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Rising Powers in a Changing Global Order: the political economy of Turkey in the age of BRICS

ZIYA ÖNIŞ & MUSTAFA KUTLAY

ABSTRACT The rise of BRICS presents a major challenge to the existing global order. A second category of emerging powers, which may be labelled near-BRICS, have also displayed increasing pro-activism in recent years in terms of influencing the regional balance of power politics, in addition to their growing presence in international organisations and global affairs. It is in this context that we aim to examine Turkey as a striking example of a ‘near-BRIC’ power, a country that has adopted an increasingly assertive and independent style of foreign policy with aspirations to establish itself as a major regional actor. Using the Turkish experience as a reference point, this paper aims to understand the extent to which near-BRIC countries possess the economic capacity, sustainable growth performance and soft-power capabilities needed to establish themselves as significant regional and global actors. The recent Turkish experience clearly highlights both the potential and the limits of regional power activism on the part of emerging powers from the ‘global South’.

One of the ‘great debates’ of international politics today revolves around the global shifts taking place within the inter-state system. Students of international politics have increasingly engaged in a lively discussion, sparking alternative views on the dynamics, nature and consequences of a possible transformation from a US-centred system to a multipolar global order. Many scholars argue that we have already entered a post-American world, which crystallised after the global financial crisis triggered by the bankruptcy of Lehman Brothers, one of the world’s biggest investment banks, in September 2008. The strikingly high post-crisis growth performance of the emerging non-Western powers, especially Brazil, Russia, India and China (BRICs) and near-BRICS countries (Mexico, South Korea, Turkey, Indonesia and Malaysia), in comparison with the weak recovery in the USA and the deepening crisis in the EU, have accelerated the ‘West vs the rest’ debate.

The international system passes through an interregnum period and, as Gramsci has put it, the old order is dying but the new cannot be born. The
current phase of transformation from unipolarity to a multipolar system is characterised by three simultaneous developments. First, the power diffusion in the international political economic system is not accompanied by a parallel process of reallocation of power. It is quite clear that the USA is no longer an example of the ‘textbook definition of hegemony’; that is, it lacks the ability to shape single-handedly the political and economic governance structures of the interstate system, as it used to. Yet the power shift from the USA has so far not been accompanied by a re-accumulation in the hands of another potential hegemonic actor. The power transition is proceeding in a diffused manner, covering a group of challengers. The second striking development, following closely the trend noted above, concerns the increasing tendency towards regionalisation in the global political economy. The globalisation wave of the past 30 years has unleashed a new wave of regionalisation, which is paving the way for the emergence of autonomous regional security orders. The third development in this context involves the rise of new regional powers and ‘catch-up states’. Accordingly the arduous reshuffling of the global order and the uncertainty stemming from the waning hegemonic check and balance mechanisms are enabling regional powers to assume more autonomy in their domestic and foreign affairs. The complex interaction of these three developments has led to a political economy structure in which regional powers enjoy greater room for manoeuvre to pursue their own regional agendas and invest in more assertive foreign policy strategies, rather than passively adapting themselves to roles otherwise attributed to them by the great powers. The rise of BRICS and near-BRICS in the regional orders and the international system is a clear illustration of this trend.

In times of global power transitions an overriding question centres on the underlying capacities of the rising powers to play increasingly ambitious regional and global roles. A related question in this context is whether such countries have the capacity to generate high rates of economic growth on a sustainable basis: to what extent is current proactivism and regional assertiveness sustainable for regional powers, especially when taking into consideration domestic political economy challenges? This article addresses these questions by assessing Turkey’s credentials to play an assertive regional leadership role, probing into its key political economy fundamentals. We believe that Turkey constitutes a critical case for studying a more general phenomenon—that is, the potential and the limits of emerging power influence in a rapidly shifting global order. We outline the possible risks and challenges pertaining to Turkey’s ability to match its rising aspirations with its actual power resources and capabilities. While we recognise the limitations of single-country case studies for the purposes of large-scale generalisations, we believe that the Turkish experience provides a strong basis for shedding light on the principal theme of this paper. Turkey is clearly an interesting country from a broader comparative perspective, especially when considering its recent economic and political transformation, its long-standing Western orientation and membership of the transatlantic security alliance, as well as its quest to play a more independent regional role in the greater Middle East, without necessarily jeopardising its traditional alliances.

The article proceeds as follows: the next section provides a brief critical overview of the dynamics of Turkey’s rising regional presence in the international
system heading towards multipolarity. The third section concentrates on the underlying political economy fundamentals of Turkey’s current foreign policy proactivism and explores the risks and challenges associated with the ongoing systemic transformations. The final section attempts to generate broader insights into the debate concerning the degree and depth of influence that rising or emerging powers are likely to exercise in an era of profound global power shifts.10

Turkey: A new ‘benign regional power’ in the making?

Turkish politics during the past decade has been dominated by the right of centre, the Justice and Development Party (Adalet ve Kalkınma Partisi, AKP), distinguished by its moderate Islamist heritage.11 Over the course of the AKP era Turkey has struggled increasingly to position itself as a ‘benign regional power’, especially in the Middle East, North Africa and the Balkans.12 Turkey’s current foreign policy reflects a more multidimensional and regionally oriented outlook in comparison to the strictly Western-oriented policies it pursued during the Cold War and the early phase of the post-cold war era. Turkey now considers itself an ‘insider’ in the Middle East and North Africa region, so much so that its Prime Minister, Recep Tayyip Erdoğan, even declared the Syrian civil war to be ‘an internal affair of Turkey’.13 In fact, significant segments of the elites as well as the public at large in the Arab Middle East have shown a positive reception of Turkey’s relatively assertive and independent foreign policy approach. According to recent research, 73% believe that ‘Turkey has become more influential in Middle Eastern politics’, while 66% think that ‘Turkey can be a model for countries’ in the region.14 However, this positive view is counterbalanced by the fact that this new foreign policy activism is also regarded in some circles, both at home and abroad, as a reflection of the revival of ‘neo-Ottomanism’, which contrasts with the vision of a benign regional power.15

Turkey’s increasing engagement with the region has naturally attracted the attention of students of Turkish foreign policy. Not surprisingly explanations about the dynamics of rising proactivism vary significantly. One group of analysts has developed an identity-based explanation, by placing special emphasis on the ideological orientation of the moderately Islamist AKP, and has identified Sunni Islam-driven ‘civilizational geopolitics’ as the constituting foreign policy paradigm.16 A second group of scholars, on the other hand, has developed an alternative, interest-based explanation, which underlines the changing security dynamics of the international and regional orders. Thus, wars in Afghanistan and Iraq have triggered a power vacuum around Turkey’s sphere of interest, and Turkish policy makers have responded proactively to this transformation, especially after the triumphant rise of the conservative AKP in the early 2000s.17

We argue that these explanations are not necessarily mutually exclusive. One cannot understand the AKP’s active engagement in the greater Middle East without taking its moderate Islamic identity into consideration. However, simply concentrating on the civilisational dimensions of the ‘new’ Turkish foreign policy would miss out on the deeper domestic, regional and international political
economy dynamics at work. Hence there is a need to combine these different perspectives to provide a coherent and holistic explanation of the more assertive Turkish foreign policy over the past decade, taking into account the interplay of external dynamics and domestic transformations. Along these lines we offer an analytically eclectic perspective that combines the interactions between agents and structure, rather than relying on mono-causal explanations.18

At the systemic level the hegemonic power transformations have provided a window of opportunity for regional actors to act relatively more independently in comparison with periods when systemic control mechanisms were tight and robust. The declining power of the USA after the wars in Afghanistan and Iraq, accompanied by the rise of BRICS, has paved the way for a period of structural indeterminism, especially in the greater Middle East, so that regional actors like Turkey have had the opportunity to act in a relatively autonomous manner. A structure-oriented approach, however, is inadequate for explaining Turkey’s rising regional proactivism per se. One has to add the agent-level dynamics into the equation so as not to overlook the details beneath the surface. In this context Ahmet Davutoğlu, Prime Minister Erdoğan’s chief adviser until 2009 and subsequently Minister of Foreign Affairs, played a crucial role in formulating the current parameters of Turkish foreign policy, which in the era before the Arab upheavals involved a proactive engagement strategy by way of ‘combining economic interdependence and cultural affinity with no explicit agenda for democracy promotion’.19 With the onset of the Arab Spring, however, the promotion of democracy has become a central pillar of Turkish foreign policy in the region. The current proactivism in Turkish foreign policy, therefore, increasingly relies on two pillars: economic interdependence, and explicit pro-democracy rhetoric. The Turkish government’s grand strategy is to position Turkey as a soft-power driven, ‘benign’ regional player that promotes and utilises economic interdependence and democratisation. Davutoğlu has defined this foreign policy strategy as follows: ‘In the economic realm, as an emerging economic power, we need to act as businessman … [In the political realm] we would be the staunch supporter of human rights and democracy.’20

Major reforms in the economic and democratisation spheres have constituted the basis of the AKP’s soft-power driven foreign policy over the course of the past decade. In the economic realm the AKP government has built on the foundations laid during the coalition government in the aftermath of the 2001 economic crisis, whose impact on the Turkish economy had been quite devastating. The country’s financial system was restructured in the wake of the crisis. Public finance was put in order and a suitable environment was created for domestic and foreign investors.21 Turkey during this period also benefited from a favourable global liquidity environment and managed to attract significant inflows of long-term foreign direct investment for the first time in its recent economic history. As a result, the Turkish economy and its GDP per capita grew more than threefold at current prices, in addition to a fourfold increase in Turkish foreign trade over the past decade (see Table 1). Parallel developments took place in terms of democratisation. Especially during the ‘golden age’ of Europeanisation (1999–2006), under the strong influence of the drive towards full membership in the EU, the AKP government accomplished major democrati-
### Table 1. Turkey’s economic performance over the past decade (2002–12)

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<tbody>
<tr>
<td><strong>GDP (US$ billions, current prices)</strong></td>
<td>232.7</td>
<td>304.6</td>
<td>393</td>
<td>484</td>
<td>529.9</td>
<td>655.9</td>
<td>742.1</td>
<td>617.6</td>
<td>735.8</td>
<td>772.3</td>
<td>794.5</td>
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<tr>
<td><strong>GDP per capita (US$, current prices)</strong></td>
<td>3403</td>
<td>4393</td>
<td>5595</td>
<td>6801</td>
<td>7351</td>
<td>8984</td>
<td>10 745</td>
<td>8559</td>
<td>10 067</td>
<td>10 469</td>
<td>10 609</td>
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<td><strong>Real GDP growth (%)</strong></td>
<td>6.2</td>
<td>5.3</td>
<td>9.4</td>
<td>8.4</td>
<td>6.9</td>
<td>4.6</td>
<td>0.7</td>
<td>-4.7</td>
<td>9</td>
<td>8.5</td>
<td>2.2</td>
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<tr>
<td><strong>Investment (% of GDP)</strong></td>
<td>17.1</td>
<td>17.4</td>
<td>20.7</td>
<td>21.4</td>
<td>22.6</td>
<td>21.8</td>
<td>20.2</td>
<td>17.2</td>
<td>18.9</td>
<td>23.8</td>
<td>20.6</td>
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<tr>
<td><strong>Savings (% of GDP)</strong></td>
<td>18.3</td>
<td>15.1</td>
<td>15.6</td>
<td>15.7</td>
<td>16.2</td>
<td>15.8</td>
<td>6.8</td>
<td>13.1</td>
<td>12.6</td>
<td>13.8</td>
<td>14.7</td>
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<tr>
<td><strong>Imports (US$ billions)</strong></td>
<td>51.5</td>
<td>69.3</td>
<td>97.5</td>
<td>116.8</td>
<td>139.6</td>
<td>170.1</td>
<td>201</td>
<td>140.9</td>
<td>185.5</td>
<td>240.8</td>
<td>236.5</td>
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<tr>
<td><strong>Exports (US$ billions)</strong></td>
<td>36.1</td>
<td>47.3</td>
<td>63.2</td>
<td>73.5</td>
<td>85.5</td>
<td>107.3</td>
<td>132</td>
<td>102.1</td>
<td>113.9</td>
<td>135</td>
<td>152.5</td>
</tr>
<tr>
<td><strong>Current Account Balance (CAB) (% of GDP)</strong></td>
<td>-0.27</td>
<td>-2.47</td>
<td>-3.67</td>
<td>-4.57</td>
<td>-6.02</td>
<td>-5.75</td>
<td>-5.25</td>
<td>-2.24</td>
<td>-6.49</td>
<td>-9.7</td>
<td>-6</td>
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<td><strong>FDI (US$ billions)</strong></td>
<td>1.08</td>
<td>1.75</td>
<td>2.79</td>
<td>8.97</td>
<td>19.26</td>
<td>19.94</td>
<td>16.96</td>
<td>6.86</td>
<td>7.81</td>
<td>16</td>
<td>12.6</td>
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<tr>
<td><strong>Fiscal balance (% of GDP)</strong></td>
<td>-11.5</td>
<td>-8.8</td>
<td>-5.22</td>
<td>-1.3</td>
<td>-0.61</td>
<td>-1.62</td>
<td>-1.8</td>
<td>-5.5</td>
<td>-3.6</td>
<td>-1.4</td>
<td>-2</td>
</tr>
<tr>
<td><strong>Public debt (% of GDP)</strong></td>
<td>74</td>
<td>67.7</td>
<td>59.6</td>
<td>52.7</td>
<td>46.5</td>
<td>40</td>
<td>46.1</td>
<td>42.4</td>
<td>39.2</td>
<td>36.1</td>
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<tr>
<td><strong>Unemployment (%)</strong></td>
<td>10.3</td>
<td>10.5</td>
<td>10.3</td>
<td>10.3</td>
<td>9.9</td>
<td>9.9</td>
<td>11</td>
<td>14</td>
<td>11.9</td>
<td>9.8</td>
<td>10.1</td>
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sation reforms. The depth of the reform process is indicated by the fact that two constitutional and nine legislative packages were enacted. One of the most dramatic changes during this era involved the abandonment of the official state policy of denying the existence of Kurdish identity, which encouraged a peaceful solution to the deep-seated Kurdish problem to appear on the political horizon.

Turkey’s economic success in the aftermath of the 2001 crisis clearly laid the foundations for a more assertive foreign policy and Ankara’s rise as an increasingly influential regional power. Indeed, there appears to be a similar pattern in this realm to other members of the BRIC grouping, such as China and Brazil. During the period in question, we observe the rise of Turkey as a ‘trading state’, with economic linkages gradually constituting bridges of mutual interaction with the key countries in the region. Turkey’s trade volume nearly quadrupled over the past decade, and its economic relations with the neighbouring countries intensified in parallel to global economic power shifts. For example, in 2002 Asia received only 15% of Turkey’s total exports, but by 2012 this ratio had grown considerably, to 35.3%. Similarly the Middle East has become a promising destination with increasing importance in terms of market diversification. Between 2002 and 2012 Turkey’s exports to the region increased from just US$3.4 billion to $42.4 billion. On the other hand, the share of the EU in Turkey’s total exports, which had been around 56% in 2002, slumped to an unprecedentedly low level of 38% in 2012.

The onset of the Arab upheavals clearly presented a major challenge to this benign scenario based primarily on the notion of mutual economic interests. Turkish foreign policy has experienced a process of adaptation in the highly uncertain environment of the Arab Spring with democratisation and concern with human rights emerging as fundamental ingredients of Turkey’s approach, which targeted brutal authoritarian regimes such as the Qaddafi regime in Libya and the Al-Assad regime in Syria on the basis of a combination of economic interests and democratic concerns. Turkey was confronted with a major and inevitable dilemma, which was clearly absent in the pre-Spring era when the focus of policy was single-mindedly on mutual economic interdependence, with no visible concern for regime transformation.

In the medium term the process of political change in the Arab Middle East has created a window of opportunity for Turkey because Ankara has the potential to contribute to the process of economic and political restructuring in the region, as well as the potential to benefit from this process. One also needs to recognise, however, that the ongoing Arab revolutions have entailed costs for Turkey, in the short run notably in Syria and Libya, not only in the economic realm, but also in terms of a deterioration of relations with key neighbouring states. The Syrian crisis, in particular, constituted an important test case for Turkey’s capacity to perform the role of a benign regional power. Arguably, Turkey’s ability to play a constructive role in resolving the Syrian crisis has been constrained and undermined as a result of its excessive involvement in Syrian domestic politics. In retrospect the Syrian crisis also highlights the limits of emerging powers like Turkey to exert a decisive impact in terms of resolving
major regional crises, through unilateral action, in a context where global and other regional powers are heavily involved.

The political economy of Turkey’s quest for regional power influence

The performance of the Turkish economy over the past decade has been rather impressive, judged by its own historical standards and the performance of the region as a whole. Having argued that soft-power-driven regional power strategy has become the central pillar for Turkey’s quest to undertake a more active regional role and to present itself as a model for the wider Middle East, we probe more deeply into the underlying dynamics of Turkey’s recent political economy success. A key question to consider here is whether Turkey’s capabilities actually match the expectations of the AKP elites. Since Turkey’s aim is to position itself as a ‘benign regional power’ relying on the pillars of economic penetration and democratic deepening, the robustness of these building blocks needs to be investigated in further detail. We argue that the sustainability of Turkey’s economic success and democratic credentials is by no means self-evident and that there are significant political economy challenges ahead. Indeed, Turkey faces two proximate and two structural challenges in its quest for regional power influence, which tend to place the country on a kind of knife-edge equilibrium.

Turkey’s economic challenges: two Achilles heels

There are two interdependent proximate challenges creating imminent fragilities for Turkish political economy, namely, chronic current account deficit and extensive energy dependence. The current account deficit reached an alarmingly high level of almost 10% of Turkey’s GDP in 2011, making Turkey potentially defenceless against sudden stops of capital inflows. The root causes of Turkey’s current account deficit are deep-seated. Savings rates, historically quite low, have followed a negative downward slope over the past decade, and current savings rates in Turkey (about 14%) are exceptionally low, especially in

\[
\begin{array}{|c|c|c|c|c|c|}
\hline
 & Brazil & China & India & Russia & Turkey \\
\hline
GDP (US$ billions) & 2,493 & 7,298 & 1,827 & 1,850 & 774 \\
GDP per capita (US$, PPP) & 11,769 & 8,386 & 3,662 & 16,735 & 14,392 \\
Total investment (% of GDP) & 20.6 & 48.6 & 35 & 23.2 & 23.8 \\
Gross national savings (% of GDP) & 18.5 & 51.3 & 31.6 & 28.5 & 13.8 \\
Value of oil imports (US$ billions) & 37.49 & 235.75 & 141.75 & 0 & 54.11 \\
Value of oil exports (US$ billions) & 5.17 & 25.12 & 56.32 & 277.52 & 6.53 \\
Unemployment rate (%) & 6 & 4.1 & 9.8 & 6.5 & 9.8 \\
Population (millions) & 194.9 & 1,347.3 & 1,206.9 & 142.4 & 74.7 \\
Government gross debt (% of GDP) & 64.9 & 25.8 & 67 & 11.7 & 39.2 \\
Current account balance (% of GDP) & -2.1 & 2.7 & -3.4 & 5.3 & -9.9 \\
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\end{array}
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comparison to BRICS (see Table 2). This ratio has been around 19% over the past decade, which is well below the average of emerging and developing markets—that is, 27.5%.27

Since savings fall short of investments, Turkey needs foreign capital to finance its current account deficit. This Achilles heel places certain structural limits on Turkey’s economic growth, primarily driven by inflows of foreign capital. Overdependence on foreign capital, on the other hand, increases the vulnerability of the country, because it makes the economy increasingly sensitive to external shocks,28 especially at a time when serious economic recession continues to persist at the very centre of the global system. Historically informed analysis of the Turkish economy highlights quite conclusively that economic crises follow a similar sequencing: high economic growth exacerbates the current account deficit, and a sudden cessation of capital inflows for any reason triggers economic crises.29 The crisis–growth–current account deficit–crisis circle still constitutes an inherent fragility of the Turkish economy, despite improvements in budgetary performance and a relatively tightly regulated banking and financial system.30 The second and interrelated proximate challenge for the economy is centred on Turkey’s overdependence on energy. In 2011 the country imported more than 90% of its total liquid fuel consumption, comprising an energy import bill of around $55 billion. Moreover, according to a recent International Energy Agency report, Turkey’s imports are expected to double over the next decade.31

High degrees of energy dependence and low savings rates, combined with low technological capacity, together constitute the major structural root causes of Turkey’s chronic current account deficit. These constraints, in turn, significantly restrict Turkey’s foreign policy proactivism, since they lead to a kind of asymmetric power relationship with other key actors involved in the region that could be classified as ‘coercive regional powers’. For example, the asymmetric balance of power relationship, which is clearly evident in the case of Turkish–Russian and Turkish–Iranian relations, places important restrictions on Turkey in terms of developing independent strategies in key regional conflicts and exerting an even more powerful influence in the direction of democratisation and regime transformation in the region. Low technological capacity, on the other hand, curtails Turkey’s soft-power credentials by raising questions about its capacity as a trading state. The composition of Turkish foreign trade sends

| Table 3. Exports with a high technology content (% of manufactured goods) |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                | 2000            | 2001            | 2002            | 2003            | 2004            | 2005            | 2006            | 2007            | 2008            | 2009            | 2010            |
| Brazil         | 18.73           | 19.25           | 16.52           | 11.96           | 11.59           | 12.84           | 12.08           | 11.87           | 11.65           | 13.20           | 11.21           |
| China          | 18.98           | 20.96           | 23.67           | 27.38           | 30.06           | 30.84           | 30.51           | 26.66           | 25.57           | 27.53           | 27.51           |
| India          | 6.26            | 6.97            | 6.24            | 5.95            | 6.00            | 5.80            | 6.07            | 6.40            | 6.78            | 9.09            | 7.18            |
| Turkey         | 4.83            | 3.87            | 1.79            | 1.93            | 1.90            | 1.47            | 1.85            | 1.89            | 1.62            | 1.74            | 1.93            |

mixed signals in this regard. While the share of goods based on natural resources and low technology in Turkey’s total exports was 63% in 2002, this ratio declined to 56% in 2010. Additionally, the share of mid-tech manufactured goods rose to 44%, a number that in 2002 was only 37%. However, the share of high-tech goods in Turkey’s total exports declined to just over 2%, which is an exceptionally and alarmingly low ratio in comparison to BRICS and OECD averages (see Table 3).

