and Turkey signed an agreement in November 1998, to construct a pipeline for the delivery of 30 bcm natural gas.¹²⁶ Russia and Iran opposed the TCGP, the BTE and Blue Stream project continued, and so TCGP was suspended: Turkmen gas was no longer needed. In 2006, the EU had newfound interest in the TCGP and has a negotiating mandate.¹²⁷

Turkey – Greece Interconnector

The Turkey – Greece Interconnector incorporates Turkey’s energy network with EU’s energy network, and is part of EU’s “Southern Corridor” In 2003, the intergovernmental agreement to build a pipeline, which transports gas from the Shah Deniz field between Karacay and Komotini, was signed by Turkey and Greece. The inauguration of the pipeline was in 2007.¹²⁸

Lastly, the Nabucco Gas pipeline is one of the largest cancelled projects to transport Caspian natural gas via Turkey to Europe. The original Nabucco project was a proposed natural gas pipeline from Ahibaz (Turkey) through Bulgaria, Romania and Hungary to Baumgarten an der March in Austria. Nabucco would connect with the BTE and with a to-constructed pipeline from Iraq. Main supplier for the Nabucco pipeline would be Iraq, with potential additional supplies from Azerbaijan, Egypt and Turkmenistan. The original Nabucco project, however, was modified into the Nabucco-West Pipeline (Turkey-Austria Pipeline) project, as the original project faced many challenges. Nabucco-West is a scaled down pipeline of its initial idea, and would connect with TANAP.¹²⁹ The remaining part of Nabucco, however, dropped eventually as well. The Shah Deniz Consortium II favored TAP over Nabucco West

¹²³ Umucu, Altunisik & Kok (2011), p. 381; Müftüleri-Bac/Baskan, 2011, p. 367-68;

¹²⁴ Victor/Victor, 2006, p. 144-45.

¹²⁵ Bacik, 2001, p. 90.

¹²⁶ Bacik, 2001., p. 91; Olcott, 2006, p. 227.

¹²⁷ Van Agt, 2014, p. 56; Socor, 2006

[http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=31316#.VA82TWR_tiU]

¹²⁸ Emerson/Tocc, 2004, p. 105-06; Watkins, 2007; Winrow, 2007, p. 32-33. MFA, 2014.

¹²⁹ Chaffin, 2012.

to transport natural gas from Azerbaijan to Europe. The capacity of TANAP and TAP together is one third of the original Nabucco Pipeline. While Nabucco was a joint European project, TANAP and TAP are projects from Azerbaijan and Turkey.¹³⁰ Apart from the constructed natural gas pipelines and projected pipelines in table 3 where intergovernmental agreements are signed for, Turkey is exploring possibilities to transport natural gas from Qatar, Iran, Bulgaria and Iraq.¹³¹

Pipeline	Route	Status	Gas sources
Iran/Turkey	Tabriz(Ir)/Dogubayazit/Erzurum/Ankara(Tr)	Operational since 2001	Turkmenistan/Iran
BTE/SCP	Baku(Az)/Tbilisi(Ge)/Erzurum(Tr)	Operational since 2006	Azerbaijan
Blue Stream	Olilnoy/Dzughba(Ru)/Samsun/Ankara(Tr)	Operational since 2003	Russia
Turkey/Greece interconnector	Karacebay(Tr)/Komotini(Gr)	Operational since 2007	Azerbaijan
TANAP	Georgian-Turkish border/Edirne (Tr)	Projected	Azerbaijan Turkmenistan
TAP/ITGI	Greece/Albania/Italy	Projected	Azerbaijan Turkmenistan
Arab Gas Pipeline	Egypt/Jordan/Syria/Turkey	Projected	Egypt
TCGP	Turkmenistan/Azerbaijan/Georgia /Turkey	Projected	Turkmenistan Kazakhstan

Table 3: Overview constructed and projected natural gas pipelines¹³²

6.2.2 Oil supply infrastructure

Turkey has four refineries including storage capacities, two refineries under construction, three domestic crude oil pipelines, two international crude oil pipelines and several oil ports. The largest oil ports are located in Samsun, Mersin-Atas, Izmir/Aliaga, Izmit and Istanbul. Izmir and Izmit both have refineries in their ports, where crude oil is delivered via tankers. The other two refineries – Kirikkale and Batman refinery – are connected with the two international pipelines.¹³³

Baku-Tbilisi-Ceyhan Oil Pipeline

The BTC pipeline runs from the Caspian Sea through Azerbaijan and Georgia to the oil-terminal Ceyhan in Turkey. In the beginning of the 1990s, the idea emerged to transport Caspian crude oil via Turkey to European markets. Turkey as a transit route had to compete with (existing) Russian routes. Oil companies in the Azeri-Chirag-Guneshli (ACG) field had to decide whether or not to invest in the BTC pipeline. In 1995, the Azerbaijani International Operating Company (AIOC) preferred the cheaper and shorter option Baku-Supsa (Georgian Black Sea port) and Baku-Novorossiysk (Russian Black Sea port). From Supsa and

¹³⁰ Weiss, 2013.

¹³¹ Demirtaş, 2013; Carlisle, 2009; Carlisle, 2010; Today's Zaman, 2014; Hurriyet DailyNews, 2013, 2014a, 2014b

¹³² Bilgin, 2006; Daly, 2013; IEA, 2013; Tekin/Williams, 2009; Winrow, 2007; EC, 2013.

¹³³ IEA, 2013, p.: 8-9.