**Long-term structural challenges: the two traps argument**

The proximate challenges constitute just one side of the coin. Turkey stands at the crossroads of two traps that have great potential to impede the sustainability of its regional power credentials. The first structural political economy constraint concerns the middle-income trap and the challenge of institutional transformation. The middle-income trap refers to the slow-down tendency in fast-developing countries after their per capita GDP has reached a certain threshold. Research on the middle-income trap reveals that, for most of these countries, it becomes an arduous task to improve their GDP per capita from middle to high income levels. The World Bank’s research estimates that, of the 101 middle-income countries in 1960, only 13 reached high-income-level status by 2008. The overwhelming majority were unable to accomplish the jump and became stuck in the middle. As the economy moves from labour-intensive, low-cost exports toward capital-intensive production, labour is reallocated from agriculture to manufacturing sectors. This leads to the slowing down of economic growth, because productivity growth from sectoral reallocation and technology import disappears. Countries that reach middle-income level, therefore, must develop more sophisticated strategies and associated institutions to overcome this trap.

Turkey’s GDP per capita, which is around $10,500 at current prices, suggests that the Turkish political economy is indeed approaching a crossroads in terms of a possible middle-income trap. The broad empirical evidence on this issue indicates that economic and political institutions need to be transformed into ‘inclusive’ institutions to promote long-term economic growth. The institutionalist literature proposes that the most effective way to get out of the middle-income trap and to sustain long-term growth is to improve the institutional structure for education policies, the justice system and general infrastructure in an inclusive manner, so as to reap the maximum human capital potential in the country. Acemoğlu and Robinson succinctly put the issue as follows:

Inclusive economic institutions that enforce property rights, create a level playing field, and encourage investments in new technologies and skills are more conducive to economic growth than extractive economic institutions that are structured to extract resources from the many by the few and that fail to protect property rights or provide incentives for economic activity. Inclusive economic institutions are in turn supported by, and support, inclusive political institutions, that is, those that distribute political power widely
The long-term sustainability of Turkey’s development performance is closely linked to the development of inclusive political and economic institutions. The existing institutional structures in Turkey, however, resemble those of a semi-extractive country in Acemoğlu and Robinson’s terminology. Turkey is lagging far behind in the human development index, an oft-cited proxy indicator for measuring countries’ development level. Turkey ranks 92nd among 187 countries; it is barely in a better position than China and India and lags behind Brazil and Russia. The figures on competitiveness, institutional quality, corruption perception, and literacy indices also imply a similar mediocre performance (see Table 4), especially for a country that positions itself as a democratic variant of those included in BRIC or the near-BRIC category.

The discussion about institutional quality leads us to the second important structural challenge for Turkey in positioning itself as a benign regional power, namely, the transition from a ‘procedural’ to a ‘substantive’ democracy. An essential part of Turkey’s regional power capacity stems from its institutionalised democracy and pluralistic socio-political order, as a secular country composed of an overwhelmingly Muslim population. Civil–military relations in Turkey have undergone a significant transformation over the course of the past decade, and the improvement in human rights standards is by no means negligible. The widespread democratisation reforms during the intense Europeanisation period between 1999 and 2006, the democratic opening that has addressed Turkey’s deep-seated Kurdish question, and the constitutional reform attempts are all important indicators of democratisation. Furthermore, the éminence grise of Turkish politics—the military—no longer holds absolute power in its hands to shape the political direction of the country. All these developments are clearly necessary, but not sufficient steps towards the consolidation of substantive democracy in Turkey. The central question currently revolves around the
nature and ultimate result of this power shift: how will the elected authorities use the power accumulated in their hands?

Democratisation theories point towards the establishment of robust checks and balance mechanisms as a crucial component in distributing political power and consolidating democratic governance as ‘the only game in the town’. In this context, parallel to the middle-income trap argument, Turkey stands at a critical juncture as well. A central problem faced by the democratisation process in Turkey in its current stage is the very absence of adequate checks and balance mechanisms to curb an excessive concentration of power at the very centre of the political system. This Gordian knot constitutes the essence of the present debate regarding Turkish democracy, because democratisation of the civil sphere still needs to be strengthened, despite the successful transformation of civil–military relations in favour of civilian authority. The current situation puts Turkey into a grey zone, swinging between electoral democracy and selective democrats. Serious charges have been levelled that a narrow, majoritarian understanding of democracy has been emerging in Turkey towards the end of the AKP decade, especially when judged in terms of the virtual absence of judicial autonomy and the weak tolerance of opposition and press freedom, as well as a lack of genuine respect for political pluralism. Indeed, the popular protests against the AKP in May and June 2013, and the use of excessive force to counter these protests, which attracted widespread international media attention, seem to reflect both the entrenchment of and growing reaction against illiberal democracy in Turkey.

Improvements in the quality of democratic consolidation and human rights performance are significant objectives in their own rights and should not be conceived in instrumental terms, serving only as an intermediate step in the process of achieving other objectives. This observation, however, should not detract from the fact that Turkey’s ability to establish a ‘substantive democracy’ is also essential for its ability to combine sustainable economic growth with a socially equitable pattern of development. Turkey’s ability to overcome the middle-income trap is to a certain degree based on its ability to deepen a genuinely inclusive and pluralistic democratic order. The proposition that democracy and economic development in the Turkish context are parallel and interdependent processes is clearly highlighted by the fact that the deep-seated problems of the Turkish political economy—such as an exceptionally low female labour participation rate (around 28%), which constitutes almost half of the EU average, major regional imbalances and a comparatively high degree of income inequality (with a Gini coefficient of around 0.40)—can only be effectively resolved with the help of improved democratic governance. Moreover, progress in these spheres would have direct consequences for Turkey’s foreign policy strategy, because the country needs to improve its democratic credentials and economic capacity to sustain and deepen its soft-power driven, proactive regional power ambitions.

A comparative perspective suggests that Turkey constitutes an interesting case of a near-BRICS that is trying to combine economic growth with a democratic form of government. Hence, at least in principle, it is following in the footsteps of the democratic variants within BRICS (Brazil and India), rather than of its authoritarian members (China and Russia), even though Turkey continues to fall short of a consolidated liberal democracy. The important point to recognise,
however, is that the changing global context may not necessarily create a favourable environment for democratic deepening in Turkey. Furthermore, the EU, which itself is suffering a deep economic and identity crisis, has been losing its soft power over Turkey. Recent evidence indicates that, with the weakening of the formal Europeanisation process associated with EU membership, a pronounced retrogression in democratisation reforms has occurred. At a time when the EU appeared to be less attractive as a model than before, the AKP leadership has been increasingly influenced by the more authoritarian members of BRICS, given the outstanding economic performance of China, both in pre- and post-crisis contexts, and the growing strategic relationship with Russia, based on steadily expanding economic interactions over the past two decades. Indeed, Prime Minister Erdoğan has recently pronounced his desire for Turkey to abandon its long-standing EU aspirations and become a member of the Shanghai Cooperation Organization. Clearly, this marks a shift in Turkey’s orientation, reflecting ‘conservative globalism’ characterised by an eastern orientation, and an emphasis on economic and political stability with a minimalist understanding of democracy, as opposed to the Western focus of the early years of the AKP at the height of the EU-driven democratisation reforms. This shift may have fundamental implications for the quality of Turkish democracy and reduce its value as a possible model combining elements of a successful economic transformation with strong democratic credentials.

**Turkey’s shifting political economy landscape in the post-crisis era: elements of a neo-developmentalist turn**

Having underlined the possible economic and political constraints on Turkey’s regional power capacity, we identify certain changes that have gathered momentum in the post-global crisis era. In the post-2001 period Turkey developed a robust regulatory state compatible with the fundamental principles of the post-Washington Consensus. Accordingly the Turkish financial system was placed under a strict surveillance framework via independent regulatory institutions, including the Banking Regulation and Supervision Agency. The regulatory policies pursued were quite effective, considering that Turkey is one of the rare countries that did not have to bail out its domestic banks during the 2007–08 global financial crisis. The regulatory shift in the financial system, however, was not complemented by a pronounced industrial transformation strategy; as a result, Turkey has continued to pursue non-selective industrial policies in line with the dicta of orthodox liberalisation.

During the early phase of the AKP government the emphasis was on the regulatory rather than the developmental aspect of state capacity. The transformations taking place in the post-crisis global political economic landscape, however, seem to have triggered a reshuffling in Turkish policy makers’ cognitive mind-set as well. Turkey is currently trying to formulate a proactive industrial strategy, which embodies elements of a neo-developmentalist turn. Prime Minister Erdoğan, clearly with an implicit agenda of matching and even emulating East Asia’s developmental success, openly invited Turkey’s top business groups ‘to produce domestic cars’ at one of the meetings of the Turkish Indus-
try and Business Association (TÜSİAD). The Minister of Science, Industry and Technology similarly shared his ambition to create ‘Turkey’s own Renault, Fiat and Ford’. The prime minister even set an overambitious target for Turkey’s industrial transformation strategy: ‘By 2023’, declared Erdoğan, ‘we want Turkey to be one of the top ten economic areas of the world...Over the next 15 years we want to increase the per capita income from $10 500 to $25 000.’

Not only the rhetoric, but also the policies implemented demonstrate that there are elements of a neo-developmentalist turn in Turkey’s industrial policy. First, the Turkish Industrial Strategy Document: Towards EU Membership was adopted in 2011 under the auspices of the Ministry of Science, Industry, and Technology, along with the involvement of the relevant public and private bodies. The long-term goal of the industrial plan is set to position Turkey as ‘the production base of Eurasia in medium- and high-tech products’. In line with this overall objective, three basic strategic targets have been determined: 1) to increase the ratio of mid- and high-tech sectors in production and exports; 2) to transition to high-value-added products in low-tech sectors; and 3) to increase the weight of companies that can continuously improve their skills. These industrial policy objectives are first and foremost designed to mitigate Turkey’s proximate and structural challenges highlighted in the previous section.

The second aspect of Turkey’s neo-developmentalist turn involves the implementation of investment stimulus packages. In 2012 the AKP government announced a new package to encourage investments that aims to reduce dependence on imported intermediate goods, thereby alleviating the current account deficit, improving the research and development (R&D) base of the domestic economy, and mitigating regional imbalances within the country. The stimulus package, which divides Turkey into six regions, enables each one to receive different amounts of incentives, proportionate to regional socioeconomic inequalities, including corporate tax incentives, cuts in social security premiums, free land, and access to cheap credit. According to official figures, the incentive certificates issued amounted to $32 billion in 2012 alone, comprising the most comprehensive amount of its kind in the country’s economic history. The investment stimulus package, in fact, complements already-existing R&D policies, through which AKP governments have poured considerable amounts of money into research and innovation over the past decade. Official figures indicate that R&D expenditures tripled between 2002 and 2011, jumping from $3 to $9.6 billion. The full-time equivalent number of R&D personnel increased from 28 964 to 92 801, and the number of researchers rose from 23 995 to 72 109.

The industrial strategy document and the accompanying investment stimulus package are intended to build Turkey’s R&D capacity by developing the necessary institutional framework and allocating much needed financial resources.

The third aspect of Turkey’s neo-developmentalist turn is related to the changing nature of state–business relations. Research suggests that state–business relations in Turkey have traditionally been overly fragmented, ideologically antagonistic and conducted ad hoc. Therefore institutionalised cooperation mechanisms between relevant state bureaucrats and business representatives remain rather weak. A relatively isolated, rather than insulated economic
bureaucracy and a short-term-oriented, polarised relationship between economic interest groups and policy makers characterise the main dynamics of state–business relations in Turkey. Furthermore, the relationship among different private economic interest groups is generally antagonistic, because major business associations are organised along ideological lines. The recent state proactivism towards capacity-enhancing reforms hints at certain structural changes in this realm as well. First, the institutional structure of the Turkish economy is being reorganised. The Ministry of Industry has been restructured and renamed the Ministry of Science, Industry and Technology, in order to make the role of ‘science’ and ‘technology’ more explicit for Turkey’s industrial transformation strategy. Second, a separate state institution—namely, the Ministry of Development—has been created in order to coordinate Turkey’s economic development policies. Further, the industrial strategy document acknowledges the importance of the ‘embedded autonomy’ of the state, by underlining state–private business cooperation, as well as the internal coherence and synchronisation of state bureaucracies:

To ensure the effectiveness of the industrial strategy, it is important to establish a high-level cooperation between the public and private sector… [Moreover] the cooperation and coordination among the public institutions is as important as the cooperation between the public and private sectors.

To this end, deliberation councils that incorporate different stakeholders, such as representatives of employers and employees, are being established. In addition, the relationships among private interest groups seem to be undergoing a gradual transformation. It is noteworthy in this context that the two leading business organizations—TÜSİAD, representing the pro-secular economic establishment, and the Independent Industrialists’ and Businessmen’s Association (MÜSİAD), representing the conservative Anatolian bourgeoisie—which had never before come together, met twice after 2010. Moreover, TÜSİAD has recently veered towards a more inclusive approach to Anatolian capital. At TÜSİAD’s 43rd General Assembly, Muharrem Yılmaz, known as one of the representatives of ‘Anatolian capital’, was elected the organisation’s new president, along with four other representatives of the Anatolian bourgeoisie on the board of directors.

These developments indicate that economic stakeholders in Turkey are aware of the ‘rise of global developmental liberalism’ in the post-crisis political economy landscape. Similarly the state is investing in capacity-enhancing measures, not only in the regulatory, but also in the industrial realm. In short, these recent shifts signify a major response to deal with some of the major structural weaknesses and fragilities of the Turkish economy. It remains to be seen, however, whether the responses outlined will be sufficient to generate the kind of impact needed on the momentum of Turkey’s long-term development performance.

**Conclusion: the potential and limits of ‘benign’ regional power influence**

Opportunities have opened up for emerging powers to follow in the footsteps of rising powers like BRICS, as the world moves towards a new post-hegemonic...
age. In this novel international environment the Turkish experience is illuminating for at least three major reasons. First, it displays how rising powers or near-BRIC countries are able to take greater advantage of the given conditions in order to pursue more proactive and assertive regional agendas in the rapidly shifting global landscape. This paper has clearly illustrated both the potential and the limits of emerging power influence, with special reference to the Turkish experience.

Second, we have drawn attention to how the rise of BRICS itself has influenced the mind-set of political elites in other emerging political economies. Political parties such as the AKP in Turkey are much more willing to pursue a proactive foreign policy, with some degree of ‘autonomy thorough diversification’, by keeping their traditional alliances at arm’s length. They are also willing to use active state power to strengthen their domestic political powers, a development that is openly highlighted in our discussion of the neo-developmental turn in Turkey, notably in the aftermath of the global economic crisis. Nevertheless, our analysis also pointed to a kind of expectations–credibility gap. Middle powers in the emerging global context face the risk of overestimating their leverage, especially in terms of unilateral action. The Turkish case constitutes a good illustration of this paradoxical tendency, where over-confidence on the part of the architects of foreign policy has not been matched by adequate power resources and the ability to influence actual outcomes.

The third implication of our paper concerns the future of liberal democracy. In the current global setting liberal democracy is confronted with serious challenges in its heartlands, the USA and western Europe, in the midst of a severe and continuing economic crisis. The rise of BRICS presents an uncertain future for liberal democracy, in the sense that some of the key BRIC members have deeply rooted authoritarian regimes, which are unlikely to be dismantled in the short or medium term. In this context countries such as Turkey are significant because they represent the democratic variant among BRIC or near-BRIC countries. The ability of such countries to combine economic success with liberal political values will be crucial for other countries following in their footsteps, particularly in their own neighbourhood.

Our paper has, finally, demonstrated that, while combining economic success with democratic deepening is possible, the continued existence of this combination is by no means self-evident and faces formidable challenges. From a broader perspective we should not discount the possibility that the rise of China and the economic success associated with the authoritarian version of the BRICS model may influence the mind-sets of political elites in near-BRIC countries like Turkey, with the obvious risk of side-tracking democracy in a more authoritarian direction, or at least in the direction of a persistent regime of illiberal democracy. This tendency, as this paper has argued, constitutes a major obstacle in terms of Turkey’s ability to play the role of a benign regional power on a sustained basis. Turkey’s claim to be a supporter of democracy and human rights in the Middle East is not likely to generate the desired response, especially in the presence of major democratic deficits in the realm of its own domestic politics.
Notes

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3 One may refer to a comprehensive special issue of Third World Quarterly on the subject. For the editorial introduction, see K Gray & CN Murphy, ‘Introduction: rising powers and the future of global governance’, Third World Quarterly, 34(2), 2013, pp 183–193.

4 We use the term ‘near-BRIC’ for regional powers achieving high growth performance, demonstrating regional leadership ambitions and following economy-driven autonomous foreign policy strategies. In the literature there are alternative definitions attributed to these states, such as ‘middle powers’, ‘swing states’, ‘emerging powers’ and ‘great peripheral states’. In this study we call them ‘near- BRIC’ in order to refer to the ‘demonstration effects’ of BRIC on these countries. In other words, these states possess characteristics similar to BRIC regarding their economic growth performance and rising regional and international presence; nevertheless, they are not as significant as BRIC in terms of their economic scale.


8 For the problem of generalisation in case studies, see AL George & A Bennett, Case Studies and Theory Development in the Social Sciences, Cambridge: MIT Press, 2005.


10 For the purpose of generalisation in case studies, see AL George & A Bennett, Case Studies and Theory Development in the Social Sciences, Cambridge: MIT Press, 2005.


15 For example, see C Tugal, ‘Democratic janissaries: Turkey’s role in the Arab Spring’, New Left Review, 76, 2012, pp 5–24.


21 M Kutlay, ‘Economy as the “practical hand” of new Turkish foreign policy: a political economy explanation’, Insight Turkey, 13(1), 2011, pp 67–89.

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25 Data retrieved from the Turkish Ministry of Economy and calculated by the authors.

26 Öniş, ‘Turkey and the Arab Spring’.


32 Data retrieved from the Turkish Ministry of Economy.


38 In terms of the quality of institutions, the performance of BRIC is not impressive at all. In fact, BRIC have their own domestic problems, which may constitute a stumbling block to their developmental performance in the coming years and decades. See R Sharma, ‘Broken BRICs: why the rest stopped rising’, Foreign Affairs, 91(6), 2012, pp 2–7.


43 A comparative analysis of the European Commission’s annual progress reports on Turkey between 2007 and 2012 clearly documents this trend. See also Z Öniş, ‘Sharing power: Turkey’s democratization challenge in the age of the AKP hegemony’, Insight Turkey, 15(2), 2013, pp 103–122.

44 İ Turan, ‘Encounters with the third kind: Turkey’s new political forces are met by old politics’, GMI Analysis on Turkey, 26 June 2013.


54 Data retrieved from the Ministry of Economy.

55 Data retrieved from the Prime Ministry, Undersecretariat of the Treasury.


58 ‘Turkish industrial strategy document’, p 134.

59 See TÜSİAD’s official website, at www.tusiad.org.


61 For the logic of ‘autonomy through diversification’, especially in the Brazilian case, see T Vigevani & G Cepaluni, ‘Lula’s foreign policy and the quest for autonomy through diversification’, Third World Quarterly, 28(7), 2007, pp 1309–1326.

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CHAPTER 10

Turkey and China in the Post-Cold War World

Great Expectations

Yitzhak Shichor

Introduction

In 2012, Turkish prime minister Recep Tayyip Erdoğan held a long meeting with US president Barack Obama ahead of the Nuclear Security Summit in Seoul. The discussions between the two men reflected the expansion of Turkey’s global impact beyond the Middle East region. Turkey had long depended heavily on the United States. But in the 2000s, Washington increasingly solicited Ankara’s services, both political and military. A few days after the meeting, Erdoğan became the first Turkish prime minister to pay an official visit to China in twenty-seven years. This was Erdoğan’s second visit to China. In 2003—after his party had won a landslide victory in the election but before he officially became prime minister—Erdoğan rushed to China heading a huge delegation of officials and businessmen aiming at improving bilateral relations. This was the beginning of a dramatic transformation in Sino-Turkish relations. Ten years later, Turkey is treated by China (and many others) as a middle power. Indeed, the relationship with China is one reason for Turkey’s middle power emergence. Ankara named 2012 as “Year of Chinese Culture in Turkey” and Beijing named 2013 as “Year of Turkish Culture in China.”

It is no coincidence that the issue of middle powers has emerged—especially in Beijing’s perspective—mainly after the end of the Cold War. Throughout the Cold War the Chinese, in a rather dogmatic way, insisted that all countries had to choose between Washington and Moscow: “Art thou for us, or for our enemies?” (Joshua 5:13). Still, since the early 1940s, Mao Zedong had recognized the existence of an “intermediate zone” (zhongjian dìdiàn), or several intermediate zones, that were neither East nor West. The end of the Cold War, accompanied by China’s rise, offered countries in this intermediate zone a new option: both East and West. Post-Mao China’s rise is one reason that middle powers like Turkey are and can be more proactive. As Liselotte Odgaard puts it: “China’s position as a political great power increases the power of secondary and small states. These powers have extraordinary influence because China offers them strategic partnerships either in addition to or instead of the US alliance system.” Turkey provides one example.

While China’s credentials as a great power are by now a fait accompli, Turkey, as a relative newcomer on the world stage, has yet to prove that it deserves the title middle power. In recent years most of the media, and some leaders, have been hailing Turkey’s progress, in particular economic, and greater salience not only in regional politics but also worldwide. The Economist wrote that “Turkey was the sick man of Europe, but now it has become one of the fastest growing economies.” It is like “a new China in Europe.” Some define Turkey as a “global swing power.” Ostensibly, the definition of Turkey as a “global swing state” is appropriate. Like swing parties that can tip the outcome of domestic politics, swing states like Brazil, Indonesia, and Turkey can shape the landscape of world affairs. All represent growing economies, strategic locations, democratic governments, and states with reservations about the existing international order. Maintaining their regional and global independence, they avoid identification with the great powers and decline to take sides. Allegedly, Turkey qualifies as a “swing state” on all these accounts.

Where is China in this equation? Does Beijing consider Turkey a middle power that can positively affect the international system? What are the implications of China’s emergence for Turkey, strategically, militarily, and economically? How does Turkey respond to China’s rise and what are the implications of Turkey’s emergence as a middle power on China? These are the main questions dealt with in this chapter. Both China and Turkey are relative newcomers as active global players whose achievements are still limited. Also, China’s relations with middle powers reflect necessarily a built-in asymmetry that is underlined in the case of Turkey whose status as a “middle power” is still in doubt. China-Turkey relations are based on mutual “great expectations” and the two sides, primarily Turkey, have still to deliver the goods. From being pawns (qiu) on the Cold War chessboard, the two have become full-fledged players (qishou).

Beijing’s Perspective

Unlike other countries discussed in this book, Turkey’s designation as a middle power is a fairly recent phenomenon. While its origins can be traced to
the end of the Cold War, it was referred to as a middle power only at the beginning of the twenty-first century or, more precisely, after Erdoğan became prime minister in 2003.3

For over two decades after the People’s Republic of China was founded in 1949, Beijing regarded Turkey as a crucial link in the US-led Western front against communism and as a lackey of American imperialism. These definitions were rooted in Ankara’s participation in the Korean War that engaged North Korean and Chinese troops in bloody confrontations; in Ankara’s decision to take part in regional Western-orchestrated defense alliance systems (such as the North Atlantic Treaty Organization and Central Eastern Treaty Organization) and provide Washington with military and intelligence facilities; and in Ankara’s offer of a substitute homeland, shelter, and base of operations for a number of Uighur nationalist leaders who had managed to escape Xinjiang on the eve of its “peaceful liberation” by Chinese communist forces in late 1949.8 Until the mid-1990s, Turkey was the headquarters of Uighur nationalism, which Beijing refers to as “separatism” or “splittism” (fentizhuyi).9

Infected by Cold War paranoia, Beijing believed—with good reason—that a Washington-organized Middle East Islamic pact, including Turkey, could lead to the subversion of the PRC by a Muslim fifth column. In retrospect, no such attempt was ever made. Yet Turkey remained tarnished. Unlike other Middle Eastern countries that, in Beijing’s view, demonstrated initial signs of “resistance to imperialism,” Turkey had been categorized from the early 1950s as hopelessly pro-Western.10 In the following years Ankara consistently supported Washington-sponsored resolutions to postpone discussion of any proposal to unseat Taiwan from the UN and to admit the PRC instead.

Throughout these years Beijing emphasized that Turkey’s dependence on the United States undermined not only world and regional order but also Turkey’s domestic affairs, generating political crises and economic difficulties. Beijing argued that American aid had increased Turkey’s foreign trade deficit. Ironically foreshadowing China’s own impact on the Turkish economy half a century later, the Chinese pointed out:

The flooding of Turkish markets with US goods has been a serious blow to Turkey’s weak national industry. Production has dwindled constantly in the textile, leather, tobacco and other industries, and factories have closed down in large numbers. The dumping of US surplus farm produce has forced Turkey’s backward agriculture still further down.11

Beijing repeatedly urged Ankara to adopt a “peaceful and independent policy of neutrality” as the only way to overcome its economic difficulties and political crises, yet to no avail. In fact, two years later, a deterioration that had led Turkey and Syria to the brink of a border war prompted Mao Zedong to condemn the “Turkish aggressor.”12 In the early 1960s, the Chinese still regarded Ankara as oppressive internally and as a collaborator of “US imperialism” externally.13 In the next few years, as the Cultural Revolution evolved, Beijing’s negative view of Turkey increased. By the late 1960s, Maoist groups ideologically committed to the Chinese version of Marxism had begun to emerge in Turkey. The first Maoist organization in Turkey, the Communist Party of Turkey (Maoist-Leninist), was launched in 1972.14

Nonetheless, the Sino-US rapprochement had led to the establishment of Sino-Turkish diplomatic relations in 1971. Ankara supported the PRC’s admission to the UN and as a permanent member of its Security Council. In its first thirty years, however, the diplomatic relationship drew little attention from either side. Beijing continued to concentrate on facing the “Soviet threat” at its doorstep. Turkey was too remote, marginal, and irrelevant to attract Chinese attention. Turkey, meanwhile, viewed China’s “reform and opening” drive with skepticism, something that the 1989 Tiananmen massacre reinforced. Beijing, not to say Ankara, did not predict China’s dramatic emergence.

It was not until the early 2000s that the relationship changed fundamentally, something that China’s “middle power expert,” Ding Gong of the Central Party School, has pointed out.15 Beijing’s assertive foreign policy and greater involvement in international affairs is in part related to economic considerations, growth and development, and the pursuit of mineral resources and commodities.16 But it also reflects concern about world politics and great power constellations, primarily the role of the United States. The Chinese attitude is ultimately determined by strategic considerations rather than by economic ones. Its policy toward Turkey is no exception.

Ankara has begun to attract Beijing’s attention only in recent years, following the far-reaching reforms initiated by Erdoğan. Less enthusiastic about his domestic politics, especially Turkey’s growing Islamization,17 the Chinese have been more impressed by his innovative external orientation, economically and strategically. On the eve of his visit to Turkey in 2012, Xi Jinping, then still PRC vice president, underscored economic considerations when he defined both countries as “important newly emerging market countries” and mentioned “Turkey’s goal to rank among the world’s top 10 economic countries by 2023.” But he also pointed out that “Turkey enjoys a superior geographical position” and added:

Turkey is a member of G20 and is also an important newly emerging country and a large country in the Middle East region. It has for long done a great deal
Beijing is not yet ready to undertake. Beijing prefers Washington to bleed a little and friendly countries like Turkey to lead a little.

Public opinion polls in Turkey show a consistent decline in approval of the United States. Confidence in President Obama, for example, fell to 12 percent in 2011. Turkish people were the least confident in Obama among twenty-three countries surveyed. In 2000, 52 percent regarded the United States in positive terms but by 2011, only 10 percent had a favorable attitude toward the United States (the lowest among twenty-two countries) while 77 percent had a negative attitude. Still, only 21 percent said that China would eventually replace the United States as the world's leading power, the lowest rank. China is by no means considered a substitute for the United States, now or in the future.13

Constraints on Relations

Needless to say, the Chinese are aware of “constraining elements” (qiyue yinse) in Turkey's middle power diplomacy. These include its long-blocked accession to the European Union; its Kurdish conflict; its entangled (qiuju) politics and military intervention in its domestic affairs; and its perceived vacillation between East and West, which reflects inability or unwillingness to make a choice.24 Beijing also worries about Turkey's growing Islamization; ongoing squabbles with Cyprus, Greece, and Syria; approval of the Arab Spring; friction with Iran; and the revival (actual or virtual) of Pan-Turkism, a vision resuscitated in recent years not just in China's perceptions (or nightmares) but mainly by Turkish generals and politicians who still wish to revive Turkey's past greatness, mostly in Central Asia.25 Paradoxically, some of those who promote Pan-Turkism advocate closer collaboration with the East.26 Erdoğan's rejection of Mustafa Kemal Atatürk's legacy—including a renunciation of Turkish custody over Central Asia's Muslims—may explain Turkey's growing regional and global activism, not always to Beijing's taste.27

By far the most pressing constraint is Ankara's sympathy for, and identification with, the Uyghurs of western China.28 In 2009, Abdullah Gül became the first Turkish president to visit China in fourteen years, and the first ever to visit Urumqi, the capital of the Uyghur-populated far-western territory of Xinjiang. In the past, Beijing had discouraged Turkish statesmen and politicians from visiting this troublesome region, whose Turkic ethnicities make up the majority of the population, rejecting Ankara's requests to set up a consulate there. Within a week after Gül left, violent riots broke out in Urumqi, leaving many (both Uyghurs and Han Chinese) dead. In what
appeared to be an uncontrolled outburst of fury, Erdoğan said that the Xinjiang incidents “look like genocide.” It is possible that Erdoğan’s outburst reflected instinctive feelings against China.29 There were official calls to boycott imported Chinese goods and resignations from the China-Turkey Inter-Parliamentary Friendship Group.30 Yet within a month, relations had returned to normal.31

This Turkish retreat reflected one of the outstanding outcomes of China’s rise: its ability to affect Ankara’s attitude toward the Uyghurs. Throughout the Cold War, and for a few years afterwards, the Turkish governments offered shelter and aid to Uyghur transnational organizations and leaders who had escaped Xinjiang and promoted their vision of independence for “Eastern Turkestan” (the Uyghur term for a region that includes most of Xinjiang). China began to pay attention to Uyghur international activism only in the mid-1990s, after Central Asia gained independence following the Soviet collapse and after its borders with Central Asia opened. This change; Beijing’s own open-door policy; the US-led campaign to promote human rights and democracy; and the advanced computer-mediated communication technologies turned Uyghur nationalism from an internal Chinese affair into an international issue. Turkey suddenly found itself at the headquarters of Uyghur transnational activism.

Following Uyghur demonstrations and acts of violence against Chinese in Xinjiang in 1999, the Turkish police arrested ten members of the so-called Eastern Turkestan Liberation Organization. According to Chinese sources, the organization was founded in 1996 by Mehmet Emin Hazret, a Uyghur from Khotan Prefecture in Xinjiang, who had escaped to Turkey in 1989.32 This led to the first Sino-Turkish security cooperation agreement, signed in 2000. Among other things, it facilitated public security coordination and stipulated that measures would be taken against separatist activities jeopardizing the territorial integrity of both Turkey and the PRC. The Turkish interior minister (who signed the accord in Beijing) stated that “his country will never tolerate any form of anti-China activities or terrorism in Turkey.”33 These and other measures intended to limit Uyghur activism in Turkey were a result of Beijing’s pressure.

Beijing has long used Turkey as one of the most active stations of the Third Bureau (military attaché) of the People’s Liberation Army (PLA) General Staff Second Department (military intelligence).34 The Chinese not only collect political and military intelligence in Turkey, but they also infiltrate Uyghur organizations through moles, sleepers, and collaborators. Uncertainty and suspicions about their own activists often cause Eastern Turkestan organizations to fall into paralysis and passivity, exactly what Beijing wants. Monitoring Uyghur activism in Turkey (and elsewhere) is also undertaken by the 610 Office (a Ministry of State Security unit operating under the Foreign Ministry’s overseas embassies). Launched on June 10, 1999 (hence their name), in response to the rise of the Falun Gong religious sect, 610 Offices are an extralegal police force formed to suppress “illegal organizations” in the PRC and abroad. Reacting to human rights critics, in 2004 the 610 Office was renamed the Department of External Security Affairs (Shehuo anquan shu ju, or guanli si, literally the Department of Managing Foreign-Related Security). It “aimed at coping with increasing non-traditional security factors” (i.e., terrorism), with the safety of Chinese personnel abroad, and also at “dealing with Eastern Turkistan groups.”35

However, and despite China’s pressure and Ankara’s compliance, Turkish public opinion, as well as some parties and the police, sympathize with the Uyghurs—in both China and Turkey. Moreover, given the balance of power in Xinjiang and the nearly universal (including Taiwan’s) recognition of Xinjiang as an integral part of China, it is doubtful that Beijing is really concerned about the chances of Uyghur separatism or independence. It is more likely that the Chinese exploit the Uyghur issue to intimidate foreign governments and organizations to underwrite positive dispositions for Beijing’s policies and demands.

For Turkey there are also constraints on closer ties to China. Ankara rejected China’s appeal to boycott the Liu Xiaobo Nobel Peace Prize ceremony; began to distance itself from Iran; and criticized China’s (and Russia’s) UN Security Council veto on the proposal to condemn the government of Syria as responsible for the atrocities and violence there in 2012 and 2013.36 In a live television interview, Erdoğan harshly criticized Russia and went on: “China stands by Russia and although Hu Jintao had told me they wouldn’t veto the [safe zone] plan for a third time, they did at the UN vote.”37 An article in the Turkish daily Hürriyet, titled “The Gang of Four: Syria, Iran, Russia, China,” said:

The still-communist China is the fourth member of the gang. Here, I don’t even need to explain that “human rights”—including the most basic one, the right to life—means nothing for Beijing. This is simply a mercantilist dictatorship without any principles. “It doesn’t matter whether a cat is black or white,” the late Deng Xiaoping once said, “as long as it catches mice.” Apparently, it doesn’t matter how many innocents die while the cat gets fed.38

Turkish public opinion toward China has become more and more negative over time. The percentage of those with a favorable view of China has gradually declined from 40 percent in 2005 to 22 percent in 2012, nearly the lowest among twenty-one countries surveyed. At the same time, while more and more people in Turkey regarded China as the world’s leading economy
Military and Strategic Implications

China’s emergence as a great power has affected Turkey in a number of ways, some positive, some negative. Unlike the Cold War period when Turkey had practically no choice but to take Washington’s side against Moscow, the post-Cold War period has transformed the international system and created new options. Ironically, the uncompromising EU rejection of Turkey’s membership not only may have spared the Turks grave economic difficulties, but has also expanded their room of maneuver. These new and unprecedented political, military, and economic opportunities and possibilities have enabled Turkey to adopt a more independent foreign policy—not only in a regional context but also in a global one.

For Turkey, China is not just a means of economic growth or cultural exchange; it is primarily a tool for demonstrating Turkey’s freedom of choice—by no means a substitute to the United States but a counterbalance, and not necessarily at the expense of its EU option but on top of it as part of Ankara’s so-called “eastern orientation.” The “eastern orientation” came up dramatically in 2012, when Erdoğan suggested in jest that Turkey would abandon its EU efforts if Russia and China allowed it to join their organization for development and security in Central Asia, the Shanghai Cooperation Organization (SCO). However, he repeated the idea more seriously in 2013: “The SCO is better and more powerful, and we have common values with them . . . in terms of population and markets. This organization [SCO] significantly surpasses the European Union in every way.” Turkey became an SCO dialogue partner in 2013, the first NATO country to participate in the organization.
of concern about possible leaks of secrets and intelligence. Still, as mentioned, Beijing’s incentive is not only military or economic but primarily political and symbolic—and the same goes for Turkey, whose commitment to NATO has been eroded since the Soviet collapse. A poll of the Turkish public’s attitude toward NATO in 2011 revealed that 64 percent held an unfavorable view (the highest among ten countries) and only 18 percent held a favorable view (the lowest among ten countries).

While Sino-Turkish arms transactions are limited, remain mostly confidential, and fail to appear in the UN Register of Conventional Arms, joint exercises gain more publicity and are, therefore, more politically—and symbolically—significant. They originated in a military training and cooperation protocol signed in 1999, when the Turkish army deputy chief of staff visited China. Apparently no more than a formality at that time, it became meaningful in 2009, when General Hassan Aksay, commander of the Turkish military academies (and air force commander from 2009) visited China. The two countries agreed to upgrade their military cooperation to provide for joint military exercises and training and also to promote defense industrial projects. PLA deputy chief of staff Ge Zhenfeng praised the smooth development of military relations between the two militaries, their friendly exchanges, and their “pragmatic cooperation.” This, however, by no means implies a favorable Turkish attitude toward China’s military power. Asked how China’s growing military power affects Turkey, only 9 percent of Turks surveyed responded positively, whereas 66 percent responded negatively. Also, to the question whether it would be good or bad if China became as powerful militarily as the United States, 54 percent of the Turkish public responded negatively and 20 percent positively.

It is within this context that, following Israel’s exclusion, Ankara invited the PLA’s air force to join the 2010 Anatolian Eagle aerial military exercises. The fact that the United States for the first time did not participate in the annual exercise—as a protest against Israel’s exclusion—conformed to both China’s and Turkey’s interests: to keep a distance from Washington as an indication of independence, a message Ankara had already delivered during the 2003 Iraq War when the United States was not allowed to use its Turkish bases for military operations against Iraq. As soon as China’s fighters left Turkey, Wen Jiabao arrived in Ankara—the first Chinese prime minister to visit Turkey in eight years. A month later, Chinese and Turkish special forces exercised counterterrorism and assault tactics in the mountainous parts of Turkey, the first time that Chinese troops operated in a NATO member country.

Economic Implications

One of the reasons Turkey belongs to the middle power category is its fast economic growth since the beginning of the twenty-first century that elevated it to the G20 elite group. Yet, impressive as it is, Turkey’s economy has been vulnerable to the growth of China. China’s exports accounted for 89 percent of Sino-Turkish trade in 2012. Visiting Turkey in 2002, PRC vice premier Zhu Rongji said: “China attaches great importance to Turkey’s trade deficit with China and is working hard to take measures to increase imports from Turkey.” Turkish trade circles explained that while Turkey exports raw materials to China, the Chinese place customs duties on Turkish-made products. “Accordingly,” said Kinçal Tüzemen, Turkish state minister responsible for foreign trade, “we cannot sell much to China. We must find ways to sell more to China. At a time when our exports are increasing rapidly, why can’t we sell to China?” One reason is that Chinese firms are more efficient and therefore more competitive than the Turkish ones, leading to “negative expectations from Chinese economic boom in Turkish manufacturing industry.” During his visit to Turkey in 2012, Xi Jinping reiterated that “the Chinese side ... continues to seek a comprehensive way to solve our trade imbalance problems.” Ten years after Zhu Rongji’s comments quoted above, all attempts to close this gap have, however, failed. In fact, the gap has widened.

Certain sectors of the Turkish economy, in particular textiles and electronics, have been crippled. In 2006, the TurkishMilli Gazete blamed China for the recession in the textile sector, “the flagship of the Turkish economy.” A 2003 poll conducted by the Ankara Chamber of Commerce uncovered that twenty-five sectors of the Turkish economy are overflowing with Chinese products; some 80 percent of the ready-made garments and toys industry are dominated by Chinese products and all of the leather goods manufacturing are under Chinese control. China’s penetration has reached such proportions that “each ship full of Chinese products that docks at the Turkish ports is causing the closure of a Turkish factory.”

One reflection of the official response is that the share of antidumping cases against China in Turkey’s total antidumping cases in the World Trade Organization is the highest in the world. Beijing has called Ankara’s actions “one-sided and unacceptable” and added: “Turkey was attempting to make China a scapegoat by using dubious figures and hasty generalizations.” On the eve of his visit to Turkey in 2012, Vice President Xi Jinping did not hide his irritation: “We hope that the Turkish side will provide a better environment and more convenient working conditions for Chinese enterprises.”
In addition to trade, Beijing has also been diversifying its investments in Turkey, mainly contracted projects and engineering services. PRC official statistics claim that between 2001 and 2011, China invested US$10 billion in Turkish projects, 40 percent of which were already completed.65 Despite these achievements, however, Turkey still falls far behind other markets as a target for Chinese investments and construction contracts and its share in China’s overall foreign economic relations is still relatively small, reaching a peak of 1.59 percent in 2009 but falling to 0.89 percent the next year.66

Although Xi Jinping wrote that “China and Turkey are strongly complementary to each other in terms of capital, technology, and market,” actually they are not.67 In fact, they represent competitive economies not only bilaterally but also worldwide, mainly in the fields of textile and leather goods, electrical equipment, and notably, construction (a major Turkish international economic activity).68 Furthermore, any planned increase in bilateral trade as advertised during the recent visits inevitably means an increase in the Turkish trade deficit. In China’s economic relations with Turkey, the latter is definitely the underdog. The Turkish government regards the integration of China (as well as India) into the global economy as an “unfavorable development” that implies a negative impact on the Turkish economy.69 A Pew public opinion poll conducted in 2011 reinforces this conclusion. To the question how China’s growing economic power affects Turkey, only 13 percent responded positively (the lowest among twenty countries) while 64 percent (the highest) responded negatively.70

**Turkey’s Rise: Implications for China**

Given the asymmetry between the two, it is understandable that Turkey’s impact on China would be considerably smaller than China’s impact on Turkey. Turkey—unlike other middle powers like Australia discussed in this book—has nothing to offer the Chinese in terms of commodities and raw materials, let alone military or political benefits. Turkey’s main value as a middle power for the Chinese is strategic: a contribution to multilaterality, a weakening of the United States, and a foothold in the crucial junction between Asia, the Middle East, and Europe. This is the main reason why Beijing offered to upgrade their bilateral relations to the level of a “strategic relationship of cooperation” (strategic he nuo gianzu), which China maintains with few other countries (e.g., Pakistan, India, Australia, Russia). Concluded during Wen Jiabao’s 2010 visit to Turkey, this partnership is another foothold in Beijing’s attempt to expand its presence and influence in the world.

In the narrow sense, it is directed, according to Beijing, against the “threat of the three evil forces of terrorism, separatism and extremism” that the two face and reflects their common interests “in safeguarding the integrity of territory and sovereignty.” Yet behind these slogans lies the real and wider incentive, namely, that China’s leaders “attached importance” to Turkey’s “influence in regional and international affairs.”71

Is this partnership really about strategy or is it only a smoke screen for hiding the real Chinese interest in economic expansion, as some believe?72 To be sure, this agreement was immediately followed by eight cooperation pacts in the areas of trade (to be increased from US$10 billion in 2009 “to US$50 billion in 2015 and to US$100 billion in 2020”), infrastructure, and communications. These led Erdogan to say that relations between Turkey and China “are now entering a new stage of development.” As mentioned, in the Joint Declaration on Establishing Strategic Relationship of Cooperation of 2010, the two sides defined themselves as “emerging developing countries.” Yet Beijing could have signed these documents without offering Turkey strategic partnership, however of limited value. The fact that it did indicates that its interests go beyond economics and that China was ready to modify its policies.