Novorossiysk, oil would be loaded on tankers and shipped via the Turkish Straits to the market. Initially, both Russia and Turkey were satisfied with this decision. However, once these pipelines started to operate, Turkey began to promote the BTC heavily due the sever risks increased tanker traffic brought to the Turkish Straits. In 1998 the project gained momentum: Azerbaijan, Georgia, Kazakhstan, Turkey, and Uzbekistan signed the Ankara Declaration, which was witnessed by the US. Strong commitments of Azerbaijan, Georgia and Turkey, as well as support of the US to make the BTC commercially viable, eventually changed the reluctant attitude of oil companies towards the BTC into more a more positive attitude. Intergovernmental agreement on the BTC pipeline was made in 1999. In 2005, the first oil was transported.¹³⁴ Russia and Iran were similarly tense over the construction of the BTC pipeline.¹³⁵

Kirkuk-Yumurtalik (Ceyhan) Oil Pipelines

This was the first constructed oil pipeline (1977) of Turkey. During the 1990s and at the beginning of the 2000s, the pipeline was regularly closed.¹³⁶ A second Kirkuk-Ceyhan pipeline completed in 2014, and transports crude oil from the semi-autonomous region of Kurdistan to Ceyhan.¹³⁷

Aside from these constructed crude oil pipelines, Turkey and Iraq (Kirkuk) are exploring the option to construct a third crude oil pipeline running from Southern Iraq via Kirkuk to Ceyhan. The Samsun-Ceyhan Oil Pipeline is a proposed pipeline route to reduce tanker traffic through the Turkish Straits. The pipeline started as a joint Turkey – Italy project between Calik Holding and Eni, and would pump Russian crude oil from the Black Sea port of Samsun to the Mediterranean port of Ceyhan. The project is currently delayed for and indefinite time.¹³⁸

Pipeline	Route	Status	Source countries
BTC	Baku(Az)/Tbilisi(Ge)/Ceyhan(Tr)	Operational since 2005	Azerbaijan (Kazakhstan)
Kirkuk/Ceyhan	Kirkuk(Iq)/Ceyhan(Tr)	Operational since 1977. Twin pipeline operational in 2014.	Iraq

Table 4: Overview of constructed and projected crude oil pipelines¹³⁹

6.3 Diversifying Energy Sources

The previous paragraphs present an inventory of policy actions Turkey undertook to diversify its energy supply sources. In the second half of the 1990s, objectives of energy policies include “adding new and renewable sources (...) to the process of meeting energy requirements; diversifying energy supplies and avoiding dependence on a single source or

¹³⁴ Babali, 2005, p. 38-39; Baran, 2005, p.: 105-8.

¹³⁵ Babali, 2005, p. 43; Baran, 2005, p. 115-16.

¹³⁶ Baran, 2005, p. 104; Fink, 2006, p.2; Larrabee, 2007, p. 105.

¹³⁷ Meric & Rudnitsky, 2013; Pamuk, 2014.

¹³⁸ Today’s Zaman, 2013.

¹³⁹ Baran, 2005; Fink, 2006; IEA, 2013.

country; and meeting demands as much as possible through indigenous resources”.¹⁴⁰ The trend of energy supply security through diversification continued in the 21st century. Policy objectives include ‘(1) providing diversity in resources by giving priority to the domestic resources, (2) increasing the share of the renewable energy resources within the energy supply, and (3) providing the diversity of resources in the area of oil and natural gas (...)’.¹⁴¹

These policy objectives are realized by increasing the variation in domestic energy sources (nuclear and renewable sources), and by diversifying the number of hydrocarbon suppliers. This is in particular the case for natural gas, as two countries account for a large share of natural gas. In addition to Russian and Iranian natural gas, Turkey receives natural gas from Azerbaijan and Turkmenistan. Also, in the near future supplies from Iraq can be added to this list. So, Turkey’s policy actions suggest that diversification of sources is clearly associated with diversifying the suppliers (of primarily natural gas) and diversifying the domestic energy sources. Nevertheless, natural gas still accounts for the largest share in the primary energy consumption of energy.

After the collapse of the USSR, two pipelines were running to Turkey: the Russia – Turkey ‘West’ natural gas Pipeline (1987) and the Kirkuk – Yumurtalik (Ceyhan) crude oil pipeline (1977).¹⁴² Since 1990, three natural gas pipelines and two crude oil pipelines are constructed to transport hydrocarbons to Turkey. The new constructed pipelines deliver natural gas from Iran (1997), Russia (2003) and Azerbaijan (2007). These four international gas pipelines have a total import capacity of 46.6 bcm. The pipelines that run from Russia cover 30 bcm.¹⁴³ Additional gas supplies come in the form of LNG. In 1994, Turkey signed a deal with Algeria to deliver 4.0 bcm of LNG for 20 years, and since 1999 Nigeria delivers 1,2 bcm LNG to Turkey for 22 years.¹⁴⁴

Two international oil pipelines run through Turkey, and deliver oil from Iraq and Azerbaijan: the Kirkuk – Ceyhan (1977)¹⁴⁵ pipeline and the Baku-Tbilisi-Ceyhan pipeline. Iran and Russia deliver crude oil via tankers¹⁴⁶.

¹⁴⁰ Demirbas, 2001, p.1252.

¹⁴¹ Ministry of Energy and Natural Resources (MENR), 2009.

¹⁴² Bacik, 2006, p 300; Kiliç, 2006, p.1933.

¹⁴³ IEA, 2013, p.16.

¹⁴⁴ Hacisalihoglu, 2008, p.1870.

¹⁴⁵ In 1987, a second pipeline that runs parallel to the 1977 pipeline was commissioned. This parallel pipeline was actually constructed in 2014, due political constraints such as war and terrorist attacks.

¹⁴⁶ Shaffer, 2006, p.100.

Chapter 7: Structural Realism and Turkey's energy supply policy

In this chapter the expectations deduced from Structural Realism will be compared systematically with the empirical observations. In every paragraph, a proposition will be compared with the empirical observations. First, the proposition is introduced. Second, empirical observations are described. Third, a comparison between the observations and propositions is made, which completes the inferential leap.