One indication of Beijing’s growing respect for Turkey is the reversal of its policy that had blocked Turkish leaders’ visits to Xinjiang. As mentioned above, in 2009 Abdullah Ocal became the first Turkish president to visit Urumqi. In 2010, Ahmet Davutoğlu became the first Turkish foreign minister to visit Kashgar, the heart of the Uyghur community. He was bold enough to admit Turkey’s “close historic and cultural bonds” with the “Uyghur Turks,” adding that “China is almost a continent for us. We want to increase the number of Turkish consulates. . . We are determined to take every step that will bring the Turkish and Chinese peoples closer and open consulates all over China,” presumably including Xinjiang.74 As of now, Beijing still rejects Turkey’s application but in 2011 allowed Hainan Airlines to start direct Istanbul-Urumqi flights, an act of political goodwill that involves few political risks and many economic benefits.75

Finally, another benefit for Beijing is its participation in the Anatolian Eagle aerial military exercise and the counterterrorism exercise held in Turkey in late 2010. It is hardly conceivable that middle powers like Australia and Canada would invite PLA units to participate in military exercises in their territories. It should be noted that the “military” significance of China’s participation was limited but its symbolic value was huge. Ankara offered Beijing an entry ticket to the international league, recognizing China as a legitimate global player. The rules have changed.
Conclusion

In response to the four key questions posed by this volume, this chapter concludes that (1) Turkey is an incomplete middle power both because of its still-tentative embrace of classic middle power diplomacy and because of uncertainties about the durability of its capabilities; (2) China’s rise, which has entangled it in the Middle East far more than expected, has both bolstered Turkey’s regional role and geopolitical options as well as causing typical concerns about economic hollowing-out and human rights softness; (3) Turkey’s response has reflected its tangled relationship with the European Union in particular, embracing China as part of an “eastern option” while seeking to maintain its autonomy; and (4) Turkey’s most direct effects on China relate to the softening of its policy on pan-Turkish links between Xinjiang and Central Asia and Turkey, while its indirect effects center on Turkey’s “honest broker” role in Middle East security issues, which China has often supported or accepted.

Turkey’s designation as a middle power reflects primarily its impressive growth in recent years. Some observers, however, are still skeptical and believe that the Turkish economy is on the verge of collapse and that its acceleration is artificial, representing an outburst of expenses fed by low-interest loans and credits. Furthermore, the average annual direct investment has declined considerably since 2008 and may decline even more in view of the global economic slowdown. Still, Turkey is highly dependent on external loans, which means that in case of insolvency crisis, Turkey, which does not belong to the European Union or the Euro Bloc, nor to any other regional organization, cannot expect to be rescued from outside—except perhaps by China, which has not been eager so far to save failing economies.

Turkey’s accelerated growth policy is based on “hot money.” According to OECD data, Turkey is the highest risk among the middle powers discussed in this book, as far as export credits are concerned, ranking 4 (Australia and South Korea rank 0—no risk at all—Malaysia ranks 2, and Indonesia, Brazil, and South Africa rank 3). As a result, Turkey’s middle power capabilities have still to be tested and proved as sustainable.

Meanwhile, Turkey’s proactive middle power behavior is based on relatively fragile economic foundations. It is a “contingent middle power,” still on parole. Is Turkey going to survive as a middle power? Turkish foreign policy, in the words of one journalist, “suffers from its inability to meet the raised expectations in national and global politics.” Still, as with other middle powers considered in this book, the case of Turkey is useful both for providing a prism to understand the rise of China and to direct our attention to issues of world politics “beyond hegemony.” China’s rise has brought it into new and complicated relationships with countries like Turkey and with the regional and global foreign policies that they pursue. Far beyond the attention of most Western analysts of international affairs, this is one relationship that should be watched closely.

Notes


2. Some claim that Turkey had already been a middle power. See Dilek Bartas, “Turkish Diplomacy in the Balkans and the Mediterranean: Opportunities and Limits for Middle Power Activism in the 1930s,” Journal of Contemporary History 40, no. 3 (2005): 441–64; Senhat Güvenç, Turkey in the Mediterranean in the Interwar Era: The Paradox of Middle Power Diplomacy and Minor Power Naval Policy (Indiana: Indiana University Turkish Studies, 2010); Hazan Bari Yalçın, “The Concept of Middle Power and Recent Turkish Foreign Policy Activism,” Afro Eurasian Studies 1, no. 1 (2012): 195–213.


10. See, for example, Qing Wang, “Meiti nu yi xia de Tuerqi” [Turkey under American imperialist enslavement], Shijie Zhishi [World Knowledge], no. 17 (1951): 19–20.

12. Remmin Riho, November 7, 1957; see also Remmin Skouce 1958 [People’s Handbook 1958], 432–33; and Remmin Riho, [People’s Daily], October 18, 1957.


19. See, for example, Guangqi Wei, “Zhongdeng guojia yu quanjiu duobian shili” [Middle powers and global multilateral governance], Taipingyuan xuebao [Pacific Journal], 18, no. 2 (2010): 36–44.


29. Ürgünç, “Perceptions of China,” 406, 416; see also Deniz Ülker Arıboğan, Çin’in Gölgelerinde Uydu Çayı [Far East Asia under China’s Shadow] (Istanbul: İkiltin Sanat Yayıncılık, 2001).


34. Nicholas Eftimiades, Chinese Intelligence Operations (Iford, UK: Frank Cass, 1994), 81. See also Ming Pao Newspaper (Hong Kong), October 7, 1998.


39. PEW, Global Attitudes Project, 37.

40. "Turkish FM Says Asia, China Not Alternative to EU," Harrery, November 1, 2010.


42. On the deterioration of Turkish-American military relations and China's attempts to exploit it, see Atil Prasun, "Sino-Turkish Strategic Partnerships: A Predial Herald or an Irreversible Shift," China Report, no. 49, no. 1 (2013): 119–41.


47. Pew, Global Attitudes Project, 64.


54. "Jin O'Neill of Goldman Sachs, who coined the acronym BRIC to denote the big emerging economies of Brazil, Russia, India and China, has included Turkey in his list, a second tier of bigger rising stars alongside Mexico, Indonesia and South Korea," Economist, April 7, 2012.

55. Based on International Monetary Fund, Direction of Trade Statistics Yearbook 2000, 164, 439: 2007, 131, 455; Turkish Statistical Yearbook, various years; China Statistical Yearbook, various years.


61. This paragraph is based on Emre Örsençil, "25 Turkish Sectors Have Been Conquered by Chinese Products," Harrery, September 8, 2003.


66. China Statistical Yearbook, various years.


68. See for example Zhang Zhong, "Tuerqi dui Feihou zhanhu de zhengce pingxi" [Review and analysis of Turkey's strategy and policy toward Africa], Xinya Feihou [Western Asia and Africa], no. 9 (2011): 53–67; Zhang Zhong, "Tuerqi dui Feihou de jingjiao hezuo" [Turkey's economic and trade cooperation with the African region], Alaba shijia yanjiu [Arab World Studies], no. 2 (2012): 86–99.


70. Pew, Global Attitudes Project, 7, 16, 39.

71. Xinhua News Agency, October 9, 2010. See also Xiao Xiao, "Gongzhi Zhongguo yu Tuerqi Xiating zhanhu de hezuo guanxi" [Forging a new cooperation strategy between China and Turkey], Xinya Feihou [Western Asia and Africa], no. 9 (2011):
CHAPTER 11

Brazil’s Rise as a Middle Power

The Chinese Contribution

Anthony Peter Spanakos and Joseph Marques

Introduction

In the last two decades, Brazil has made considerable improvements in addressing long-term political and economic challenges and has become an increasingly relevant “player” in global politics. Brazil’s emergence naturally leads to the question of how to understand its previous and current foreign policy behavior as global power tectonics are shifting away from the United States and Europe, toward Asia—and China in particular.

This chapter will explore Brazil’s rise as a middle power, arguing for the relevance of the middle power concept and its usefulness in understanding Brazilian foreign policy. It does this by looking at how the rise of China has affected Brazilian capabilities, behavior, and identity, particularly by analyzing Brazilian activities in sub-Saharan Africa, Brazilian participation in new international groups—for example, Brazil, Russia, India, China, South Africa (BRICS) and Brazil, South Africa, India, China (BASIC)—of which China is a member, and Sino-Brazilian relations. The chapter concludes with comments about how this study may advance certain notions of middle powers more generally.

A middle power, as the term suggests, is a relational concept that can neither be conceived nor exist absent two other categories: great powers and/or super powers, and small/weak countries. The chapters by Gilley and O’Neill (chapter 1) and Manicom and Reeves (chapter 2) suggest that middle powers have capabilities that are commensurate neither with the 8 to 10 most powerful countries in the world nor with the least powerful 165 countries. This is a necessary condition for the authors since while some countries may behave like middle powers (Japan), their capabilities render them great powers.
Turkey and Russia in a Shifting Global Order:
Co-operation, Conflict and Asymmetric Interdependence in a Turbulent Region

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The current global political economy is characterized by the intensifying economic interaction of BRICS and near BRICS economies, with emerging powers increasing their influence in their neighbouring regions. The growing partnership between Turkey and Russia over the past two decades constitutes a useful case-study for examining this transformation, where Western supremacy and the US hegemony is under increasing challenge. Turkish-Russian relations shed light on some interesting issues concerning broader themes in global political economy. First, significant economic interdependence may be generated amongst states with different political outlooks. Furthermore, this growing interdependence is driven by bilateral relations between key states and supporting private actors or interests, in the form of loose regional integration schemes. Second, growing economic interdependence may co-exist with continued political conflicts and geo-political rivalries as indicated by the Syrian and Ukrainian crises. An important strategy that emerges is the tendency to compartmentalize economic issues and geo-political rivalries in order to avoid the negative spill-over effects. This facilitates the co-existence of extensive competition with deepening cooperation, as reflected in relations in the field of energy.

Key words: Turkey, Russia, emerging powers, interdependence, co-operation and conflict, energy politics, BRICS, Next Eleven

The Crimean crisis and developments in Ukraine has once again brought the shores of the Black Sea and debates about a resurgent Russia's flexing its muscle into the limelight. In this extremely volatile political context, this article aims to focus on an important issue in Eurasia, namely, Turkish-Russian relations from a political economy perspective focusing on the growing role of ‘emerging powers’ in a changing global order. The rise of the BRICS as important global and regional actors has attracted significant attention. A more recent phenomenon in global political economy concerns the rise of ‘near BRICS’ or the “Next Eleven” (a term coined
by Goldman Sachs) an important subset of which are the MIST countries (also MIKTA members) like Mexico, Indonesia, Turkey and South Korea. States in this category may not be as large and influential as the conventional BRICS, they are, nevertheless, establishing themselves as significant actors not only in their own immediate neighbourhood, but also as active participants in global governance frameworks such as the G-20 or new cross-regional groupings bringing together established and emerging powers like MIKTA. A significant literature has emerged in recent years to document the complex patterns of interdependence between the BRICS.¹ The relationship between BRICS and the second-tier 'near BRICS' has received less attention.²

This article aims to address this particular gap in the literature, by systematically studying the interaction between Russia and Turkey. The comparison highlights broader issues of co-operation and conflict in an increasingly post-hegemonic global economic and political order. The case of the near BRICS is also interesting in that these states face the tension between their commitment to their traditional alliances -Turkey as a long-standing member of the Western bloc and a candidate for EU membership-, and their desire to follow the footsteps of BRICS in playing a more assertive role as independent powers, both at regional and global levels. What also renders the Turkey-Russian relationship striking is their imperial legacies and their continuing perceptions of themselves as decisive regional and global actors, which perhaps goes well beyond their actual capabilities. This element of mismatch between expectations and capacity clearly distinguishes both Turkey and Russia from many other emerging powers. At a time when both Russia and Turkey are facing relative distancing from the EU and the US due to their more assertive foreign policy moves, their respective geopolitical visions of a greater international status and power augments their partnership, despite acute differences over issues such as Syria.

After years of conflict and antagonistic relations between Turkey and Russia during the Cold War, a significant partnership has developed based on a series of bilateral agreements, as well as a loose regional integration agreement in the form of the Black Sea Economic Co-operation Project (BSEC) over a relatively short period of two decades.³ Moreover, this relationship has developed at a time when the United States and Europe continued to serve as the primary reference point for Turkey, a country that has for decades maintained its commitment to the Western institutions such as NATO and the European Union, despite serious setbacks in the relations with Brussels. A central concern of the paper, in this context, is the relevance of the 'strategic partnership' notion.⁴ Our major contention is that in spite of growing economic interdependence and diplomatic initiatives on the part of Turkish President Recep Tayyip Erdoğan and the Russian President Vladimir Putin in
recent years, bilateral relations continue to be characterized by significant elements of conflict. Whilst continued engagement between the countries is a positive development, we find the strategic partnership concept an overstatement of Turkish-Russian relations in the present stage of its evolution. A strategic partnership will be difficult to forge and consolidate, as long as significant differences persist in the geo-political orientations and political outlooks of the individual states. Thus, we argue that the strategy of "compartmentalization" enables the co-existence of political tensions with deepening economic ties for which the current nature of Turkish-Russian relations serves as an insightful case study. This study goes on to make the case that certain fissures may also emerge from an asymmetrical power relation, increasing the bargaining options for the stronger partner.

**BRICS and Near BRICS in an Emerging Global Order: Elements of Co-operation and Conflict**

Global political economy is experiencing a period of significant transformation as the hegemonic power of the US is challenged by the rise of emerging powers. The unipolar structure of the international system established immediately after the end of Cold War has been gradually receding, as a multi-polar order has taken shape. The costly wars in Afghanistan and Iraq and the devastating economic crisis in 2008 accelerated the shift in the balance of power away from the Western powers, with the BRICS, led by China, occupying an increasingly important role in the emerging global order. The growing diffusion of power in an increasingly post-hegemonic age means that emerging powers have increasing space to pursue more ambitious regional agendas and assertive foreign policies. What is also striking in this context is the rise of a generation of near-BRICS, which may not be as influential as the BRICS, but still aspire to establish themselves as active regional and global actors. Countries like Turkey, Mexico and Indonesia fall into the latter category. Within this context, the present paper focuses on the interaction between Russia and Turkey, two key countries lying on the periphery of Europe, which have forged a dynamic economic partnership, notably during the course of the last decade, and a pattern of growing interdependence that makes a sharp contrast with the highly conflictual relationship between the two countries over the course of several centuries.

Russia, as a representative of BRICS, and Turkey, as a promising near-BRICS power, have emerged as influential actors in Eurasia, as well as the broader Middle East. Over the last decade, both Russia under Putin and Turkey under Erdoğan and the AKP have enjoyed relative political stability and economic prosperity, which has facilitated a degree of interdependence between the two countries, as compared to the 1990s, when Russia was experiencing difficulties in its transition to market capitalism and Turkey was confronted with a series of
economic and political crises. Growing economic strength has not only contributed to intensifying bilateral links, but has also facilitated the quest of both countries to play more active roles in the international arena. They have also benefited from the current structure of the international system, which provides a more conducive environment for emerging (or re-emerging) powers such as Turkey and Russia to play a more assertive role in regional affairs.

A systematic analysis of the Russian-Turkish relations in the evolving international order allows us to make the following generalizations. Growing trade and economic linkages can facilitate the rise of a significant partnership, driven by common economic interests, among states with diverging geo-political outlooks and political regimes. Russia together with China represents the authoritarian version of the BRICS. Whereas Turkey, in spite of its democratic deficits, increasing concerns about rising authoritarianism and the erosion of the autonomy of state institutions in the later phase of the AKP era, is closer to the democratic variant of BRICS represented by countries such as India, Brazil and South Africa. For instance, the differences in the geo-political outlooks were reflected in the approach of the two states to the Arab uprisings and particularly to the Syrian crisis. Whilst Turkey has tried to project itself as a champion of democracy in the Arab world, Turkey’s own democratic deficits and its over engagement in Syrian affairs constitute serious limitations for Turkey’s foreign policy towards the Middle East. In this context, as opposed to Turkey, Russia, like China, has highlighted the principle of non-intervention in domestic affairs, even in the face of major atrocities as has been the case in Syria under the Assad regime.

What is important in the present context is that the major differences in the political orientations of the two states have not undermined the economic partnership forged on the basis of trade and investment linkages constructed over a period of two decades. At the same time, in the absence of common norms, it is extremely difficult to establish a genuine “political community” among such states. This inference applies not only to the bilateral relations established between such states, but also to regional blocks where these states constitute the principal driving force. BSEC is a striking example of this kind of loose regionalism. It falls short of a genuine political order based on a common identity given that the member states, notably the leading states like Russia and Turkey, are unable to agree on common norms which would be necessary to establish a genuine political community. Another key issue concerns the often paradoxical co-existence of interdependence and dependence, especially when one of the states enjoys superior economic power over the other. In the case of the BRICS, this pattern seems to apply to China vis-à-vis the rest of the group. In the Russia-Turkey relationship,
Russia is clearly the stronger partner, due to Turkey’s heavy dependence on Moscow for its energy resources. This pattern of asymmetric interdependence is important in terms of limiting the bargaining options of the weaker partner, which might also challenge the logic of “strategic partnership” forged between the two states, raising some concerns about its long-term durability.

**Transformation of Bilateral Relations: Elements of Continuity and Rupture**

The Russians and the Ottomans were arch-rivals for centuries. The tumultuous history of Ottoman-Russian relations was marked by thirteen bloody wars, the most recent of which was the First World War. However, by the end of the war when both monarchies had been either overthrown or defeated, an unprecedented transformation both in the internal and external dynamics of these powers initiated a new and much more positive chapter in bilateral relations. Following the First World War at a time when both sides were isolated from the international system, the Bolshevik-led government under Vladimir Lenin, and the Turkish nationalists under the leadership of Mustafa Kemal developed cordial relations. The Soviet Union was the first European state to formally recognize the nationalist government of Turkey with the Treaty of Moscow signed on 16 March 1921, ironically while the Ottoman Sultanate was still in nominal existence.⁸

The interwar era was marked with economically cordial, yet politically cautious bilateral relations. In this period, the promotion of *Etatism* was inspired by the socialist experiment of the Soviet Union. The apparent success of the centralized Soviet economy, at a time when the Western world was hit by the Great Depression, made it an appealing model. The human cost and the shortcomings of the socialist system during the Stalinist era, however, were not revealed to the outside world.⁹ Turkey’s emphasis on the development of an industrial base and the implementation of five year plans was based on the Soviet model. However, despite close collaboration with the Soviet Union, Turkish leaders emphasized that their etatist policies were different from socialism. There was no class conflict and state control was still limited. The major part of the economy, notably agriculture and small industry, remained in private hands.

The first serious tensions in bilateral relations emerged in 1936 during the Montreux Convention negotiations, which enabled Turkey to regain its control over the Straits via remilitarization. The tensions reached a climax in the aftermath of World War II, when on 19 March 1945, the USSR’s Foreign Minister Molotov informed Turkey that the USSR was declining to renew the 1925 Non-Aggression pact. When the Turkish government inquired of the conditions for a new agreement, it was informed by Molotov that in addition
to bases in the Straits, the Soviet Union claimed some territory in Eastern Anatolia. Moreover, at the Potsdam Conference (July 1945), Soviet Premier Joseph Stalin attempted to revise the Montreux Convention. In March 1947, the Cold War lines began to emerge with the proclamation of the Truman Doctrine. The USSR and Turkey were in different camps during the Korean War. Finally, when Turkey joined NATO in 1952, the Turkish-American alliance, as well as the Turkish-Soviet rift was institutionalized.\textsuperscript{10}

The geo-strategic rivalries of the bipolar era defined contentious relations of the Cold War period. During the Cold-war era, the relations between the two countries were virtually frozen and the rise of the Soviet Union and the spread of communism were conceived as major security threats from the Turkish perspective. Turkey was firmly in the Western camp, as a member of NATO and as an early associate member and a potential full-member of the European Community. Nevertheless, there emerged periods of early rapprochement during the Cold War era. First, there was a rapprochement with the Soviets under the leadership of Prime Minister Bülent Ecevit during the mid-1970s after the Cyprus crisis. Then, in the 1980s under the leadership of Turgut Özal, the Natural Gas Agreement of 1984 triggered budding trade and investment ties.\textsuperscript{11} In this period, the improvement in economic relations was spearheaded by the private sector in Turkey, which acted under the umbrella of newly established Foreign Economic Relations Board (DEİK).\textsuperscript{12}

While studies of bilateral relations mainly focus on the post-Cold War context, a very important prelude, which took place during the last decade of the Cold War, is often neglected. Developments in the second half of the 1980s, well before the collapse of the Soviet Union and the end of the Cold War, constituted a genuine turning point in Turkish-Russian relations and created the basis of the strong economic partnership that emerged over the course of the past three decades. From the Turkish perspective, we observe the importance of strong state-business collaboration with the private sector playing a leading role and the state, especially under Özal’s leadership, performing a major supporting role in the process. The Natural Gas Agreement of 1984 necessitated the Soviet Union to buy goods and services from Turkey in return for exports of natural gas. The Turkish private sector made a concerted effort to enter Soviet markets, capitalizing on the benefits offered by the Natural Gas Agreement. The way that the Natural Gas Agreement had been negotiated opened space for Turkish firms to operate in the tightly regulated and restrictive economic environment of the Soviet Union. This case highlights the importance of state actors in creating the initial impulse for the rapprochement process, from which private actors clearly benefited.
Once the initial impulse was created, the organizational capacity of the Turkish private sector, operating under the umbrella of DEIK and the Turkish-Russian Business Council, a sub-unit of DEIK, proved to be crucial in Turkey’s ability to expand trade and investment linkages with the Soviet Union. Indeed, a number of leading Turkish construction companies such as ENKA, ALARKO and TEKFEN started to establish their strong reputations in Russia, as well as in other Soviet Republics in the late 1980s. This, in turn, provided the foundations for the strengthening of economic relationships both with the Russian Federation and the wider post-Soviet space, a process that continued at an accelerated pace after the Soviet Union collapsed in 1991. Turgut Özal, the architect of Turkey’s economic program and integration process to the global economy, was a key figure in providing support to the strong initiatives of private corporations and associations. This strong support was significant at a time, when key segments of the Turkish economic bureaucracy were reluctant to endorse a major expansion of economic relations with Russia and the late communist regime of the Soviet Union. It is during this period that businessmen started accompanying Özal during state visits to the Soviet Union. Özal symbolized the state support that helped to inspire confidence on the part of the Soviet state institutions that regulated trade and investment. This strategy enhanced the ability of private firms and their collective associations such as DEIK to overcome the strong barriers in trade and investment in a state-dominated, Soviet-style economy.¹³

The dissolution of the Soviet Union and the subsequent systemic and regional transformation created new challenges, as well as opportunities, for the enhancement of cooperation. In the post-Cold War period, we may identify two distinct phases in Turkish-Russian relations. The end of the Cold-War in the early 1990s led to a new phase in the relationship, this first phase was characterized by significant co-operation in the economic realm. Especially, in the context of the early 1990s, significant degree of complementarities existed between the economies of Turkey and the Russian Federation (and the CIS), by far the most important state emerging in the post-Soviet space. Turkey was dependent on Russian supplies of oil and natural gas, whilst Turkey, with a significant experience of private sector growth under a mixed economic system, was well placed to supply consumer goods and construction services in return. During the 1990s, trade between Turkey and Russia expanded significantly. An interesting feature of the 1990s involved the growth of informal or “suitcase” trade.¹⁴

The relationship however, was characterized by significant elements of conflict in the midst of growing economic and diplomatic co-operation. A major cause of the conflict originated from Turkey’s desire to play a leadership role with respect to the newly independent Turkic Republics in Central Asia. In the early 1990s,
following a series of disappointments on the path to the EU membership, Turkey adopted an increasingly pro-active policy towards the Central Asian Republics, based on cultural, historical and linguistic ties. Relationships between Turkey and Azerbaijan and the Central Asian Republics expanded considerably during the course of the 1990s. The backing of United States in Turkey’s desire to play an active regional leadership role provoked further discontent on the part of the Russian leadership. From the Russian perspective, the post-Soviet space would continue to be under the Russian sphere of influence, even though the Soviet Union had ceased to exist in formal terms. Hence, the Russian leadership, which was encountering significant troubles on the domestic front and not yet in position to display more assertive foreign policy characteristic of the later Putin era, was nevertheless disturbed by any kind of active competition from contending emerging powers in a region conceived to be its natural periphery.