7.1 Regional structure

A change in the regional structure diversifies Turkey's energy supply sources

7.1.1 Empirical observations: The regional structure.

The international structure was bipolar during the Cold War, with the USSR and the US as super powers. On December 26, 1991, the USSR ceased to exist and broke apart in different independent republics.¹⁴⁷ The international structure transformed into a unipolar structure¹⁴⁸ with the US as the only superpower left: Russia did not have the capabilities the former USSR had.¹⁴⁹ Profound changes in Turkey's direct environment were noticeable, because many independent republics are located in this region. A power vacuum in the Caucasus and Central Asia is the most significant consequence of the collapse of the USSR. This brought foreign policy challenges and opportunities for both Turkey and Iran. Turkey as a military power and Iran as a nuclear power are designated to compete with Russia to fill in the vacuum, and determine the region's structure.¹⁵⁰ Resurgence of Russian power in 1993, however, aimed to limit opportunities for both Iran and Turkey. A Russian security and military doctrine aimed to minimize and exclude Turkish, Iranian and any other foreign involvement in the former Soviet region. Russia's political context was dominated by nationalistic sentiments, and the security and military doctrine had 'to deal with conflicts in Russia's periphery and protecting Russians abroad, and countering intrusion of other powers and alliances into the strategic space of the former Soviet Union'.¹⁵¹ The vacuum did not only lead to competition between Russia, Turkey and Iran for a regional power position, it also provided access to the region for actors such as the US, China, India and Pakistan.

Instability characterizes the region: many conflicts and disputes occurred, and affected relationships between states. An example of a significant conflict¹⁵² that affected the regional

¹⁴⁷ The new independent republics in this regional context are Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan in Central Asia, and Georgia, Armenia and Azerbaijan in the Caucasus.

¹⁴⁸ There exists agreement among scholars the unipolar system slowly but surely transforms into a multipolar system. See for example Nye, 2010, p. 3; Posen, 2009, p. 348; Layne, 1993, p. 5; Mastundo, 1997, p. 63-65; Schweller in Kapstein/Mastundo, 1999, p. 35.

¹⁴⁹ Waltz, 1993, p. 30-31, 52; Layne, 1993, p. 5; Posen, 2009, p.347

¹⁵⁰ Aras, 2000, p. 42; CNN, 2013.

¹⁵¹ Blank, 1995, p. 384, 392; Menon, 1995, p. 157-159.

¹⁵² Other conflicts in the Caucasus include the civil conflict between Georgia and South-Abkhazia and Abkhazia, which Russia strategically applied to put pressure on Georgia. In the North-Caucasus, which is technically Russia, ethnic conflicts among the Chechens, Ingush and North Ossetians are occurring. See more in Blank, 1996; MacNeil, 1998; and selected BBC articles (2008, 2012a, 2012b).

structure is the Nagorno-Karabakh War.¹⁵³ It began as a struggle over the Nagorno-Karabakh province – to a large extent inhabited by Armenians – for independence from Azerbaijan. The motives behind this war transformed from territorial control to control over Azeri oil and pipelines, and involved external actors as Russia, Iran and Turkey.¹⁵⁴ Another example is the war between Iraq and the US in the periods 1990-1991 and in 2003. The UN imposed several sanctions on Iraq as a consequence of these wars. Similarly, Iran had to deal with restrictions as it was alleged for developing a nuclear program.¹⁵⁵ Another dispute, though not physical, is the unresolved legal status of the Caspian Sea. After 1991, there is no agreement on the legal status of the Caspian Sea among the five littoral states. As this entails the maritime borders of the Caspian Sea, it has direct consequences for the ownership of the energy reserves in the Caspian Sea.¹⁵⁶

The power vacuum resulted in a region that fostered trafficking of weapons for mass destruction, and attracts terrorists and narcotics. Former Soviet states face ‘pervasive corruption, political repression, and the virtual absence of the rule of law’.¹⁵⁷ The ‘war on terror’, the wars in Iraq (1990-1991 and 2003), the instability of the new independent republics (including civil wars in Georgia, Armenia and Azerbaijan), and competition over resources are the result from these challenges.¹⁵⁸

7.1.2 Comparison proposition and empirical observations

The observations of the regional structure highlight several points: a change in the power structures and US presence.

Changes in the power structures

Freed from Soviet’s stranglehold, the new independent republics looked for alternative export routes for the Caspian energy sources. Turkey started to (re)build economic relationships with these states, and was successful with those states it share cultural and ethnic ties. Azerbaijan and Turkmenistan perceived Turkey as a potential route for their energy sources.¹⁵⁹ Turkey ‘jumped into the fray to control [the Caspian resources] from production to market’, and had several ambitions and objectives to transform Central Asia, the South Caucasus and Turkey into a political and economic unity.¹⁶⁰ Economic activities would be centered on the development of energy sources, of which Russia and Iran would be excluded from.¹⁶¹ The resurgence of Russian power in 1993 prevented Turkey from developing these plans further. By means of security and military doctrines, Russia secured its strategic interest in the former Soviet territory. The doctrines resulted from nationalistic sentiments and were the answer on

¹⁵³ The Nagorno-Karabakh conflict resulted in a ceasefire in may 1994. In the period 1991 – 1992 Russian troops interfered in the conflict.

¹⁵⁴ Blank, 1995, p. 402; Blank, 1996, p. 251.

¹⁵⁵ Kalicki, 2001, p. 128

¹⁵⁶ Bahgat, 2004, p. 123-26.

¹⁵⁷ Kalicki, 2001, p.121.

¹⁵⁸ For a discussion on interests of the different actors in the region, see: Menon, 2003, p. 187-189; Olcott, 2005, p. 334-335; Onis, 2001, p. 69; Weitz, 2006;

¹⁵⁹ Tekin/Walterova, 2007, p. 87-88

¹⁶⁰ Blank, 1996, p. 10.