Conflict between the two countries also stemmed from their mutual involvement in the perennial domestic ethnic or minority conflicts confronting the two states, in a rather symmetrical fashion. Turkey indirectly supported Chechen insurgents, which created a major source of resentment in Russia. Similarly, Russia provided indirect support for the PKK, creating an equally vocal source of resentment in the Turkish context. Conflicts also emerged over Turkey’s attempts to diversify energy routes. During the 1990s, Turkey’s major initiative in this sphere was the Baku-Tbilisi-Ceyhan (BTC) oil pipeline project, which reflected its desire to establish itself as an energy corridor, connecting the former Soviet space to the Western markets. This vision came into direct conflict with the Russian perspective. Moscow aimed to monopolize energy routes and perceived Turkish attempts to diversify energy routes as a natural threat to its dominance in energy supply. Since the BTC project was accomplished with significant backing from the United States, the intrusion of Western powers in a region under the Russian sphere of influence was an additional source of contention for Moscow.

<table>
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<th>Table 1: Two Phases of Russian-Turkish Relations in the Post-Cold War Era</th>
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<td><strong>The nature of the relationship</strong></td>
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<td><strong>Immediate post-Cold War era</strong></td>
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<td>to the late 1990s</td>
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Key driving forces | State-driven cooperation with private sector backing; regional agreements such as BSEC provide a facilitating but a secondary role. | States continue to be the key actors; the role of private sector interests increases parallel to the growth and diversification of the two economies.
---|---
Regional context for cooperation | BSEC provides a loose framework for cooperation; weakly institutionalized regionalism in the absence of common norms and political orientations of the member states. | Dynamic region with weak institutionalism; nation-states and national business associations continue to be the dominant actors; the importance and increasing frequency of bilateral summits involving heads of states.
---|---
Role of leadership | Özal is the crucial figure in pushing for cooperation on the Turkish side, as the architect of the BSEC Project. There is no direct counterpart on the Russian side. | Erdoğan and Putin played important roles in promoting bilateral relations; Gül and Davutoğlu are also key actors on the Turkish side.
---|---
Nature of political conflicts and attitudes towards separatism and domains of influence | Deep conflicts; Russia resents Turkey’s quest to play a leadership role with respect to Central Asian Republics; the two states interfere in each others minority conflicts with Russia indirectly supporting PKK and Turkey indirectly supporting Chechen insurgents. | Degree of conflict significantly reduced by the pragmatic turn in Turkish foreign policy; Turkey largely refraining from an active regional role in areas considered to be in Russia’s sphere of influence.
---|---
Geopolitical rivalries and their impact on the depth of partnership | Significant negative effect, although not powerful enough to undermine the co-operative pact driven by economic interests altogether. | The partnership appears to be more robust; the Georgian crisis of 2008 and the current Syrian and Ukrainian crises strained, but have not fundamentally affected the underlying relationship given the degree of economic interdependence established.
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By the late 1990s, however, in the second phase of relations a shift of behaviour in the strategies of the two states led to further rapprochement. Turkish policy towards the Central Asian Republics became toned down compared to the degree of assertiveness and pro-activism displayed during the early 1990s. Although Turkey continued to foster economic, cultural and diplomatic links with the Central Asian Republics, this was accomplished in a more subdued fashion. The Turkish policy-makers from the late 1990s onwards have been aware of the limits of their powers and have avoided active confrontation with Russia, especially in regions which appeared to be under the direct sphere of Russian influence. Furthermore, there was a tacit agreement
between the two states not to interfere in each-others’ domestic political conflicts, which had obvious destabilizing repercussions. Both Turkey and Russia adopted neutral positions with respect to the Kurdish and Chechen conflicts. As a result of these developments, the pendulum has swung quite dramatically in the direction of co-operation during the early part of the new century. This phase, which broadly corresponds to the post-2001 era, can be identified as a golden-age of Turkish-Russian relations. A process clearly facilitated by several high level state visits and formal bilateral agreements. Under the leadership of Erdoğan and Putin, the relationship appears to have acquired a new momentum built on strong economic interdependence. Although the growing relationship cannot be exclusively attributed to the two leaders, the process has undoubtedly contributed towards strengthening and consolidating their already dominant positions in their domestic politics. The degree of co-operation has drastically improved during the course of the third phase. At the same time, we should be cautious about the term “strategic partnership”, considering that significant elements of contention continued to characterize the relationship, particularly in geo-political terms.

Facilitators of Rapprochement: Evidence of Deepening Co-operation and Interdependence

One of the striking features of the past three decades of Turkish-Russian relations is the development of depth in the multi-dimensional nature of economic interdependence. The growth of economic relations between Turkey and Russia has been profound. Significant relationships have evolved in the areas of trade, investment linkages and construction activities, as well as tourism and labour flows. This growth has taken place against a background, where there is growing human and cultural interaction as well.

Bilateral economic relations have three main dimensions: trade, investments, and tourism. The trade volume between Turkey and Russia increased from 4.5 billion dollars in 2000 to 33.4 billion dollars in 2012 (graph 1). The spectacular increase of trade relations, however, depicts a lopsided characteristic because Turkey’s trade deficit significantly increased over the last decade. According to 2012 figures, Turkey’s trade deficit with Russia increased to more than 20 billion dollars (graph 2).

Graph 1: Turkey’s exports and imports with Russia (billion dollars)
Data Source: TÜİK (Turkish Statistical Institute), 2015 and Office of the Commercial Counsellor, Moscow, 2015

Graph 2: Turkish Russian Trade Volume and Trade Deficit
The second dimension of growing interdependence between Russia and Turkey is the investments channel. Turkey’s construction firms have invested substantially in the Russian market over the last decades. The total amount of construction projects that Turkish firms carried out between 1972 and 2012 increased to more than 39 billion dollars worth, most of which was carried out over the last decade. For example, Turkish firms realized projects at an amount of 3.4 billion dollars in 2011\textsuperscript{19}. The increasing involvement of private actors in bilateral relations should be noted in this context. Although foreign direct investments occupying a relatively low share in bilateral economic relations, the recent trend indicates that Turkish firms have started to invest significantly in Russian markets. For example, Turkey’s leading durable consumption products companies, Beko and Vestel, have captured 10 percent of the durable consumption products sector in Russia. The increasing economic and human interaction also motivated seven Turkish banks to open new branches in Russia.\textsuperscript{20} One may argue that a crucial aspect of the emerging interdependence between parties is the institutionalization of bilateral economic relations. In May 2010, the establishment of High Level Cooperation Council in Russia-Turkey relations was a turning point in terms of economic ties as well because the Joint Economic Commission constituted one of the three main pillars of this new institutional structure.\textsuperscript{21} As highlighted by Putin in the 2013 meeting of the High-Level Russian-Turkish cooperation Council, the two countries are also focusing on developing industrial cooperation in the field of energy, metals and automotive industries, as well as financial and innovation sectors.\textsuperscript{22}

The third dimension of growing interdependence in Turkey-Russia relations is tourism. On April 2011, visa-free travel for 30 days between Russia and Turkey came into effect, which was a historic milestone enhancing societal level interaction and it also implied mutual trust. Due to high demand from Russian visitors, Turkey extended the visa-free travel period to 60 days in May 2012. Turkey is a favourite destination for Russian tourists. For instance, in 2012, 3.6 million Russian tourists visited Turkey and in 2013 Turkey received 4 million visitors from Russia.\textsuperscript{23} In Moscow, there are approximately 27,000 Turkish residents and this figure increases to 30,000-40,000 when other parts of Russia are included. The scale of tourism, labour mobility and inter-marriages amounting to the current approximation of 300,000 captures the growing human interaction between Russia and Turkey in recent years.\textsuperscript{24} In 2012, there were 18,000 Russian brides of Turkish husbands in
Antalya alone. These figures indicate that the relationship is broadening beyond the realm of economic interdependence and increasingly embodies important social and cultural components. The far-reaching nature of the relationship implies that it is likely to be more durable than a relationship based solely on narrow self-interest or strategic inter-state calculations.

**BRICS and near-BRICS Relations within the Regional Institutional Context: The Case of The Black Sea Economic Cooperation Organization**

Within the context of BRICS and near BRICS relations, what makes this relationship interesting is that it has been accomplished in the framework of a loose, weakly institutionalized regional integration framework. BSEC Agreement was signed in 1992. Russia and Turkey have been the principal countries in an essentially “south-south regional integration project”, meaning that none of the countries involved, especially in its early formative stages, were capital abundant countries, capable of acting as an engine of growth for the region as a whole. As the initiator of the project, the BSEC was particularly important for Turkey. Turgut Özal, the then-President, was a key actor in translating this idea into concrete implementation in 1992. On the economic front, as pointed out by Mustafa Aydın, “the most institutionalized home grown institution in the region” has been the BSEC. Upon the enforcement of its Charter, it became an official legal entity as a “regional economic organization” in May 1, 1999. While promoting the goals of economic cooperation and regionalism, it has also been pursuing a project-based approach. BSEC aims to contribute to security and stability in the region through economic cooperation as a major priority.

The expectation was that the BSEC project would create a degree of economic and political stability and a certain uniformity in economic policies and regulatory standards, creating a magnet for foreign direct investment from other parts of the world, notably from the neighbouring European Union. Indeed, the European Union was an “insider” to the BSEC from the very inception of the project given that Greece as a full member and Turkey as a candidate country constituted founding members of the BSEC. Subsequently, two other original members of the BSEC Agreement, Bulgaria and Rumania, became full members of the EU in 2007, increasing the degree of interaction and interdependence between the two intersecting, but in institutional terms rather contrasting, forms of regional bloc formation. In many ways, BSEC is rather similar to a leading south-south regional agreement in Latin America, MERCOSUR, where Brazil and Argentina have been the states in
the driving seat. At the same time, however, one could make the argument that the degree of institutionalized integration and policy coordination has been deeper in MERCOSUR than in the BSEC.

The BSEC has remained a loose integration scheme for several interrelated reasons. First, none of the key states involved were willing to delegate national state authority to a supra-national entity. In the Russian case, it was obvious that delegating significant autonomy to the BSEC would involve a diminution of Russian power. This would clearly be unacceptable to a global power like Russia, which sees itself as a regional hegemon, not only in the Black Sea space, but also in the post-Soviet space. Second, a more institutionalized and rigid membership of the BSEC would involve significant delegation of authority to a supranational body. The very flexibility of the BSEC enabled it to co-exist with its more formal, institutionalized counterpart, the EU, without causing serious fractious and insurmountable legal problems. Third, a deeper element that constrained more formal and institutionalized interaction between states in the Black Sea region was the absence of common norms or a common identity. For example, there was no consensus on democratic values and human rights practices comparable to the consensus found in the EU. The BSEC was characterized by the co-existence of a variety of political regimes ranging from different shades of authoritarianism to different levels of democratic consolidation. Fourth, the region lacks the financial resources for significant intra-regional transfers, a conduit to greater delegation of autonomy and a more formal integration process.

The common perception of the BSEC over a period of two decades is a project that has limited success. There have been regular meetings of heads of states as part of an inter-governmental agreement. However, the degree of policy co-operation has been rather limited. The organization has also been largely incapable of inducing political change and resolving major inter-state conflicts. Authoritarian regimes remain intact in a number of Black Sea states. Long-standing conflicts such as the Nagorno-Karabakh dispute have been impervious to any kind of conflict resolution mechanisms. Yet, the region has been quite dynamic in economic terms as indicated by interdependence that has developed between BSEC member states over the past decades. Whilst Russia and Turkey have been the primary driving forces and principal beneficiaries of this process, other neighbouring states have also benefited. In this sense, the BSEC might be seen as an example of a bottom-up integration process. Trade, investment and human flows can generate a significant economic dynamism and interdependence, contributing to stability and security despite the absence of common political norms and a strong regional identity.
Compared to the EU, the BSEC represents a different style of integration. The physical boundaries are more flexible, with lax visa regimes, but the entitlements for “insiders” are lower, compared to the formal redistributive mechanisms available to the EU from which insiders can derive significant benefits. In other words, the BSEC constitutes a case of flexible borders, with weak entitlements, where the benefits flow from primarily private economic exchanges. In contrast, the EU represents a case of tight borders, with significant redistributive benefits for insiders, from which outsiders are largely excluded. For our purposes, we can argue that the strong economic relationship that has developed between Turkey and Russia has largely evolved through a series of bilateral moves, summits and treaties. The BSEC has indirectly contributed, but has not been at the center of this process.

**Areas of Continued Contention and the Limits of the Strategic Partnership**

The phenomenal growth of economic interdependence between Russia and Turkey illustrates the extent of interpenetration between emerging powers, not confined simply to BRICS economies. The relationship, nevertheless, still considerably falls short of a “strategic partnership”. This argument may be justified on the following grounds.

A critical difference between the two countries concerns differences in regime type and diverging geopolitical alliances and interests. In spite of pressures for political liberalization from below, Russia under Putin remains a highly entrenched authoritarian state. Given the nature of its authoritarianism in the domestic sphere, it is a state much more willing and able to use “hard power”, both in a military and economic sense. Turkey, in spite of its continuing democratic deficits, constitutes a democracy, even if it is judged to be a hybrid or illiberal form. Consequently, in the foreign policy domain, Turkey tries to project itself as a regional power, which favours political liberalization and democratization in the neighbouring states. This difference between the two states has been illustrated in the context of the on-going Arab revolutions and the deepening of the Syrian crisis. However, Turkey's over-engagement in Syria and Erdoğan's tightening domestic grip has also been raising concerns about the authenticity of these claims. In the Syrian context, Turkey has been actively pushing for regime change to topple President Basher al-Assad, who has been waging a brutal war against the opponents of his regime. Russia, on the other hand, has been supporting the Assad regime and has been singularly opposed to any active involvement or humanitarian intervention in Syria, on the grounds that this would violate the principle of state sovereignty. The emergence of the self-proclaimed Islamic State of Iraq and the Levant (ISIL), also
referred as the Islamic State of Iraq and al-Sham (ISIS), has further complicated the situation for both Turkey and Russia. The divergences in Moscow and Ankara’s approach towards Islamic groups and separatism have added a new dimension to the already existing tensions on bilateral relations. Russia has been quite critical of Turkey’s relatively lenient attitude towards ISIS. Criticisms have also been voiced from Moscow concerning Ankara’s handling of the Kurdish conflict, following the stalling of the peace process and the resurgence of the armed conflict with the PKK.

The realities of the Arab spring, rather reminiscent of the Cold war in this region has increasingly compelled Turkey to co-operate with the United States and NATO, despite some divergent strategies particularly regarding Syria. Russia, China and Iran have been in the opposing camp. Setbacks in Turkey's cooperation with the United States regarding ISIL, its support for Muslim Brotherhood throughout the region, its strong anti-Israel rhetoric and its flirtation with the Shanghai Cooperation Organization have raised concerns regarding Turkey's drifting away from its Western allies. Nevertheless, given Turkey’s long-standing diplomatic, economic and security ties to the West, in spite of the fact that Turkey has been adopting a more independent line of foreign policy in recent years, especially in the face of growing disappointments with the EU membership process, it is not a viable option for Turkey to entirely dissociate itself from the West and seek to develop its relations with its turbulent neighbours as a quasi-independent power. The Arab spring process and the Syrian crisis, in particular, have clearly illustrated the structural limits of Turkey’s ability to act independently of the United States and the EU in the face of a major regional crisis.

Divergences between Turkey and Russia over regional crises have not been confined to their respective responses to the Arab spring and Syria. Earlier examples could be identified in the case of the Georgian crisis. When Georgia sought to recapture its separatist pro-Moscow region of South Ossetia and Moscow responded with a military move in August 2008, Turkey opposed the Russian intervention and supported the unity of the Georgian state. These developments caused significant turmoil in the region. Despite the US and EU condemnations of troop deployments and bombings deep inside Georgia proper, the Russian Foreign Minister Sergei Lavrov defended the Russian move, declaring that “Russia has returned to the world stage as a responsible state which can defend its citizens.” Moreover, Russia promptly recognized the two break away pro-Russian provinces of South Ossetia and Abkhazia as independent states. These actions indicated that a resurgent Russia would be displaying an increasingly assertive foreign policy. Medvedev acknowledged in 2010 that the war stopped NATO expansion. With the rising tensions between the United States and Russia, Turkey
was once again confronted with the challenging task of striking a delicate balance between its alliance with the United States and NATO, and its relations with Russia on which Turkey is heavily energy dependent. In response to these complex developments, Turkey pursued a multidimensional and soft power approach by promoting the formation of a “Caucasus Solidarity and Cooperation Platform” in the wake of the Georgia–Russia war. Turkish leaders were engaged in numerous high level diplomatic meetings concerning its formation. However, its nature as a primarily regional cooperation platform, has meant the US has lacked enthusiasm for its implementation.

After the NATO and EU enlargements, the Black Sea has become the Eastern frontier of Europe and its significance for NATO increased further. Despite strong Russian objections, both Ukraine and Georgia expressed their interest in becoming future NATO members. Hence, on the one hand, a resurgent Russia is trying to firm up its grip over the Black Sea region, while on the other, the United States and NATO are also aiming to increase their influence in this turbulent, yet highly strategic area. While the United States wants to increase its presence and NATO’s naval power in the Black Sea region, Turkey believes that increasing NATO’s naval presence would raise tensions. As pointed out by an authoritative Turkish diplomat, “attempts to revise the Montreux Treaty are highly problematic and are unacceptable for the Turkish side.”

In the meantime, it is critical that Turkey avoid confrontations with Russia and Turkey’s strict adherence to the Montreux Convention during the Georgian crisis was favourably received by the Russians.

Turkish-Russian relations continue to face some challenges in relation to the major frozen conflicts of the Caucasus. For instance, in the case of the Nagorno-Karabakh conflict, Turkey and Russia found themselves on opposing ends of the conflict, with Turkish support going to Azerbaijan, and the Russian support directed to Armenia. Turkey’s facilitator role in various conflict situations acquires increasing importance in enhancing its status as a pivotal regional power. Yet, this role is also limited by complex regional dynamics. Given Russia’s considerable influence over Armenia, at least a tacit approval of the Russian side is critical for a genuine breakthrough in the Nagorno-Karabakh dispute, which currently seems quite unlikely. In this respect, the Russian strategy will be highly dependent on the overall context of US–Russia relations as well. One could safely argue that deepening economic partnership between Turkey and Russia have so far failed to result in an equally strong geo-political partnership, aimed to solve major on-going conflicts in the region. Moreover, Turkey would be at a structural disadvantage in terms of resolving on-going conflicts in the Caucasus and its long-standing
conflict with Armenia, if it acts alone and deals with Russia on a bilateral basis, rather than acting together with the European Union, as a candidate country and a potential member.

Another major area of contention with Russia emerged when the strategic decision to share the advanced missile defence capabilities of the USA, also known as the ‘Missile Shield’, was made at the NATO Lisbon Summit meeting in November 2010. Russia was vehemently opposed to the development of any antiballistic missile system regardless of its limited capability. Turkey had some initial concerns about the Missile Shield project, however, when these concerns were adequately addressed by the allies, a key component of the project - a radar site in Kürecik, Malatya in eastern Turkey - was activated in May 2012, despite Russian and Iranian objections. It is noteworthy that regarding this issue Russian frustrations were mainly directed towards the United States as the architect of this project, rather than Turkey, which Russia perceived as a much less influential US partner.

Over all, it is striking that geo-political rivalries and conflicts while straining the relations, have not seriously disturbed the depth of bilateral ties and the degree of economic interdependence established over the course of the two decades. This shows the robustness of economic interdependence, especially through the support of powerful stakeholders, both within the state as well as outside the state, in terms of private sector coalitions that benefit tremendously from this economic interaction. In the context of the Syrian crisis, for example, the underlying differences between the Erdoğan and Putin governments, while creating considerable political tension did not lead to a fundamental shift in Turkish-Russian relations. The Syrian crisis so far demonstrates that the high level of bilateral relations established enables the two parties to compartmentalize economic issues and geo-political rivalries and avoid the negative spill-overs of certain disagreements into areas of bilateral co-operation. In a similar fashion, Turkey voiced its concerns over the necessity of maintaining the territorial unity of Ukraine and preserving the rights and the security of the Crimean Tatars. Yet, Turkey was not very adamant in its criticism of Russia regarding the crisis over Crimea and the subsequent political turbulence in Ukraine. Moreover, its lack of cooperation with the United States and the European Union with respect to sanctions against Russia over the Ukrainian crisis has been causing further tensions in Ankara's already strained relations with its Western allies.