¹⁶¹ *Ibid.*

Turkey's (and Iran's) assertiveness in the region to protect ethnic Russians.¹⁶² Russia showed occasionally it was able to use its control over the energy infrastructure to lead other states comply with Russian policies.¹⁶³ Russia did not tolerate the Turkish-Azeri plan to construct the BTC/BTE pipeline from Central Asia through Azerbaijan, because this would make Turkey predominant in former Soviet territory and exclude Russia in a regional energy economy. Russia defeated Turkey's grand design by aiding 'insurgents against the anti-Moscow Azeri government and supported Armenian forces in fighting against Azerbaijan'.¹⁶⁴ Russia held a monopoly on Caspian oil transportation until the Azerbaijan International Operating Company constructed a pipeline from Baku to Supsa (Georgia's Black Sea coast). The monopoly Russia had, allowed Russia to raise tariffs and constrain Caspian export as tools of pressure to win political or economic concessions from its neighbors. The construction of Baku – Novorossiysk is a result of Russian pressure. A consequence of this second pipeline is the intensified tanker traffic in the Turkish straits, which increased the risk of severe accidents for Turkey. Turkey started to actively promote the BTC pipeline, once the Turkish straits turned into a chokepoint. The commitment of Turkey to the BTC pipeline can be considered as an effect of Russian pressure, though indirectly. More evident, is the construction of the Blue Stream pipeline to appease Russia. Turkey took Russian opposition of the pipeline plans very serious; it agreed to construct the Blue Stream pipeline for Russian gas delivery in 1997 to reduce the bilateral tensions. The talks also lead to the acceptance of Russia as a stakeholder in the International consortium of the production and development of Azeri and Turkmen oil.¹⁶⁵ So, with the construction of the Blue Stream pipeline, Turkey did not enhanced the diversification of gas suppliers, and thus became more dependent on one supplier.

US presence in the region

The US was in a war with Iraq. The first war with Iraq, at the start of the 1990s, presented Turkey severe shortages in oil supply. The Kirkuk-Ceyhan pipeline faced restrictions due the ongoing war. This prompted Turkey to find additional energy sources to meet domestic energy demand. Supply of natural gas was the main solution (the BTC pipeline), and Turkey considered the development of domestic resources. The US also had an interest in a pipeline, which would bypass Russia. For the realization of the BTC pipeline, US presence played a decisive role. Deep financial and political commitment of the US was the decisive factor for oil companies to the construct the Baku-Tbilisi-Ceyhan oil pipeline. Also, it yielded Russia's (violent) opposition to the pipeline. In 1999, the intergovernmental agreement was signed between Azerbaijan, Georgia and Turkey under the auspices of the US. Kazakhstan signed the Istanbul Declaration for additional support of the BTC pipeline.¹⁶⁶ US support also contributed to the construction of the Baku-Tbilisi-Erzurum natural gas pipeline in 2007.¹⁶⁷ The second US-Iraq war ended with the removal of Saddam Hussein. Sanctions on Iraq deterred, and Turkey started to re-explore opportunities in natural gas and crude oil delivery

¹⁶² Blank, 1995, p. 384, 392

¹⁶³ Kalicki, 2001, p.123, 129.

¹⁶⁴ For an elaborated discussion of Russia's doctrine in the Nagorno-Karabakh War see Blank, 1996, p. 12-14.

¹⁶⁵ Baran, 2005, p. 115; Blank, 1996, p. 14.

¹⁶⁶ Winrow, 2004, p. 25-26; Kalicki p.:122; Baran, 2005, p.107.

¹⁶⁷ Baran, 2005, p.116.

from Iraq. A second Kirkuk-Ceyhan oil pipeline was possible after the sanctions on Iraq deterred.¹⁶⁸

Remarkably, US initiated negotiations with Turkmenistan, Turkey and Iran for the construction of a natural gas pipeline that would bypass Russia. While Iran faced severe restrictions, the US made this explorative meeting possible which eventually resulted in the Iran – Turkey natural gas pipeline.¹⁶⁹ With Iran (and later Turkmenistan) as a supplier of natural gas, Turkey diversified the number of natural gas suppliers, though in a small number.

In short, it can be said that changes in the power structure – the collapse of the USSR and the resurgence of Russian power – and the presence of the US in the region influenced the diversification of energy suppliers. These elements observed in Turkey's regional structure, primarily lead to a diversification of energy suppliers of hydrocarbons. Apart from the existing partnerships with Iraq (oil) and Russia (natural gas) – which both expanded – Turkey closed agreements with Azerbaijan, Georgia, Iran and Turkmenistan.

7.2 Relative gains

Turkey's concern of relative gains diversify Turkey's energy supply sources

7.2.1 Empirical observations

The sensitivity of a state to the gap between the other's and its own payoffs will be greater in five different cases.¹⁷⁰ Three of these issues concern Turkey: long-term adversary, security issues, and declining relative power.

The first issue, long-term adversary, requires a close look to the relationship with other actors in the region. As the regional structure is determined by the greater powers, I will look to the relations between Turkey and Russia, and Turkey and Iran. They are not only competing for influence in the region, but also for the ownership of pipeline routes and energy resources.¹⁷¹ Turkey and Russia have a long history of conflict, divergent views and structural differences. The Ottoman Empire and the Tsarist Russia, and the Soviet Union and NATO member Turkey were opposing actors. Rivalry continues, but in the last decades however, Turkey and Russia are exploring an economic rapprochement.¹⁷² The relation between Turkey and Iran is of another kind. In a distant history, the Persians and Ottomans knew a combative relationship characterized by mutual suspicion and hostilities. In the 20th century, the relationship between Iran and Turkey showed an ambiguous character, and its future is uncertain.¹⁷³

¹⁶⁸ Winrow, 2007, p. 34.

¹⁶⁹ Olcott, 2006, p. 213.

¹⁷⁰ These five cases can be found in paragraph 4.2

¹⁷¹ Blank, 1996, p.10; Olcott, 2006, p. 212.

¹⁷² Hill/Taspinar, 2006, p. 81; Tekin/Walterova, 2007, p. 89.

¹⁷³ Iran and Turkey were regional allies during the Cold War, and adopted a pro-Western strategic orientation. The Iranian revolution of 1979 challenged this relation. However, it showed resilience and the countries continued to cooperate in certain areas, despite their differences. See for an elaborated discussion of Turko-Iranian relations Calabrese, 1998.

The second issue that leads to a greater sensitivity is when issues involve security instead of economic well being. Turkey is concerned with three security issues. First, there is a rising demand of energy, and in particular gas, which can only be met via imported energy resources, because Turkey lacks indigenous energy sources.¹⁷⁴ Dependency on one or two large suppliers and the economic and political instable region the pipelines originating from Russia, Iran and Iraq pass, can prompt into an energy crisis for Turkey because natural gas has an important share in the energy mix.¹⁷⁵ Second, there is an increasing amount of oil, which is transported through the Turkish Straits. The Straits are congested it has become a chokepoint. The increased tanker traffic in the narrow Straits – especially under severe weather conditions – becomes unsustainable and is a major threat for the security of Istanbul.¹⁷⁶ Finally, the instability in Turkey’s proximity is a reason for security concerns. The emerged power vacuum in the Caucasus and Central Asia resulted in an area that fosters trafficking of weapons for mass destruction, and attracts terrorists and narcotics. The former Soviet states face “pervasive corruption, political repression, and the virtual absence of the rule of law”.¹⁷⁷

The last issue that leads to more sensitivity of relative payoffs involves the decline in relative power of Turkey. Directly after the Cold War, Turkey lost its strategic importance for the West because the direct enemy (Soviet Union) did not exist anymore. Turkey developed ‘a deep sense of isolation and insecurity’.¹⁷⁸

7.2.2 Comparison proposition and empirical observations

Turkey developed an overdependence on Russian natural gas. This is a security concern and increases the sensitivity towards relative gains. In 1992, Turkey proposed measures to diversify its energy suppliers and to become less dependent on Russia’s pipeline, running from Turkmenistan and Azerbaijan to Turkey. This pipeline would integrate Central Asia, the Caucasus and Turkey into an economic network, and would exclude both Russia and Iran deliberately.¹⁷⁹ Turkey did not succeed in constructing this pipeline, eventually, but it does reveal Turkey’s concerns with the position of Russia and Iran. Their historical relations, as described above, explain this. Turkey does not want Russia or Iran to profit from a potential viable pipeline. The construction of the BTC pipeline, which starts in 1999, also aims to ‘isolate Iran, curb Russia’s hold on regional energy supplies, create stronger links between Turkey and the countries of Central Asia and the Caucasus and free them from undue Russian influence’.¹⁸⁰ This means, Turkey wants to advance its own position vis-à-vis Iran and Russia by excluding them from the BTC pipeline. More evident, ‘the issue of direct economic

¹⁷⁴ Russia’s share comprises of 70% in 2002, 63-66% in 2007, and 58% in 2011. In 2011, 44 bcm was imported from Russia, which accounts for 98% of total gas demand. Iran has the second largest share which varies between 15-20% see Demirbas, 2002, p. 1884; Balat, 2010, p. 2002; Cetin/Oguz, 2007, p. 3857; IEA, 2012, p.14; Babali, 2009, p.28.

¹⁷⁵ Cetin/Oguz, 2007, p. 3866.

¹⁷⁶ Baran, 2005, p. 106, 117; Blank, 1996, p. 14; Tekin/Walterova, 2007, p.88-89.

¹⁷⁷ Kalicki, p.121.

¹⁷⁸ As a NATO member, Turkey was a strong ally in USSR’s proximity. Turkey was a major geopolitical asset for the West. See Tekin/Walterova, 2007, p.84; Onis, 2001, p. 66-67.

¹⁷⁹ Blank, 1996, p.10

¹⁸⁰ Jaffe/Manning, 2001, p. 143, 147; Onis/Yilmaz, 2009, p. 7-8.

benefits to Turkey was barely even mentions in the initial discussions [on the BTC pipeline]’.¹⁸¹ It was not certain whether the BTC pipeline would economically be beneficial for Turkey, but this was not an issue as Turkey was more concerned with the strategic and security advantages. Turkey recognized that control of energy transport corridors could be equally significant as control of energy supplies. This underpins the fourth case when there is sensitivity towards gaps between payoffs: ‘if payoffs in the particular issue-area are more rather than less easily converted into capabilities within that issue-area’¹⁸². In other words, Turkey develops capabilities if it controls energy transport corridors, and thus can position itself closer to Russia’s capabilities.¹⁸³ Turkey preferred Azeri natural gas to cheaper¹⁸⁴ Russian gas, to diversify its energy suppliers, and thus to contribute to its own energy security. It did not matter whether Turkey would loose ‘money’, as long as Russia or Iran would not benefit from this pipeline. And, in the end, Turkey would gain valuable capabilities from this pipeline to compete with Russia as a transit country.

In sharp contrast: motives behind the construction of the BTC pipeline differ with the motives behind the construction of the Blue Stream pipeline. Russia continues to be the largest supplier of natural gas to Turkey with the Blue Stream pipeline. This means Turkey keeps itself dependent on this single supplier. The Blue Stream pipeline and other pipelines originating from the North, serve Russian interests.¹⁸⁵ This explains something about the BTC pipeline. Turkey’s concern with relative gains is reflected in the construction of the BTC pipeline: it had to bypass Russia and Iran. Moreover, the BTC also required making Turkey less dependent on Russian natural gas. Hence, in this particular case, Turkey’s concerns of relative gains lead to diversification of energy suppliers.

The ambition to become a key-player in regional energy politics and to have global influence in the domain of energy¹⁸⁶ could provide additional clarification about Turkey’s concern of relative gains. Turkey repeatedly mentions its potential as energy transit corridor, since the 2000s. Contributing to global security by supplying the Western markets with energy resources, while gaining significance in the energy domain to increase its own energy security. One could easily think, Turkey is concerned with its position in the region vis-à-vis other key-actors in energy politics: Russia or Iran. Taking into account that Turkey lost strategic significance after the end of the Cold War – which is a decline in relative power and thus a reason to be extra sensitive for relative gains and losses – would suggest a further development of this corridor would be the result of relative gains. Yet, becoming a key-player in energy politics is the ‘means’ for ‘survival’: securing it can meet its own energy demand in the long-term. This means Turkey wants to achieve in absolute terms: a better position in the energy area to secure its own energy demand, and gaining revenues from the resale of resources. This means that Turkey is diversifying its energy supply sources not only to be

¹⁸¹ Baran, 2005, p. 103

¹⁸² See chapter 4.