In retaliation for the Western sanctions, Russian President Putin banned fruit and vegetable imports from the EU and all food imports from the US. Ankara responded to the ban by extending an olive branch to Russia. The Turkish finance minister, Nihat Zeybekci, approached the ongoing crisis between Moscow and the
EU and the US as an “opportunity” for Ankara.38 Turkish Foreign Minister Mevlut Cavuşoğlu also acknowledged that Turkey does not want to join EU sanctions against Russia and he highlighted that Moscow is an important trade partner for Turkey. He also urged the other European Union countries to be "realistic" about whether they can do without Russian gas, highlighting that "every country must consider its own interests."39 Hence, to the dismay of the EU countries and the US, Ankara has capitalized on Russia's EU food ban, boosting its exports of fish and meat to Russia to record highs. For instance, according to the Russian Ambassador to Ankara Andrey Karlov in comparison with the January-November period of 2013, the Russian import of Turkish meat products has increased by tenfold and the import of seafood products doubled.40 The sanctions episode aptly illustrates the benefits of the strong bilateral economic ties in terms of circumventing Western pressures for the key domestic political actors. The episode also has important implications in terms of acting as a layer of protection of the existing political regimes in both countries against external pressures for change.

Another major challenge for Turkey in forging a “strategic partnership” is the asymmetric nature of economic interdependence built between Turkey and Russia over the years. At present, Turkey is more dependent on Russia, given its strong reliance on imported oil and gas resources. Arguably, the degree of Russia’s dependence on Turkey has diminished over time due to the growth and diversification of its own private sector, which was not the case in the early stages of the transition to a market economy. Certainly trade between the two countries constitutes a two way process and Turkey generates considerable foreign exchange from the activities of its construction firms and large numbers of Russian tourists visiting Turkey. Nevertheless, this structural asymmetry in Turkey’s economic relations with Russia may naturally limit its bargaining capacity with Moscow and its options.

The global struggle over access to and control of energy resources has intensified. Russia, the United States, the EU, and China are the main global actors with significant interests and influence in the Caspian region, while Turkey, Azerbaijan, and Iran are emerging regional actors. The challenging task of transporting land-locked Caspian energy to the international markets further complicates the delicate dynamics between energy producers, energy transit countries and energy consumers, turning “pipeline politics” into an indispensable part of the great energy game. In this respect, Turkey is increasingly significant as an energy transit country with the aspirations of becoming an "energy hub" critical for European energy security.41
The East-West Energy Corridor, initiated through intensive collaboration between Turkey, Azerbaijan, Georgia and the United States, forms a critical part of these initiatives. The Energy Corridor aims primarily to transport Caucasian and Central Asian crude oil and natural gas to international markets via safe alternative routes. The major components of this sizeable energy outlet include Baku-Tbilisi-Ceyhan (BTC) crude oil pipeline, the Shah-Deniz natural gas pipeline (Baku-Tbilisi-Erzurum), the Trans-Caspian Natural Gas Pipeline projects and their complementary infrastructure. The completion of the BTC pipeline project has been particularly significant by opening a non-Russian oil transit route in order to get landlocked Caspian oil to global energy markets.

Russia, as a decisive player in the field of energy politics, made considerable efforts to undermine the nascent Nabucco project by promoting its Gazprom backed South Stream Pipeline project as an alternative. Currently, both projects are shelved. Initially, the South Stream project was announced in 2007 and aimed to transport Russian natural gas to the European consumers, through Bulgaria and Serbia to Hungary and Austria. The shortest initial route was envisioned to pass through the continental shelves of Russia, Ukraine, Romania and Bulgaria. However, due to gas disputes with Ukraine, Russian authorities began considering a longer route running along Turkey’s exclusive economic zone, for which they needed the consent of the coastal state according to the UN Convention on the Law of the Sea. In the meantime, as the adverse effects of the conflict between Russia and Ukraine have indicated, over-reliance on a single supplier and transport route has become very risky for European energy security.

While Turkey is engaged in developing international pipeline projects, it is also facing pressing domestic energy needs. Ankara’s insufficient domestic energy supplies, coupled with its own over-reliance on Russian natural gas, bring into question Turkey’s energy security. While there is competition with Russia in the context of the East-West energy corridor, Turkey is heavily dependent on Moscow for its own domestic energy needs. Consequently, it tries not to alienate its formidable neighbour by collaborating with it in other energy projects, such as the Blue Stream. This paradoxical situation necessitates a more comprehensive energy strategy for Turkey with closer collaboration with primary global and regional actors in seeking a more balanced relationship with Russia.

In this context, there is increasing energy collaboration between Turkey and Azerbaijan. As a new energy initiative, on June 26, 2012, Erdoğan and Azerbaijani President Ilham Aliyev signed the
Intergovernmental agreement to launch Trans-Anatolian Pipeline (TANAP) with the first gas flow expected in 2018. The projected amount of annual gas transport is 16 billion cubic meters (bcm), with 6 bcm allocated for domestic consumption in Turkey and the remaining 10 bcm transferred to Europe. In fifteen years TANAP's gas flow capacity is expected to reach to 31 bcm, the equivalent of Nabucco's envisioned full capacity. TANAP has initially a more limited scope, but a higher feasibility. In mid-2013, it was decided that TANAP will connect to the Trans-Adriatic Pipeline (TAP) for transferring Azeri gas to Europe. Due to its more limited scope, which would not entirely eliminate alternative projects, it did not receive the fierce opposition that Nabucco triggered from Russia. Moreover, as a balancing act to appease Moscow, only two days after the signing of the memorandum of understanding for TANAP on Dec 28, 2011, Turkey and Russia signed an agreement for the utilization of the Turkish exclusive economic zone in the Black Sea for the transit of Russian gas to Europe.

The global energy field is very dynamic and recently witnessed drastic changes emerging as a game-changer for key players, ranging from the implications of the shale gas revolution in the US to the plummeting oil prices in the global markets. While the falling oil prices constitute a major challenge for Moscow with deeply troubling repercussions for its economy, it is particularly good news for Turkey to alleviate its persistent current accounts deficit problems originating primarily from its energy imports. Turkish Minister of Economy Ali Babacan stated that "Each ten dollar drop in oil prices, would contribute to decreasing Turkey's current accounts deficit by 4 billion 400 million dollars".

Most recently, in a quite dramatic move President Putin during his visit to Ankara on December 1, 2014, announced the decision to shelve the $45 billion South Stream project. Gazprom Chief Executive Officer Alexey Miller also told the reporters in Ankara that “The project is over.” This is a clear sign that Russia’s economic ties with Europe are hindered further as the crisis in Ukraine persists. The route under the Black Sea would have provided Gazprom with a more direct path to supply Europe’s gas needs, a plan the European Union recently started to object because it would diminish Ukraine’s leverage against Moscow. In the meantime, Putin has been struggling to prevent Russia from falling into recession amid rapidly dropping oil prices and lingering sanctions due to the annexation of Crimea and the developments in Ukraine. Instead of South Stream, Putin announced that Russia will redirect the project to Turkey through a different Black Sea pipeline with the intention of creating a 'hub' for Southeastern Europe at the Greco-Turkish border. While the project has already been dubbed as 'Turkish Stream' by some commentators in the international press, it is certainly not the last
word from either actor. In the meantime, Russia will continue to supply gas to Turkey through the Blue Stream pipeline, increasing deliveries by 3 billion cubic meters a year and offering a 6 percent discount from Jan. 1, 2015. In light of these developments, Turkish Minister of Energy and Natural Resources, Taner Yıldız, once again confirmed Ankara’s commitment to TANAP and TAP as essential pieces constituting the ‘chain’ of the Southern Gas corridor, as well as to the Turkish-Russian energy collaboration. He stated that “We are a partner of TANAP and wouldn’t undertake any projects that threaten it” and argued that although they might seem to be competing projects in the short-run, ultimately in medium and long-term, they will be complementary for the enhancement of European energy security.

Another emerging area of cooperation between Turkey and Russia is in the field of nuclear energy. As a part of its new strategy for ensuring its energy security, the Turkish government plans to have three nuclear power plants by 2023. At a time when some countries are revisiting their nuclear energy scenarios in the aftermath of Fukushima, the Turkish government appears adamant about displaying its political will to realize its nuclear energy plans. In July 2010, the Turkish Parliament approved a bill on an intergovernmental agreement between Russia and Turkey for the construction of Turkey’s first nuclear power plant in Akkuyu, a town in Mersin province. Accordingly, the Russian state-owned atomic power company, ROSATOM will construct and operate the Akkuyu nuclear power plant. The first reactor is expected to start generating electricity in 2019. Turkey's nuclear power strategy is justified on the grounds of enhanced energy security, lower cost, reductions in carbon emissions, and the benefits of technological transfer. While Russia presented a commercially attractive deal, some serious concerns still remain. Turkey is situated in an earthquake-prone zone. In addition to seismic risks, there are also risks of radiation leakages, radioactive waste and storage problems, environmental risks for marine life, the security challenge of protecting the nuclear power plant against terrorist attacks, risks of accidents, and a potential proliferation crisis. All these constitute some major challenges. There is also a serious need for an effective oversight mechanism capable of monitoring every stage of the process. As far as Turkish-Russian relations are concerned, this new deal will have a dual impact. On the one hand, it will deepen Turkish-Russian economic ties with a new approximately $20 billion dollars of Russian investment in Turkey and enable some technology transfer as well. On the other hand, it will make Turkey even more reliant on Moscow. The fact that the Russians will maintain ownership of the nuclear plant after construction is an important factor in highlighting the growing interdependence of Turkey and Russia in an asymmetric fashion.
In conclusion, there has been a paradigm shift in Turkish-Russian relations from conflict to competition and finally to a mix of competition and cooperation. This shift reflects itself in an intricate web of relations that bind these historic rivals ever closer. Yet, also some political and geo-strategic issues of contention, as well as asymmetries of interdependence persist, particularly due to Turkey’s vulnerability arising from its high energy dependency.

Conclusion

The current global political economy is characterized by the growing economic interaction of BRICS and near BRICS economies with emerging powers exercising greater influence in their neighbouring regions. The growing partnership between Turkey and Russia over the past two decades constitutes a useful case-study for examining the interplay of BRICS and near BRICS in the emerging world, where Western supremacy and the US hegemony is under increasing challenge. The Turkish-Russian relationship sheds light on some interesting generalizations concerning broader themes in global political economy.

First, significant economic interdependence may be generated amongst states with widely different political outlooks. Furthermore, this growing interdependence is driven by bilateral relations between key states and supporting private actors or interests, in the form of loose regional integration schemes. One of the interesting features of the Turkish-Russian economic partnership is that although BSEC has contributed to the process, it has not been a central driving force. Indeed, one of the ironies is that the Black Sea region has emerged as a dynamic economic space in terms of trade, investment and human flows, in spite of the apparent weakness of the formal regional integration structure. Second, growing economic interdependence may co-exist with continued political conflicts and geo-political rivalries. The conflicting positions of Turkey and Russia in the context of the Syrian and Ukrainian crises aptly illustrate, however, that although such conflicts exist, whilst they ellipse political relations, they do not significantly undermine the seemingly robust economic relationship built thus far. One important strategy that emerges in this period is the tendency to compartmentalize economic issues and geo-political rivalries in order to avoid the negative spill-overs of certain disagreements into areas of bilateral co-operation. This also enables the co-existence of extensive competition with deepening cooperation, as clearly reflected in relations in the field of energy. Third, the Turkish-Russian economic partnership also illustrates the limits on the emergence of a genuinely strong “strategic partnership” among states with widely contrasting geo-political perspectives, alliances, and regime types, though this statement may be qualified by the
fact the gap between Erdoğan’s Turkey and Putin’s Russia in terms of their democratic credentials may be diminishing rather than widening in recent years with Turkey’s increasingly authoritarian turn in the later phase of the AKP era. Finally, from the Turkish perspective, attention may be drawn to the limits of a predominantly bilateral relationship with Russia, given the problems of asymmetric interdependence. This suggests that continued engagement and the deepening of ties with Russia is very important and beneficial for Turkey, but should be conducted within a broader European framework, highlighting the continued relevance of the EU candidacy and the significance of a trilateral rather than bilateral bargaining strategy.

The fourth contribution with broader ramifications is that new alliances based on significant economic interdependence, whilst contributing towards stability and the creation of durable partnerships among states who otherwise differ significantly on key political issues, also contain some fundamental drawbacks. Given the nature of asymmetric interdependence underlying such alliances, the bargaining leverage of the weaker partner is significantly restricted on a number of key issues or policy areas. Even more significantly, such relationships can also help to bolster the resilience of highly authoritarian regimes (like Russia), while helping to push relatively more democratic, “hybrid regimes” (like Turkey) in a more authoritarian direction, and, hence, presenting a major challenge to the future of the liberal international order.
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Notes

1 On a changing global order where BRICS are becoming increasingly important actors, see Kupchan, “No One’s World”. For such examples of the growing literature on BRICS see Armijo, “The BRICS Countries”; Brütsch and Papa, “Deconstructing the BRICS”; Kahler, “Rising Powers and Global Governance”; Macfarlane, “The ‘R’ in BRICS”. Specifically on Russia and China and the emerging Russia-China axis as a coalition of authoritarian BRICS, see Larson and Shevchenko, “Status seekers”.

2 On rising middle power activism led by MIST countries in the context of MIKTA, see Jongryn, “MIKTA, Middle Powers”. MIKTA is a recently formed organization, which includes five G-20 countries, including Australia, who are not members of the first generation BRICS. On the broader notion of emerging powers, see Schweller, “Emerging Powers” For an insightful analysis highlighting co-operation between Brazil and Turkey, examples of BRICS and near BRICS respectively, in the context of “second-generation middle powers”, see Sandal, “Middle Powerhood as a Legitimation Strategy”. Sandal’s study underlines a type of co-operative relationship which is conducive to the strengthening of the liberal international order, The present study, in contrast, by pointing towards the authoritarian bias inherent in Russia and Turkey relationship, highlights the challenges to the future of the liberal international order. On Near BRICS with reference to Turkey, see Öniş and Kutlay, “Rising Powers in a Changing Order”. On foreign policy activism in the near BRICS with a focus on recent Turkish policy, see Öniş and Yılmaz, “Between Europeanization and Euro-Asiainism”.

3 Turkish-Russian relations, both historically and in the current era have generated a substantial literature. For an analysis of the different aspects of bilateral relations between Russia and Turkey in recent decades, see Aktürk, “Turkish-Russian Relations”; Warhola and Mitchell, “The Warming of Russian-Turkish Relations”; Kimikloğlu and Morkva, “Anatomy of Turkish-Russian Relations”; Yank, “Allies or Partners”; Torbakov, The Georgia Crisis; Tékin and Williams, Geo-politics of the Euro-Asia Energy Nexus; Aras, “Dealing with Russia”; Kudryashova, Intensification of Turkish-Russian Relations; Türk, “Analysis of Turkish-Russian Rapprochement”; Trenin, “From Damascus to Kabul” and Warhola and Bezei, “Return of President Putin”.

4 Aras, “Turkey and the Russian Federation”, Aktürk, “Towards a Turkish-Russian Axis?”, Balcer, “The Future of Turkish-Russian Relations”, and Hill and Taspınar, “Turkey and Russia”. Scholars who advance the strategic partnership thesis, as well as addressing some challenges associated with it, tend to concentrate on the bilateral links between the two countries from a predominantly security perspective. The present article adopts a broader
political economy approach and examines the complex interdependence of Turkey and Russia in the context of the growing literature on the dynamics of rising powers in a changing global order.

5 For an insightful analysis on the triangular dynamics of US-Russia-China relations and the interaction with regional powers in the newly emerging multipolar system see Cooley, *Great Games Local Rules*.

6 On the nature of the political system and authoritarianism in Putin’s Russia, see Fish, “Democracy Derailed in Russia”; Sakwa, “Putin’s Leadership” and Horvath, “Putin’s ‘Preventive Counter-Revolution’”. For an insightful analysis of political and economic changes in Russia and its role in global affairs, see Treisman, *The Return*. On the nature of democratization in Turkey during the Justice and Development Party (the AKP era) and its limits, see Kalaycıoğlu and Çarkoğlu, “Turkish Democracy Today”; Hale and Özbudun, “Islamism, Democracy, Liberalism in Turkey”; Öniş, “Triumph of Conservative Globalism” and Öniş, “Sharing Power”.

7 On the evolution and performance of BSEC see Aydın, “Europe’s New Region”; Aydın, “Regional Cooperation in Black Sea”.

8 The first country to officially recognize Turkey was the short-lived Republic of Armenia with the Gümrü (Alexandropol) Agreement on 2 December, 1920. See Soysal, “Turkey-Armenia Peace Treaty”; Soysal, “Turkey and Soviet Russia Peace Treaty”.


10 For a more detailed assessment of this period see Yılmaz, “Turkey’s Quest for NATO” and Bilgin and Coş, “Stalin’s Demands”.

11 On 18 September 1984, USSR and Turkey signed their first Natural Gas agreement. The widespread usage of natural gas in Turkey started in 1988, with the completion of the 842 km. natural gas pipeline connecting Turkey and the Soviet Union.

12 We have significantly benefited in this context from interviews with Nihat Gökyiğit, a leading business man who played an important role in laying the foundations of strong trade and investment relations with Russia and the former Soviet Republics starting in the second half of the 1980s, in his capacity as the Chairman of the Turkish-Russian Business Council, and Interview with Çiğdem Tüzün who was also key figure in negotiations between Turkish private sector and the Russian state officials in her capacity as the Director of DEIK from the late 1980s to 2006.

13 For a solid account of the deepening of economic relations between Turkey and Russia during the late 1980s and the role of private actors, notable that of DEIK in the process, see Altun, *Key to Outer World DEIK*.

14 Eder, Yakovlev and Çarkoğlu, *The Suitcase Trade*; Eder and Öz, “From Cross-border Exchange Networks”.

15 Primakov, *Turkey: A New Role*.

16 For some examples of such a resentment from Turkish media: “Rusya’ya Sorumluluk Çağrısı” [Responsibility Call to Russia] (1998); “Rus Riyakarlığı” [Russian Hypocrisy],(1998); “Rus Büyükelçi Dışişleri’ne çağrıldı” [Russian Ambassador is Invited to the Foreign Ministry] (1998); “Türkiye’den Rusya’ya: İlişkiler Bitebilir?” [From Turkey to Russia: Relations may End] (1998); “Rusya bir kez daha uyarıldı” [Russia is Warned One More Time] (1998).

17 12-15 February 2009 Turkish President Gül’s visit to Russia; 6 August 2009 President of the Russian Federation Putin’s visit to Turkey, signing of the Cooperation Agreement on the ‘Peaceful Use of Nuclear Energy’, and ‘Agreement on the Early Notification of Nuclear Accidents and Exchange of Information on Nuclear Facilities.’ 12-13 January 2010 Erdoğan’s visit to Russia and a joint statement on the cooperation for
nuclear power plants; 11-12 May 2010 Russian President Medvedev’s visit to Turkey and signing of cooperation agreement for Akkuyu nuclear power plant, memorandum of understanding on the security of Samsun-Ceyhan crude oil pipeline, memorandums on agricultural trade issues; 15-17 March 2010 second meeting of the High Level Cooperation Council in Russia; 8 September 2010 President Gül’s visit to Russia; 18 July 2012 Prime Minister Erdoğan’s visit to Moscow; 3 December 2012 High Level Cooperation Council meeting in Istanbul. Ministry of Foreign Affairs, Diş Politika Kronolojisi.

18 On the nature of expanding interactions see Kudryashova, Intensification of Turkish-Russian Relations.

19 Özdal, Özertem, Has and Turgut, Turkey-Russia Relationship.

20 Ibid.

21 Kanbolat “Davutoğlu in Moscow”

22 Speech by Vladimir Putin, The High-Level Russian-Turkish Cooperation Council, Saint Petersburg, 22 November 2013


26 “Moskova ve Antalya da Rus-Türk Okulu Açılması Planlanıyor” [Establishment of Russian-Turkish School is planned in Moscow and Antalya] (2013).

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28 Personal interview with a high level Turkish diplomat. 24 October 2008.

29 For an extensive assessment see Vasiliev, Black Sea Region in Foreign Policy of Turkey.

30 Martin, “Turkey USA Bipolarizing Middle East”

31 Shchedrov, “Georgia Crisis”

32 Dyomkin, “Russia Says Georgia Stopped NATO”

33 Personal Interview with a high level Turkish Diplomat, 24 October, 2008.

34 For a detailed analysis of the triangular Dynamics Turkish-US-Russia relations within this context see Özel and Yılmaz, Turkish American Relations.

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36 Kibaroğlu, “Turkey’s Place in the Missile Shield”.

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Turkey and Russia in a shifting global order: cooperation, conflict and asymmetric interdependence in a turbulent region

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Turkey and Russia in a shifting global order: cooperation, conflict and asymmetric interdependence in a turbulent region

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ABSTRACT

The current global political economy is characterised by the intensifying economic interaction of BRICS and ‘near BRICS’ economies, with emerging powers increasing their influence in neighbouring regions. The growing partnership between Turkey and Russia constitutes a useful case study for examining this transformation, in which Western supremacy and US hegemony are under increasing challenge. Turkish–Russian relations shed light on broader themes in global political economy. First, significant economic interdependence may be generated among states with different political outlooks, in the form of loose regional integration schemes driven by bilateral relations between key states and supporting private actors or interests. Second, growing economic interdependence may coexist with continued political conflict and geopolitical rivalry, as indicated by the Syrian and Ukrainian crises. An important strategy that emerges is the tendency to compartmentalise economic issues and geopolitical rivalries in order to avoid negative spill-over effects. This facilitates the coexistence of extensive competition with deepening cooperation, as reflected in relations in the field of energy.