¹⁸³ *Ibid.*

¹⁸⁴ Azeri gas is more expensive than the natural gas fields are yet to be developed, and infrastructure has to be constructed.

¹⁸⁵ Davutoglu, 2008, p. 91.

¹⁸⁶ Onis/Yilmaz, 2009, p.5; MENR, 2009.

secure of energy, but also to obtain a better position in the region. Turning the country into a transit country or energy hub shapes this “better position”.

7.4 Balancing behavior

Balancing behavior of Turkey results in the diversification of energy supply sources

7.4.1 Empirical Observations

Energy is a key factor for Russia: ‘it is the fate of the Russian economy’.¹⁸⁷ And so Russia is searching for economic hegemony in the former Soviet States of Central Asia and the Caucasus, to regain an important position. Policies for gaining economic hegemony vary, but mostly involve economic dependency or economic and military pressure.¹⁸⁸ An example includes ‘get them by their pipelines’, where Russia coerces Kazakhstan and Turkmenistan to deliver their natural gas and oil via the Russian pipeline network to Europe.¹⁸⁹ Russia also impedes competition with other natural gas producers, by buying Caspian gas for domestic consumption, to subsequently sell Russian gas to the key Western markets. In this way, Russia impedes competition with other natural gas producers.¹⁹⁰ Further, Russia depends on transit-countries such as Ukraine and Belarus to deliver natural gas to the Western market. If these states escape from Russian dominance, Russia will ruthlessly apply their influence on those states. A few examples point this out. Turkey, and also the EU, depends largely on Russian natural gas supplies. In 2009, the IEA labeled Russia as an unreliable supplier of energy, because of the Russia – Ukraine gas disputes.¹⁹¹ These disputes lead to several disruptions of energy supply to Ukraine, and even Europe. In 2006, Russia cut off all natural gas supplies passing through Ukraine for a few days. Countries in Western Europe saw their supplies falling by up to 40%. In 2008, Russia lowered the volumes of gas supplies to Ukraine leading to supply disruptions in 18 EU countries – including Turkey.¹⁹² Hostilities between Russia and Georgia broke out in 2008, with consequences for the supply of Caspian oil. Russia destroyed large parts of Georgia’s infrastructure, and there are conflicting reports whether Russia intended to target the BTC pipeline or not. The Georgian War had tremendous effects on the supply of Azeri oil, as the BTC pipeline stopped running and other oil transports were halted by Russian troops.¹⁹³ From these empirical examples, it can be said that Russia aims a hegemonic status in Central Asia and the Caucasus.¹⁹⁴

7.4.2 Comparison proposition and empirical observations

Turkey’s response on Russia, who has the objective to achieve economic hegemony in the former Soviet region, is increasing its external effort. The development of the BTC and BTE pipelines are the perfect examples of balancing Russian power. Turkey forms with Azerbaijan and Georgia a strategic partnership to make the pipeline viable, and thus interesting, for energy companies. The strategic partnership is also important for Azerbaijan and Georgia

¹⁸⁷ Jaffe/Manning, 2011, p. 133.

¹⁸⁸ See for more examples Blank, 1996, p. 18.

¹⁸⁹ *Ibid.*

¹⁹⁰ Jaffe/Manning, 2011, p. 142.

¹⁹¹ Waterfield, 2009.

¹⁹² BBC, 2006; Reuters, 2009.

¹⁹³ See for more: Saivetz, 2009, p.101-05.

¹⁹⁴ Allison, 2004, p. 278

because Turkey brings stability in the region, and potentially solutions to ongoing local problems. Russia, on the other hand, with great influence in the region would bring instability as appeared during the Georgian war. The prospect of Russia as the regional hegemon is thus a prospect of instability.¹⁹⁵ Extra support for the BTC pipeline from the US was decisive. By constructing the BTC and BTE pipeline, Turkey undermines Russia's 'monopoly' on energy transit routes. Similarly, the constructed pipeline with Iran and Turkmenistan contributes to the same end: it undermines Russia's monopoly on energy transit routes and at the same time Turkey proves itself as a competitor in the production of Caspian resources.¹⁹⁶ Turkey and Georgia have conflicting interests and this makes the competitions a balance-of-power game. In Turkey's view, the region 'is important both as a way to fulfill its own energy needs and as a place where significant profits may be generated by shipping oil and natural gas through Turkish territory to Western markets'.¹⁹⁷ The Turkey-Greece interconnector, TAP, TANAP and the Nabucco plans underpin this latter argument. Russia, on the other hand, perceives energy as the "fate for Russian economy".

It can be said, that balancing Russian hegemony indeed leads to diversification of energy supply sources, which are in this case energy supplies from Azerbaijan, Iran and Turkmenistan. However, the construction of the Blue Stream pipeline indicates different behavior. If Turkey was balancing Russia, it would not agree upon the construction of a pipeline that would deliver additional Russian gas supplies. First, this would empower the potential hegemon. And second, this would not lead to energy security because Turkey becomes more dependent of Russia.¹⁹⁸

¹⁹⁵ Bacik, 2001, p. 86.

¹⁹⁶ Fink, 2006, p. 1.

¹⁹⁷ Bacik, 2001, p. 87.

¹⁹⁸ Bacik, 2001, p. 89.

Chapter 8: Foreign Policy Analysis and Turkey's energy policy

In this chapter the expectations deduced from Foreign Policy Analysis will be compared systematically with the empirical observations. In every paragraph, a proposition will be compared with the empirical observations. First, the proposition is introduced. Second, empirical observations related to the causal and constitutive concepts are made. Third, a comparison between the observations and propositions is made, which completes the inferential leap.

8.1 Societal and Interest groups

Pressure of interest groups diversify Turkey's energy supply sources

8.3.1 Empirical evidence for interest groups' pressure

Directly after the collapse of the Soviet Union, non-governmental organizations including businesses and NGOs attempted to influence and develop close cultural and economic relations with the former Soviet states. They advocated for closer relations with these states.¹⁹⁹

Construction and energy companies in Turkey lobbied to consolidate their extensive investments in Russia. These investments include the construction of pipelines between Russia and Turkey.²⁰⁰ Oil companies are also concerned with the security of to-be-constructed pipelines. Further, they are reluctant for high costs and are only willing to join a relatively expensive project if it is subsidized.²⁰¹

8.1.2 Comparison proposition and empirical evidence

The most profound effect of interest groups, in particular of construction and energy companies, is the construction of the Blue Stream Pipeline. The Blue Stream project was a heavily debated pipeline among the Turkish public. A small group of lobbyists made work of the Blue Stream pipeline, so it is arguable the interest of this pipeline reflects the only the interests of a few.²⁰² Turkish construction companies such as Enka, Entes, Gama and Tekfen have used their political connections to influence this process, and also the energy companies Gazprom and Botas have their stake in the distribution of natural gas.²⁰³

The lobby efforts of the energy and construction companies, however, did not result in diversification of energy suppliers. In fact, the conclusion of several long-term sale and purchase agreements resulted in over-contracting: it imported more natural gas than it uses.²⁰⁴

8.2 Political institutions

The characteristics of Turkey's political institutions diversify Turkey's energy supply sources

¹⁹⁹ Onis, 2001, p.67.

²⁰⁰ Winrow, 2004, p. 27-28.

²⁰¹ Onis, 2001, p. 69.

²⁰² Bacik, 2001, p. 90-91.

²⁰³ *Ibid.*

²⁰⁴ Mozur, 2011; Winrow, 2004, p. 32; Winrow, 213, p.148.

8.2.1 Empirical evidence for Turkey's political institutions

1990s

Turkey's democracy is marked by political uncertainties and instabilities in the 1990s: governments did not finish their terms, a military installment and fear of losing its secular character.²⁰⁵ The military role is problematic for the Turkish democracy.²⁰⁶ In 1997 it committed a post-modern coup to safeguard the secular pillars of the state, and to secure the Copenhagen criteria for EU-membership.²⁰⁷ After the coup a new coalition government was installed via appointment. In this period, societal actors cannot evoke governmental responsiveness or accountability, and Turkey's political class 'operates in defiance of widespread public demands'.²⁰⁸ The political climate characterized itself by patronage politics. The political elite isolates itself from the public, which weakens responsiveness of society that cannot hold the government accountable for policies. The 1994 political crisis resulted in protests under the Turkish population.²⁰⁹ Restoration of morality in the public domain is practically impossible because the Turkish state is closed for and immune to public scrutiny.²¹⁰ The increasing influence of Islamic and nationalistic parties is the result of democratic shortfall of the government in the early 1990s

2002 onwards

In this period, Turkey's democracy enters a more stable period compared to the 1990s. The elections of 2002 were won with almost two-third of the parliamentary seats by the Adalet ve Kalkinma Partisi (Justice and Development Party, AKP) of Recep Erdoğan. The AKP is a social-conservative political party, which is often referred to as an Islamic party, and introduces a new stance in foreign policy behavior that can be characterized as pragmatic and flexible.²¹¹ AKP collected votes from centre-right voters, moderate Islamists, moderate nationalist and also from centre-left voters. The AKP is often described as the representation of the new middle-class. Supporters of the AKP are mainly the 'rural population, artisans and small traders in the cities, urban slum-dwellers, and the rapidly rising Islamist bourgeoisie'.²¹² These elections brought a single-party government.²¹³ The AKP is in power at the moment of writing. For almost 12 years, a single-party government is ruling the Republic. It is often said a third term for the AKP leads to a 'one man, one party' system.²¹⁴ The AKP conducted also an entirely different foreign policy than previous governments. Previous governments were either passive or reactive, while AKP conducts active foreign policy. Soft power and developing friendly relations with your neighbors (zero-problems), and 'developing relations

²⁰⁵ Macovei, 2009, p. 14.

²⁰⁶ In 1960 and 1980 the military staged full coups. In 1971 it staged a half-coup. The Turkish military acts as a "guardian" of the Turkish secular and unitary state.

²⁰⁷ Toprak, 2005, p.178; Ergil, 2000, p. 60; Cizre-Sakallioglu/Yeldan, 2000, p. 497; Morris, 1998.

²⁰⁸ Cizre-Sakallioglu/Yeldan, 2000; p. 494

²⁰⁹ Heper/Keyman, 2006, p. 269.

²¹⁰ Ergil, 200, p. 57-58.

²¹¹ Bacik, 2006, p. 302.

²¹² Özbudun, 2006, p. 457.

²¹³ Carkoglu, 2002, p. 34.

²¹⁴ Simsek, 2011.

with neighboring regions and beyond²¹⁵ are guiding principles in AKP's foreign policy, an approach influenced by Ahmet Davutoglu's 'Strategic Depth'. Foreign policy is a 'mutually reinforcing and interlocking process'.²¹⁶

8.2.2 Comparison proposition and empirical evidence

During the 1990s, several crisis sustained instability in the Turkish government – and more broadly in the Republic. These factors do not directly indicate a profound effect on a development in Turkey's energy policy.

In the 2000s, when the AKP comes into power, energy policy seems to take a significant role in foreign policy: the AKP promises to use 'effectively Turkey's strategic position and transform the country into an energy distribution terminal'.²¹⁷ Re-elections of the AKP gives the mandate to the ruling party to conduct this strategy: 'it will also be interpreted by the AKP leadership as a vindication of the more assertive and ambitious foreign policy that now underpins Ankara's approach to international relations'.²¹⁸ A relevant relation can be seen in AKP's foreign policy agenda and the (exploring) discussions and agreements with Qatar, Egypt, Syria, and Iraq.²¹⁹ The AKP conducts a zero-problems policy with its neighbors, while Turkey knows a strong western-oriented tradition, as it wanted to gain EU membership.²²⁰ It would be a prudent relation, but the AKP style of governing could lead to diversification of energy supply sources. But indeed, it depends on how these relations evolve in the future.