The Crimean crisis and developments in Ukraine have once again brought the shores of the Black Sea and debates about a resurgent Russia flexing its muscle into the limelight. In this extremely volatile political context this article examines an important issue in Eurasia, namely, Turkish–Russian relations from a political economy perspective, focusing on the growing role of ‘emerging powers’ in a changing global order. The rise of BRICS (Brazil, Russia, India, China and South Africa) as important global and regional actors has attracted significant attention. A more recent phenomenon in global political economy concerns the rise of ‘near BRICS’ or the ‘Next Eleven’ (a term coined by Goldman Sachs), an important subset of which are the MIST countries (also MIKTA members) Mexico, Indonesia, South Korea and Turkey. States in this category may not be as large and influential as the BRICS, but they are, nevertheless, establishing themselves as significant actors not only in their own immediate neighbourhood but also as active participants in global governance frameworks such as...

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the G20, or in new cross-regional groupings bringing together established and emerging power blocs like MIKTA. A significant literature has emerged in recent years to document the complex patterns of interdependence between the BRICS. The relationship between BRICS and the second-tier near BRICS has received less attention.

This article aims to address this particular gap in the literature by systematically studying the interaction between Russia and Turkey. The comparison highlights broader issues of cooperation and conflict in an increasingly post-hegemonic global economic and political order. The case of the near BRICS is also interesting in that these states face the tension between their commitment to their traditional alliances – Turkey is a long-standing member of the Western bloc and a candidate for European Union (EU) membership – and their desire to follow in the footsteps of BRICS in playing a more assertive role as independent powers, both at regional and global levels. What also renders the Turkish–Russian relationship striking is the two countries’ imperial legacies and their continuing perceptions of themselves as decisive regional and global actors, which perhaps go well beyond their actual capabilities. This element of mismatch between expectations and capacity clearly distinguishes both Turkey and Russia from many other emerging powers. At a time when both countries are facing relative distancing from the EU and the USA as a result of their more assertive foreign policy moves, their respective geopolitical visions of a greater international status and power augments their partnership, despite acute differences over issues such as Syria.

After years of conflict and antagonistic relations between Turkey and Russia during the Cold War, a significant partnership has developed, based on a series of bilateral agreements, as well as on a loose regional integration agreement in the form of the Black Sea Economic Cooperation Project (BSEC), over the relatively short period of two decades. Moreover, this relationship has developed at a time when the USA and Europe have continued to serve as the primary reference point for Turkey, a country that has for decades maintained its commitment to Western institutions such as NATO and the EU, despite serious setbacks in its relations with Brussels. A central concern of the paper, in this context, is the relevance of the ‘strategic partnership’ notion. Our major contention is that, in spite of growing economic interdependence and diplomatic initiatives on the part of Turkish President Recep Tayyip Erdoğan and the Russian President Vladimir Putin in recent years, bilateral relations continue to be characterised by significant elements of conflict. While continued engagement between the countries is a positive development, we find the strategic partnership concept an overstatement of Turkish–Russian relations in the present stage of their evolution. A strategic partnership will be difficult to forge and consolidate as long as significant differences persist in the geopolitical orientations and political outlooks of the individual states. Thus, we argue that a strategy of ‘compartmentalisation’ enables the coexistence of political tensions with deepening economic ties, for which the current nature of Turkish–Russian relations serves as an illuminating case study. The study goes on to make the case that certain fissures may also emerge from an asymmetrical power relationship, increasing the bargaining options for the stronger partner.

BRICS and near BRICS in an emerging global order: elements of cooperation and conflict

Global political economy is experiencing a period of significant transformation as the hegemonic power of the USA is challenged by the rise of emerging powers. The unipolar
structure of the international system established immediately after the end of Cold War has been gradually receding, as a multipolar order has taken shape. The costly wars in Afghanistan and Iraq and the devastating economic crisis in 2008 accelerated the shift in the balance of power away from the Western powers, with the BRICS, led by China, occupying an increasingly important role in the emerging global order. The growing diffusion of power in an increasingly post-hegemonic age means that emerging powers have increasing space in which to pursue more ambitious regional agendas and assertive foreign policies. What is also striking in this context is the rise of a generation of near BRICS, which may not be as influential as the BRICS, but which still aspire to establish themselves as active regional and global actors. Countries like Turkey, Mexico and Indonesia fall into the latter category. Within this context the present paper focuses on the interaction between Russia and Turkey, two key countries lying on the periphery of Europe, which have forged a dynamic economic partnership, notably during the course of the past decade, and a pattern of growing interdependence that marks a sharp contrast with the highly conflictual relationship between the two countries over the course of several centuries.

Russia, as a representative of BRICS, and Turkey, as a promising near-BRICS power, have emerged as influential actors in Eurasia as well as in the broader Middle East. Over the past decade, both Russia under Putin and Turkey under Erdoğan and the Justice and Development Party (AKP) have enjoyed relative political stability and economic prosperity, which has facilitated a degree of interdependence between the two countries, as compared to the 1990s, when Russia was experiencing difficulties in its transition to market capitalism and Turkey was confronted with a series of economic and political crises. Growing economic strength has not only contributed to intensifying bilateral links, but has also facilitated both countries’ quest to play more active roles in the international arena. They have also benefited from the current structure of the international system, which provides a more conducive environment for emerging (or re-emerging) powers such as Turkey and Russia to play a more assertive role in regional affairs.

A systematic analysis of Russian–Turkish relations in the evolving international order allows us to make the following generalisations. Growing trade and economic linkages may facilitate the rise of a significant partnership, driven by common economic interests, among states with diverging geopolitical outlooks and political regimes. Russia, together with China, represents the authoritarian version of the BRICS, whereas Turkey, in spite of its democratic deficits, increasing concerns about rising authoritarianism and the erosion of the autonomy of state institutions in the later phase of the AKP era, is closer to the democratic variant of BRICS represented by India, Brazil and South Africa. The differences in geopolitical outlook were reflected in the approach of the two states to the Arab uprisings and particularly to the Syrian crisis. While Turkey has tried to project itself as a champion of democracy in the Arab world, Turkey’s own democratic deficits and its over-engagement in Syrian affairs constitute serious limitations on its foreign policy towards the Middle East. In this context, and in opposition to Turkey, Russia, like China, has sided with the Assad regime in Syria, even in the face of atrocities.

What is important in the present context is that the major differences in the political orientations of the two states have not undermined their economic partnership forged on the basis of trade and investment linkages constructed over a period of two decades. At the same time, in the absence of common norms, it is extremely difficult to establish a genuine ‘political community’ among such states. This inference applies not only to the
bilateral relations established between such states, but also to regional blocs where these states constitute the principal driving force. BSEC is a striking example of this kind of loose regionalism. It falls short of a genuine political order based on a common identity, given that the member states, notably the leading states like Russia and Turkey, are unable to agree on common norms which would be necessary to establish a genuine political community. Another key issue concerns the often paradoxical coexistence of interdependence and dependence, especially when one of the states enjoys superior economic power over the other. In the case of the BRICS, this pattern seems to apply to China vis-à-vis the rest of the group. In the Russia–Turkey relationship, Russia is clearly the stronger partner, as a result of Turkey’s heavy dependence on Moscow for its energy resources. This pattern of asymmetric interdependence is important in terms of limiting the bargaining options of the weaker partner, which might also challenge the logic of ‘strategic partnership’ forged between the two states, raising some concerns about its long-term durability.

Transformation of bilateral relations: elements of continuity and rupture

The Russians and the Ottomans were arch-rivals for centuries. The tumultuous history of Ottoman–Russian relations was marked by 13 bloody wars, the most recent of which was the First World War. However, by the end of the war, when both monarchies had either been overthrown or defeated, an unprecedented transformation in both the internal and external dynamics of these powers initiated a new and much more positive chapter in bilateral relations. Following the First World War, at a time when both sides were isolated from the international system, the Bolshevik-led government under Vladimir Lenin, and the Turkish nationalists under the leadership of Mustafa Kemal Atatürk developed cordial relations. The USSR was the first European state to formally recognise the nationalist government of Turkey with the Treaty of Moscow signed on 16 March 1921, ironically while the Ottoman Sultanate was still in nominal existence.

The interwar era was marked by economically cordial, yet politically cautious bilateral relations. In this period the promotion of Etatism was inspired by the socialist experiment of the USSR. The apparent success of the centralised Soviet economy, at a time when the Western world was hit by the Great Depression, made it an appealing model. The human cost and the shortcomings of the socialist system during the Stalinist era, however, were not revealed to the outside world. Turkey’s emphasis on the development of an industrial base and the implementation of five-year plans was based on the Soviet model. However, despite close collaboration with the USSR, Turkish leaders emphasised that their etatist policies were different from socialism. There was no class conflict and state control was still limited. The major part of the economy, notably agriculture and light industry, remained in private hands.

The first serious tensions in bilateral relations emerged in 1936 during the Montreux Convention negotiations, which enabled Turkey to regain its control over the Turkish Straits via remilitarisation. The tensions reached a climax in the aftermath of the Second World War, when on 19 March 1945 the USSR’s Foreign Minister Molotov informed Turkey that the USSR was declining to renew the 1925 Non-Aggression Pact. When the Turkish government inquired of the conditions for a new agreement, it was informed by Molotov that, in addition to bases in the Straits, the USSR claimed some territory in Eastern Anatolia. Moreover, at the Potsdam Conference (July 1945), Soviet Premier Joseph Stalin attempted to revise the Montreux Convention. In March 1947 the Cold War lines began to emerge with the
proclamation of the Truman Doctrine and the USSR and Turkey were in different camps during the Korean War. Finally, when Turkey joined NATO in 1952, the Turkish–American alliance, as well as the Turkish–Soviet rift became institutionalised.  

The geostrategic rivalries of the bipolar era defined contentious relations of the Cold War period. During this time relations between the two countries were virtually frozen and the rise of the USSR and the spread of communism were conceived as major security threats from the Turkish perspective. Turkey was firmly in the Western camp, as a member of NATO and as an early associate member and potential full member of the European Community. Nevertheless, there emerged periods of early rapprochement during the Cold War era. First, under the leadership of Prime Minister Bulent Ecevit, there was a rapprochement with the Soviets during the mid-1970s after the Cyprus crisis. Then, in the 1980s under the leadership of Turgut Özal, the Natural Gas Agreement of 1984 triggered budding trade and investment ties. In this period the improvement in economic relations was spearheaded by the Turkish private sector, which acted under the umbrella of a newly established Foreign Economic Relations Board (DEİK).  

While studies of bilateral relations mainly focus on the post-Cold War context, a very important prelude, which took place during the last decade of the Cold War, is often neglected. Developments in the second half of the 1980s, well before the collapse of the USSR and the end of the Cold War, constituted a genuine turning point in Turkish–Russian relations and created the basis of the strong economic partnership that has emerged over the course of the past three decades. From the Turkish perspective we observe the importance of strong state–business collaboration, with the private sector playing a leading role and the state, especially under Özal’s leadership, performing a major supporting role in the process. The Natural Gas Agreement of 1984 required the USSR to buy goods and services from Turkey in return for exports of natural gas. The Turkish private sector made a concerted effort to enter Soviet markets, capitalising on the benefits offered by the Natural Gas Agreement. The way the Agreement had been negotiated opened space for Turkish firms to operate in the tightly regulated and restrictive economic environment of the USSR. This case highlights the importance of state actors in creating the initial impulse for the rapprochement process, from which private actors clearly benefited.

Once the initial impulse was created, the organisational capacity of the Turkish private sector, operating under the umbrella of DEİK and the Turkish–Russian Business Council, a sub-unit of DEİK, proved to be crucial in Turkey’s ability to expand trade and investment linkages with the USSR. Indeed, a number of leading Turkish construction companies, such as ENKA, ALARKO and TEKFEN, started to establish their strong reputations in Russia, as well as in other Soviet Republics in the late 1980s. This, in turn, provided the foundations for the strengthening of economic relationships both with the Russian Federation and the wider post-Soviet space, a process that continued at an accelerated pace after the USSR collapsed in 1991. Turgut Özal, the architect of Turkey’s economic programme and of its integration process with the global economy, was a key figure in providing support for the strong initiatives of private corporations and associations. This strong support was significant at a time when key segments of the Turkish economic bureaucracy were reluctant to endorse a major expansion of economic relations with Russia and the late communist regime of the USSR. It is during this period that businessmen started accompanying Özal in state visits to the USSR. Özal symbolised the state support that helped to inspire confidence on the part of the Soviet state institutions that regulated trade and investment. This strategy enhanced the ability of
private firms and their collective associations such as DEIK to overcome the strong barriers in trade and investment in a state-dominated, Soviet-style economy.\textsuperscript{13}

The dissolution of the USSR and the subsequent systemic and regional transformation created new challenges, as well as opportunities, for the enhancement of cooperation. In the post-Cold War period we may identify two distinct phases in Turkish–Russian relations. The end of the Cold War in the early 1990s led to a new phase in the relationship; this first phase was characterised by significant cooperation in the economic realm. Especially in the context of the early 1990s a significant degree of complementarity existed between the economies of Turkey and the Russian Federation (as well as with the Commonwealth of Independent States (CIS), by far the most important state emerging in the post-Soviet space. Turkey was dependent on Russian supplies of oil and natural gas, while Turkey, with significant experience of private sector growth under a mixed economic system, was well placed to supply consumer goods and construction services in return. During the 1990s trade between Turkey and Russia expanded significantly. An interesting feature of the 1990s involved the growth of informal or ‘suitcase’ trade.\textsuperscript{14}

The relationship was characterised by significant elements of conflict in the midst of growing economic and diplomatic cooperation, however. A major cause of the conflict originated in Turkey’s desire to play a leadership role with respect to the newly independent Turkic Republics in Central Asia. In the early 1990s, following a series of disappointments on the path to EU membership, Turkey adopted an increasingly proactive policy towards the Central Asian Republics, based on cultural, historical and linguistic ties. Relationships between Turkey and Azerbaijan and the Central Asian Republics expanded considerably during the course of the 1990s. US backing for Turkey’s desire to play an active regional leadership role provoked further discontent on the part of the Russian leadership. From the Russian perspective the post-Soviet space would continue to be within the Russian sphere of influence, even though the Soviet Union had ceased to exist in formal terms. Hence the Russian leadership, which was encountering significant difficulties on the domestic front and not yet in a position to display the more assertive foreign policy characteristic of the later Putin era, was nevertheless disturbed by any kind of active competition from contending emerging powers in a region conceived to be its natural periphery.

Conflict between the two countries also stemmed from their mutual involvement in the perennial domestic ethnic or minority conflicts confronting the two states, in a somewhat symmetrical fashion. Turkey indirectly supported Chechen insurgents, which created a major source of resentment in Russia.\textsuperscript{15} Similarly Russia provided indirect support for the armed Kurdish movement, the PKK, creating an equally vocal source of resentment in the Turkish context.\textsuperscript{16} Conflicts also emerged over Turkey’s attempts to diversify energy routes. During the 1990s Turkey’s major initiative in this sphere was the Baku-Tbilisi-Ceyhan (BTC) oil pipeline project, which reflected its desire to establish itself as an energy corridor, connecting the former Soviet space to Western markets. This vision came into direct conflict with the Russian perspective. Moscow was aiming to monopolise energy routes and perceived Turkish attempts to diversify them as a natural threat to its dominance in energy supply. Since the BTC project was accomplished with significant backing from the USA, the intrusion of Western powers in a region within the Russian sphere of influence was an additional source of contention for Moscow.

By the late 1990s, however, in the second phase of relations a shift of behaviour in the strategies of the two states led to further rapprochement. Turkish policy towards
the Central Asian Republics was toned down compared with the degree of assertiveness and pro-activism displayed during the early 1990s. Although Turkey continued to foster economic, cultural and diplomatic links with the Central Asian Republics, this was accomplished in a more subdued fashion. Turkish policy makers have, from the late 1990s onwards, been aware of the limits of their powers and have avoided active confrontation with Russia, especially in regions which appeared to be within the direct sphere of Russian influence. Furthermore, there was a tacit agreement between the two states not to interfere in each other’s domestic political conflicts, which had obvious destabilising repercussions. Both Turkey and Russia adopted neutral positions with respect to the Kurdish and Chechen conflicts. As a result of these developments, the pendulum has swung quite dramatically in the direction of cooperation during the early part of the new century. This phase, which broadly corresponds to the post-2001 era, can be identified as a golden age of Turkish–Russian relations, a process clearly facilitated by several high-level state visits and formal bilateral agreements.17 Under the leadership of Erdoğan and Putin the relationship appears to have acquired a new momentum built on strong economic interdependence. Although the growing relationship cannot be exclusively attributed to the two leaders, the process has undoubtedly contributed towards strengthening and consolidating their already dominant positions in their domestic politics. The degree of cooperation has drastically improved during the course of the third phase. At the same time, we should be cautious about the term ‘strategic partnership’, considering that significant elements of contention continued to characterise the relationship, particularly in geopolitical terms.

Table 1. Two phases of Russian–Turkish relations in the post-Cold War era.

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<td>States continue to be the key actors; the role of private sector interests increases parallel to the growth and diversification of the two economies</td>
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Facilitators of rapprochement: evidence of deepening cooperation and interdependence

One of the striking features of the past three decades of Turkish–Russian relations is the deepening of the multi-dimensional nature of economic interdependence. The growth of economic relations between Turkey and Russia has been profound. Significant relationships have evolved in the areas of trade, investment linkages and construction activities, as well as tourism and labour flows. This growth has taken place against a background of growing human and cultural interaction as well.18

Bilateral economic relations have three main dimensions: trade, investment and tourism. The trade volume between Turkey and Russia increased from US$4.5 billion in 2000 to $33.4 billion in 2012 (Figure 1). The spectacular increase in trade relations, however, has lopsided characteristic because Turkey’s trade deficit has significantly increased over the past decade. According to 2012 figures, Turkey’s trade deficit with Russia increased to more than $20 billion dollars (Figure 2).

The second dimension of growing interdependence between Russia and Turkey is the investments channel. Turkey’s construction firms have invested substantially in the Russian market over the past few decades. The total amount of construction projects carried out by Turkish firms between 1972 and 2012 increased to more than $39 billion worth, most of which were carried out over the past decade. For example, Turkish firms realised projects worth $3.4 billion in 2011.19 The increasing involvement of private actors in bilateral relations should be noted in this context. Although foreign direct investments occupy a relatively low share in bilateral economic relations, the recent trend indicates that Turkish firms have started to invest significantly in Russian markets. For example, Turkey’s leading durable consumption products companies, Beko and Vestel, have captured 10% of the durable consumption products sector in Russia.

Figure 1. Turkey’s exports and imports with Russia. Source: TÜİK (Turkish Statistical Institute), 2015; and Office of the Commercial Counsellor, Moscow, 2015.
The increasing economic and human interaction also motivated seven Turkish banks to open new branches in Russia. One may argue that a crucial aspect of the emerging interdependence between parties is the institutionalisation of bilateral economic relations. In May 2010 the establishment of a high-level cooperation council in Russia–Turkey relations was a turning point in terms of economic ties, because the Joint Economic Commission constituted one of the three main pillars of this new institutional structure. As highlighted by Putin in the 2013 meeting of the High-Level Russian–Turkish Cooperation Council, the two countries are also focusing on developing industrial cooperation in the field of energy, metals and automotive industries, as well as in the financial and innovation sectors.

The third dimension of growing interdependence in Turkey–Russia relations is tourism. On April 2011 visa-free travel for 30 days between Russia and Turkey came into effect – an historic milestone enhancing societal level interaction – and it also implied mutual trust. Thanks to high demand from Russian visitors, Turkey extended the visa-free travel period to 60 days in May 2012. Turkey is a favourite destination for Russian tourists. For instance, in 2012, 3.6 million Russians visited Turkey and in 2013 the country received four million visitors from Russia. In Moscow there are some 27,000 Turkish residents and this figure increases to 30,000–40,000 when other parts of Russia are included. The scale of tourism, labour mobility and inter-marriages – amounting to the current figure of roughly 300,000 – captures the growing human interaction between Russia and Turkey in recent years. In 2012 there were 18,000 Russian brides of Turkish husbands in Antalya alone. These figures indicate that the relationship is broadening beyond the realm of economic interdependence and increasingly embodies important social and cultural components. The far-reaching nature of the relationship implies that it is likely to be more durable than one based solely on narrow self-interest or strategic inter-state calculations.
BRICS and near-BRICS relations within the regional institutional context: the case of the Black Sea Economic Cooperation Organization

Within the context of BRICS and near BRICS relations what makes the Turkish–Russian relationship interesting is that it has been accomplished in the framework of a loose, weakly institutionalised regional integration framework. The BSEC Agreement was signed in 1992. Russia and Turkey have been the principal countries in an essentially ‘South–South regional integration project’, meaning that none of the countries involved, especially in its early formative stages, was a capital abundant country, capable of acting as an engine of growth for the region as a whole. As the initiator of the project, the BSEC was particularly important for Turkey. Turgut Özal, the then president, was a key actor in translating this idea into concrete implementation in 1992. On the economic front, as pointed out by Mustafa Aydın, ‘the most institutionalized home grown institution in the region’ has been the BSEC.27 Upon the enforcement of its Charter it became an official legal entity as a ‘regional economic organization’ on 1 May 1999. While promoting the goals of economic cooperation and regionalism, it has also been pursuing a project-based approach. BSEC aims to contribute to security and stability in the region through economic cooperation as a major priority.28

The expectation was that the BSEC project would create a degree of economic and political stability and a certain uniformity in economic policies and regulatory standards, creating a magnet for foreign direct investment from other parts of the world, notably from the neighbouring EU. Indeed, the EU was an ‘insider’ to the BSEC from the very inception of the project, given that Greece as a full EU member and Turkey as a candidate country constituted founding BSEC members. Subsequently two other original members of the BSEC Agreement, Bulgaria and Romania, became full members of the EU in 2007, increasing the degree of interaction and interdependence between the two intersecting, but in institutional terms rather contrasting, forms of regional bloc formation. In many ways BSEC is similar to a leading South–South regional agreement in Latin America, Mercosur, where Brazil and Argentina have been the states in the driving seat. At the same time, however, one could make the argument that the degree of institutionalised integration and policy coordination has been deeper in Mercosur than in BSEC.