²¹⁵ Davutoglu, 2008, 81.

²¹⁶ Onis/Yılmaz, 2009, p.10.

²¹⁷ Winrow, 2004, p. 27.

²¹⁸ Edam, 2001, p. 46.

²¹⁹ Davutoglu, 2008, p. 92.

²²⁰ Bacik, 2006, p. 303; Onis/Yılmaz, 2009, p. 8-9.

Chapter 9: Discussion

This chapter discusses the congruence and variance of the expectations and observations. Table 1 gives a general summary of the expectations and observations, stating if an expectation is confirmed (+), disconfirmed (-), or whether the expectation matched partly or is unspecified (+/-). This section also discusses why expectations correspond or not. In the following chapter, a conclusion of these finding will be presented. This involves the answer of the research question.

Theory	Proposition	Result of comparison
Structural Realism	SR1: <i>A change in the regional structure influences Turkey's diversification of energy sources..</i>	+
	SR2: Turkey's concern of relative gains influences the diversification of energy sources	+
	SR3: Balancing behavior of Turkey results in the diversification of energy supply sources	+
Liberalism	L1: <i>Pressure of interest groups diversify Turkey's energy supply sources</i>	-
	L3: The characteristics of Turkey's political institutions diversify Turkey's energy supply sources	+/-

Table 5: results of proposition comparison

9.1 Structural Realism

Three propositions are drawn from structural realism. First, it is expected that a change in the regional structure would affect diversification of energy sources. Observations showed clear evidence to **confirm this expectation**. In three cases, elements observed in the regional structure contributed to the diversification of energy sources in a positive manner. First, the collapse of the USSR presented Turkey opportunities to discover its role in the region and energy domain. Relations with Azerbaijan and Turkmenistan were built, which eventually formed the basis for other diversification policies. Second, US presence made the construction of the BTC, and later BTE, pipeline possible. Turkey increased the number of oil and natural gas suppliers with these pipelines. Further, US presence created momentum for the Iran-Turkey natural gas pipeline, which also lead to an increase in number of gas suppliers. A negative effect for the diversification of energy sources, however, is the resurgence of Russian power. Russian pressure on Turkey and the new republics lead to the construction of the Blue Stream pipeline. This pipeline did secure additional supplies of natural gas, but it made Turkey more dependent on Russia.

Secondly, it is expected that Turkey's concerns of relative gains lead to diversification of energy suppliers. The comparisons of the empirical observations with this proposition provide an explanation with the BTC pipeline. The BTC pipeline is the result of Turkey's concerns of relative gains: Turkey did not want that Russia or Iran would benefit from this pipeline, and Turkey was willing to give up on cheaper Russia gas for Azeri gas. Eventually, the BTC pipeline contributed to the diversification of energy sources. This proposition is confirmed looking at the construction of the BTC pipeline specific. Concerns of relative gains do lead to diversification, but Turkey is not necessarily concerned with relative gains.

Finally, it is expected that balancing behavior lead to diversification of energy supply source. I can **confirm this proposition** with the two policy examples – the BTC/BTE and Iran-Turkey pipelines – used in the analysis. Russia is the potential hegemon: it aims to strengthen its economic influence in the region. This would bring (more) instability in the Caspian region, and further this also enhances Russia energy monopoly. Turkey avoids this by building partnerships, which result in the diversification of energy suppliers: Azerbaijan, Iran and Turkmenistan.

9.2 Foreign Policy Analysis

Two propositions are drawn from the liberalist theory. First, it is expected that the pressure of interest groups diversify Turkey's energy supply sources. I can **disconfirm** this proposition. Even though I was able to confirm that energy and construction companies are putting pressure on the government, the pressure did not resulted in a diversification of energy supply sources. Policies adopted as a result of these pressures strengthened Turkey's dependency on Russian gas supplies.

Further, characteristics of Turkey's political institutions diversify Turkey's energy supply sources. The AKP – a characteristic of a political institution in the form of a political party – provides **a tentative relationship** with the diversification of energy supply sources. AKP's foreign policy principles such as “zero-problems with neighbors” and develop relations with neighbors and “far” neighbors, stimulate Turkey to look further than nearby energy actors. Turkey already had meetings and preliminary agreements with Qatar and Egypt – potential natural gas suppliers. If this leads to the construction of a pipeline in the future, than the principles of AKP's foreign policy do lead to diversification of energy supply sources.

Chapter 10: Conclusion

This final chapter provides an answer on the research question: *How did Turkey diversify its energy supply sources, and how can this be explained?* With a congruence analysis I have compared several propositions with empirical observations. Table 5 gives a compact overview of which propositions are confirmed, in-between, or disconfirmed, and it can be seen that structural realism provides a better explanation for the diversification of Turkey's energy supply sources than Liberalism.

The construction of the BTC crude oil and the BTE natural gas pipeline serve as a solid example. The BTC/BTE pipelines are constructed for several reasons: to balance against Russian dominance and power in the region, to become less dependent of Russia, to gain a better (power) position in the region – or, to gain more influence in the region. So, while Turkey balances against Russian influence by constructing pipelines, Turkey also becomes less dependent on the supply of Russian natural gas. Furthermore, balancing against Russia and constructing pipelines that deliver natural resources from landlocked Caspian reserves to the Western market, requires alliances and the creation of friendly ties with other states. This presents Turkey a better position in the region: it gains significant influence. Consequently, Turkey can provide balance in the region and secure its own supply of energy.

So, to answer the research question, Turkey was using pipelines to spread its sphere of influence, and create warm ties with the region while diversifying its sources of energy supply.

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