BSEC has remained a loose integration scheme for several interrelated reasons. First, none of the key states involved was willing to delegate national state authority to a supranational entity. In the Russian case it was obvious that delegating significant autonomy to BSEC would involve a diminution of Russian power. This would clearly be unacceptable to a global power like Russia, which sees itself as a regional hegemon, not only in the Black Sea space but also in the post-Soviet space. Second, a more institutionalised and rigid membership of the BSEC would involve significant delegation of authority to a supranational body. The very flexibility of the BSEC enabled it to coexist with its more formal, institutionalised counterpart, the EU, without causing serious friction or insurmountable legal problems. Third, a deeper element that constrained more formal and institutionalised interaction between states in the Black Sea region was the absence of common norms or a common identity. For example, there was no consensus on democratic values and human rights practices comparable to the consensus found in the EU. BSEC was characterised by the coexistence of a variety of political regimes ranging from different shades of authoritarianism to different levels of democratic consolidation. Fourth, the region lacks the financial resources for significant
intra-regional transfers, a conduit to greater delegation of autonomy and a more formal integration process.29

The common perception of the BSEC over a period of two decades is as a project that has had limited success. There have been regular meetings of heads of state as part of an inter-governmental agreement. However, the degree of policy cooperation has been rather limited. The organisation has also been largely incapable of inducing political change and resolving major inter-state conflicts. Authoritarian regimes remain intact in a number of Black Sea states. Long-standing conflicts such as the Nagorno-Karabakh dispute have been impervious to any kind of conflict-resolution mechanism. Yet the region has been quite dynamic in economic terms, as indicated by the interdependence that has developed between BSEC member states over the past few decades. While Russia and Turkey have been the primary driving forces and principal beneficiaries of this process, other neighbouring states have also benefited. In this sense the BSEC might be seen as an example of a bottom-up integration process. Trade, investment and human flows can generate a significant economic dynamism and interdependence, contributing to stability and security, despite the absence of common political norms and a strong regional identity.

Compared to the EU the BSEC represents a different style of integration. The physical boundaries are more flexible, with lax visa regimes, but the entitlements for ‘insiders’ are lower, compared with the formal redistributive mechanisms available to the EU, from which insiders can derive significant benefits. In other words, the BSEC constitutes a case of flexible borders, with weak entitlements, where the benefits flow primarily from private economic exchanges. In contrast, the EU represents a case of tight borders, with significant redistributive benefits for insiders, from which outsiders are largely excluded. For our purposes, we can argue that the strong economic relationship that has developed between Turkey and Russia has largely evolved through a series of bilateral moves, summits and treaties. The BSEC has indirectly contributed to, but has not been at the centre of this process.

Areas of continued contention and limits of the strategic partnership

The phenomenal growth of economic interdependence between Russia and Turkey illustrates the extent of interpenetration between emerging powers, not confined simply to BRICS economies. The relationship, nevertheless, still falls well short of a ‘strategic partnership’. This argument may be justified on the following grounds.

A critical difference between the two countries is that of regime type and diverging geopolitical alliances and interests. In spite of pressure for political liberalisation from below, Russia under Putin remains a highly entrenched authoritarian state. Given the nature of its authoritarianism in the domestic sphere, it is a state much more willing and able to use ‘hard power’, both in a military and economic sense. Turkey, in spite of its continuing democratic deficits, constitutes a democracy, even if the latter’s form is judged to be hybrid or illiberal. Consequently, in the foreign policy domain, Turkey tries to project itself as a regional power, which favours political liberalisation and democratisation in neighbouring states. This difference between the two states has been illustrated in the context of the ongoing Arab revolutions and the deepening of the Syrian crisis. However, Turkey’s over-engagement in Syria and Erdoğan’s tightening domestic grip have also been raising concerns about the authenticity of these claims. In the Syrian context Turkey has been actively pushing for regime change to topple President Bashar
al-Assad, who has been waging a brutal war against the opponents of his regime. Russia, on the other hand, has been supporting the Assad regime and has been opposed to humanitarian intervention in Syria, on the grounds that this would violate the principle of state sovereignty. The emergence of the self-proclaimed Islamic State of Iraq and the Levant (ISIL), also referred as the Islamic State of Iraq and al-Sham (ISIS), has further complicated the situation for both Turkey and Russia. The divergences in Moscow’s and Ankara's approach towards Islamic groups and separatism have added a new dimension to the already existing tensions over bilateral relations. Russia has been quite critical of Turkey's relatively lenient attitude towards ISIS. Criticisms have also been voiced from Moscow concerning Ankara's handling of the Kurdish conflict, following the stalling of the peace process and the resurgence of armed conflict with the PKK.

The realities of the Arab Spring, rather reminiscent of the Cold War in this region,30 have increasingly compelled Turkey to cooperate with the USA and NATO, despite some divergent strategies, particularly regarding Syria. Russia, China and Iran have been in the opposing camp. Setbacks in Turkey's cooperation with the USA over ISIL, its support for the Muslim Brotherhood throughout the region, its strong anti-Israel rhetoric and its flirtation with the Shanghai Cooperation Organization have raised concerns that the country is drifting away from its Western allies. Nevertheless, given Turkey's long-standing diplomatic, economic and security ties to the West, and even though Turkey has been adopting a more independent line of foreign policy in recent years, especially in the face of growing disappointment with the EU membership process, it is not a viable option for Turkey to entirely dissociate itself from the West and to seek to develop its relations with its turbulent neighbours as a quasi-independent power. The Arab Spring process and the Syrian crisis, in particular, have clearly illustrated the structural limits of Turkey's ability to act independently of the USA and the EU in the face of a major regional crisis.

Divergences between Turkey and Russia over regional crises have not been confined to their respective responses to the Arab Spring and Syria. Earlier examples can be identified in the case of the Georgian crisis. When Georgia sought to recapture its separatist pro-Moscow region of South Ossetia and Moscow responded with a military move in August 2008, Turkey opposed the Russian intervention and supported the unity of the Georgian state. These developments caused significant turmoil. Despite the US and EU condemnations of troop deployments and bombings deep inside Georgia proper, the Russian Foreign Minister, Sergei Lavrov, defended the Russian move, declaring that ‘Russia has returned to the world stage as a responsible state which can defend its citizens’.31 Moreover, Russia promptly recognised the two break-away pro-Russian provinces of South Ossetia and Abkhazia as independent states. These actions indicated that a resurgent Russia would be displaying an increasingly assertive foreign policy. President Medvedev acknowledged in 2010 that the war stopped NATO expansion.32 With the rising tensions between the USA and Russia, Turkey was once again confronted with the challenging task of striking a delicate balance between its alliance with the USA and NATO, and its relations with Russia, on which Turkey is heavily energy-dependent. In response to these complex developments, Turkey pursued a multidimensional and soft power approach by promoting the formation of a ‘Caucasus Solidarity and Cooperation Platform’ in the wake of the Georgia–Russia war. Turkish leaders were engaged in numerous high-level diplomatic meetings concerning its formation. However, its nature as a primarily regional cooperation platform has meant that the USA has lacked enthusiasm for its implementation.
After the NATO and EU enlargements the Black Sea has become the Eastern frontier of Europe and its significance for NATO has further increased. Despite strong Russian objections, both Ukraine and Georgia have expressed an interest in becoming future NATO members. Hence, on the one hand, a resurgent Russia is trying to firm up its grip over the Black Sea region, while, on the other, the USA and NATO are also aiming to increase their influence in this turbulent, yet highly strategic area. While the USA wants to increase its presence and NATO’s naval power in the Black Sea region, Turkey believes that increasing NATO’s naval presence would raise tensions. As pointed out by an authoritative Turkish diplomat, ‘attempts to revise the Montreux Treaty are highly problematic and are unacceptable for the Turkish side’.

In the meantime, it is critical that Turkey avoid confrontation with Russia. Turkey’s strict adherence to the Montreux Convention during the Georgian crisis was viewed favourably by the Russians.

Turkish–Russian relations continue to face some challenges in relation to the major frozen conflicts of the Caucasus. For instance, in the case of the Nagorno-Karabakh conflict, Turkey and Russia have found themselves on opposing sides, with Turkish support going to Azerbaijan and Russian support directed to Armenia. Turkey’s facilitator role in various conflict situations is acquiring increasing importance in enhancing its status as a pivotal regional power. Yet this role is also limited by complex regional dynamics. Given Russia’s considerable influence over Armenia, at least a tacit approval from the Russian side is critical for a genuine breakthrough in the Nagorno-Karabakh dispute, which currently seems quite unlikely. In this respect the Russian strategy will be highly dependent on the overall context of US–Russian relations as well. One could safely argue that the deepening economic partnership between Turkey and Russia has so far failed to result in an equally strong geopolitical partnership, aimed at solving major ongoing conflicts in the Caucasus and its long-standing conflict with Armenia, if it acts alone and deals with Russia on a bilateral basis, rather than acting together with the EU, as a candidate country and a potential member.

Another major area of contention with Russia emerged when the strategic decision to share the USA’s advanced missile defence capabilities, also known as the ‘Missile Shield’, was made at the NATO Lisbon Summit meeting in November 2010. Russia was vehemently opposed to the development of any antiballistic missile system, regardless of its limited capability. Turkey had some initial concerns about the Missile Shield project; however, when these concerns were adequately addressed by the allies, a key component of the project – a radar site in Kürecik, Malatya in eastern Turkey – was activated in May 2012, despite Russian and Iranian objections. It is noteworthy that Russian frustrations with this issue were mainly directed towards the USA as the architect of the project, rather than with Turkey, which Russia perceived as a much less influential US partner.

Overall, however, it is striking that geopolitical rivalries and conflicts, while straining relations, have not seriously disturbed the depth of bilateral ties and the degree of economic interdependence established over the course of the past two decades. This shows the robustness of economic interdependence, especially through the support of powerful stakeholders, both within the state as well as outside it, in terms of private sector coalitions that benefit tremendously from such economic interaction. In the context of the Syrian crisis, for example, the underlying differences between the Erdoğan and Putin governments, while creating considerable political tension, did not lead to a fundamental shift in Turkish–Russian relations. The Syrian crisis demonstrates so far that the high level of bilateral relations established
enables the two parties to compartmentalise economic issues and geopolitical rivalries and to avoid the negative spill-over of certain disagreements into areas of bilateral cooperation. However, if the divergences over Syria deepen further, it would be much harder to curtail negative repercussions in the economic realm. Turkey also voiced its concerns over the need to maintain the territorial unity of Ukraine and preserve the rights and security of the Crimean Tatars. Nevertheless, Turkey was not very forceful in its criticism of Russia regarding the Crimea crisis and the subsequent political turbulence in Ukraine. Moreover, its lack of cooperation with the USA and the EU with respect to sanctions against Russia over Ukraine has been causing further tensions in Ankara’s already strained relations with its Western allies.

In retaliation for the Western sanctions, President Putin banned fruit and vegetable imports from the EU and all food imports from the USA. Ankara responded to the ban by extending an olive branch to Russia. The Turkish Finance Minister, Nihat Zeybekçi, approached the current crisis between Moscow and the EU and USA as an ‘opportunity’ for Ankara. Turkish Foreign Minister Mevlut Çavuşoğlu also acknowledged that Turkey does not want to join in EU sanctions against Russia and he emphasised that Moscow is an important trading partner for Turkey. He also urged the other EU countries to ‘be realistic’ about whether they can do without Russian gas, noting that ‘every country must consider its own interests’. Hence, to the dismay of the EU countries and the USA, Ankara has capitalised on Russia’s EU food ban, boosting its exports of fish and meat to Russia to record highs. For instance, according to the Russian ambassador to Ankara, Andrey Karlov, in comparison with the January–November period of 2013, Russian imports of Turkish meat products have increased tenfold, while imports of seafood products has doubled. The sanctions episode aptly illustrates the benefits of the strong bilateral economic ties in terms of circumventing Western pressure for the key domestic political actors. It also has important implications in terms of acting as a layer of protection for the existing political regimes in both countries against external pressures for change.

Another major challenge for Turkey in forging a ‘strategic partnership’ is the asymmetric nature of the economic interdependence built between Turkey and Russia over the years. At present Turkey is more dependent on Russia, given its strong reliance on imported oil and gas resources. Arguably the degree of Russia’s dependence on Turkey has diminished over time as a result of the growth and diversification of its own private sector, which was not the case in the early stages of the transition to a market economy. Certainly trade between the two countries constitutes a two-way process and Turkey generates considerable foreign exchange from the activities of its construction firms and large numbers of Russian tourists visiting Turkey. Nevertheless, this structural asymmetry in Turkey’s economic relations with Russia may naturally limit its bargaining capacity with Moscow and its options.

The global struggle over access to and control of energy resources has intensified. Russia, the USA, the EU and China are the main global actors with significant interests and influence in the Caspian region, while Turkey, Azerbaijan and Iran are emerging regional actors. The challenging task of transporting land-locked Caspian energy to international markets further complicates the delicate dynamics between energy producers, energy transit countries and energy consumers, turning ‘pipeline politics’ into an indispensable part of the great energy game. In this respect Turkey is increasingly significant as an energy transit country, with the aspiration of becoming an ‘energy hub’ critical for European energy security.
The East–West Energy Corridor, initiated through intensive collaboration between Turkey, Azerbaijan, Georgia and the USA, forms a critical part of these initiatives. The Energy Corridor aims primarily to transport Caucasian and Central Asian crude oil and natural gas to international markets via safe alternative routes. The major components of this sizeable energy outlet include the BTC crude oil pipeline, the Shah-Deniz natural gas pipeline (Baku–Tbilisi–Erzurum) and the Trans-Caspian Natural Gas Pipeline projects and their complementary infrastructure. The completion of the BTC pipeline has been particularly significant because it opens a non-Russian oil transit route in order to get landlocked Caspian oil to global energy markets.

Russia, as a decisive player in the field of energy politics, made considerable efforts to undermine the nascent Nabucco project by promoting its Gazprom-backed South Stream Pipeline project as an alternative. Currently both projects are shelved. Initially the South Stream project was announced in 2007 and aimed to transport Russian natural gas to European consumers through Bulgaria and Serbia to Hungary and Austria. The shortest initial route was envisioned to pass through the continental shelves of Russia, Ukraine, Romania and Bulgaria. However, as a result of gas disputes with Ukraine, Russian authorities began considering a longer route running along Turkey’s exclusive economic zone, for which they needed the consent of the coastal state according to the UN Convention on the Law of the Sea. In the meantime, as the adverse effects of the conflict between Russia and Ukraine have indicated, over-reliance on a single supplier and transport route has become very risky for European energy security.

While Turkey is engaged in developing international pipeline projects, it is also facing pressing domestic energy needs. Ankara’s insufficient domestic energy supplies, coupled with its own over-reliance on Russian natural gas, call into question Turkey’s energy security. While there is competition with Russia in the context of the East–West energy corridor, Turkey is heavily dependent on Moscow for its own domestic energy needs. Consequently it tries not to alienate its formidable neighbour, by collaborating with it in other energy projects, such as the Blue Stream. This paradoxical situation necessitates a more comprehensive energy strategy for Turkey, involving closer collaboration with primary global and regional actors in seeking a more balanced relationship with Russia.

In this context, there is increasing energy collaboration between Turkey and Azerbaijan. As a new energy initiative, on 26 June 2012, Erdoğan and Azerbaijani President Ilham Aliyev signed an intergovernmental agreement to launch a Trans-Anatolian Pipeline (TANAP), with the first gas flow expected in 2018. The projected amount of annual gas transport is 16 billion cubic meters (bcm), with 6 bcm allocated for domestic consumption in Turkey and the remaining 10 bcm to be transferred to Europe. In 15 years TANAP’s gas flow capacity is expected to reach to 31 bcm, the equivalent of Nabucco’s envisioned full capacity. TANAP will initially have a more limited scope, but a higher feasibility. In mid-2013 it was decided that TANAP will connect to the Trans-Adriatic Pipeline (TAP) for transferring Azeri gas to Europe. Because of this project’s limited scope, which would not entirely eliminate alternative projects, TANAP did not receive the fierce opposition that Nabucco triggered from Russia. Moreover, as a balancing act to appease Moscow, only two days after the signing of the memorandum of understanding for TANAP on 28 December 2011, Turkey and Russia signed an agreement for the utilisation of the Turkish exclusive economic zone in the Black Sea for the transit of Russian gas to Europe.
The global energy field is very dynamic and has recently witnessed drastic changes, emerging as a game-changer for key players, ranging from the implications of the shale gas revolution in the USA to the plummeting oil prices in the global markets. While the falling oil prices constitute a major challenge for Moscow, with deeply troubling repercussions for its economy, it is particularly good news for Turkey to alleviate its persistent current accounts deficit problems originating primarily from its energy imports. Turkish Minister of Economy Ali Babacan stated that ‘Each ten dollar drop in oil prices, would contribute to decreasing Turkey’s current accounts deficit by 4 billion 400 million dollars’.45

In a quite dramatic move during his visit to Ankara on 1 December 2014, President Putin announced the decision to shelve the $45 billion South Stream project. Gazprom Chief Executive Officer Alexey Miller also told reporters in Ankara that ‘the project is over’.46 This is a clear sign that Russia’s economic ties with Europe are being further hindered as the crisis in Ukraine persists. The route under the Black Sea would have provided Gazprom with a more direct path to supply Europe’s gas needs, a plan the EU recently started to object to because it would diminish Ukraine’s leverage against Moscow. In the meantime Putin has been struggling to prevent Russia from falling into recession amid rapidly dropping oil prices and lingering sanctions resulting from the annexation of Crimea and the developments in Ukraine. Instead of South Stream, Putin announced that Russia would redirect the project to Turkey through a different Black Sea pipeline, with the intention of creating a ‘hub’ for southeastern Europe at the Greco-Turkish border. While the project has already been dubbed ‘Turkish Stream’ by some commentators in the international press,47 it is certainly not the last word from either actor. For now Russia is continuing to supply gas to Turkey through the Blue Stream pipeline, increasing deliveries by three billion cubic meters a year and offering a 6% discount from 1 January 2015.48 In light of these developments Turkish Minister of Energy and Natural Resources, Taner Yıldız, once again confirmed Ankara’s commitment to TANAP and TAP as essential elements in the ‘chain’ of the Southern Gas corridor, as well as to Turkish–Russian energy collaboration. He stated: ‘We are a partner of TANAP and wouldn’t undertake any projects that threatened it’ and argued that although they might seem to be competing projects in the short-run, ultimately in the medium and long term they will be complementary for the enhancement of European energy security.49

Another emerging area of cooperation between Turkey and Russia is in the field of nuclear energy. As a part of its new strategy of ensuring its energy security, the Turkish government plans to have three nuclear power plants by 2023. At a time when some countries are revisiting their nuclear energy scenarios in the aftermath of Fukushima, the Turkish government appears determined to display the political will to realise its nuclear energy plans. In July 2010 the Turkish Parliament approved a bill on an intergovernmental agreement between Russia and Turkey for the construction of Turkey’s first nuclear power plant in Akkuyu, a town in Mersin province. Accordingly, the Russian state-owned atomic power company, Rosatom will construct and operate the Akkuyu nuclear power plant.50 The first reactor is expected to start generating electricity in 2019. Turkey’s nuclear power strategy is justified on the grounds of enhanced energy security, lower cost, reductions in carbon emissions and accruing the benefits of technology transfer. While Russia presented a commercially attractive deal, some serious concerns still remain.51 Turkey is situated in an earthquake-prone zone. In addition to seismic risks, there are also risks of radiation leakages, radioactive waste and storage problems, environmental risks for marine life, the security challenge of protecting the nuclear power plant against terrorist attacks, the risk of accidents and a potential proliferation crisis.
All these constitute major challenges. There is also a serious need for an effective oversight mechanism capable of monitoring every stage of the process. As far as Turkish–Russian relations are concerned, this new deal will have a dual impact. On the one hand, it will deepen Turkish–Russian economic ties with some further $20 billion dollars of Russian investment in Turkey and will enable some technology transfer as well. On the other hand, it will make Turkey even more reliant on Moscow. The fact that the Russians will maintain ownership of the nuclear plant after construction is an important factor in highlighting the growing asymmetrical interdependence of Turkey and Russia.

In conclusion, there has been a paradigm shift in Turkish–Russian relations from conflict to competition and finally to a mix of competition and cooperation. This shift is reflected in an intricate web of relations that bind these historic rivals ever closer. Nevertheless, political and geostrategic issues of contention, as well as asymmetries of interdependence persist, particularly as a result of Turkey’s vulnerability arising from its high energy dependency.

**Conclusion**

The current global political economy is characterised by the intensifying economic interaction of BRICS and near BRICS economies, with emerging powers exercising greater influence in their neighbouring regions. The growing partnership between Turkey and Russia over the past two decades constitutes a useful case study for examining the interplay of BRICS and near BRICS in the emerging world, where Western supremacy and US hegemony are under increasing challenge. The Turkish–Russian relationship sheds light on some interesting generalisations concerning broader themes in global political economy.

First, significant economic interdependence may be generated among states with widely different political outlooks. Furthermore, this growing interdependence is driven by bilateral relations between key states and supporting private actors or interests, in the form of loose regional integration schemes. One of the interesting features of the Turkish–Russian economic partnership is that, although BSEC has contributed to the process, it has not been a central driving force. Indeed, one of the ironies is that the Black Sea region has emerged as a dynamic economic space in terms of trade, investment and human flows, in spite of the apparent weakness of the formal regional integration structure. Second, growing economic interdependence may coexist with continued political conflicts and geopolitical rivalries. The opposing positions of Turkey and Russia in the context of the Syrian and Ukrainian crises aptly illustrate, however, that, although such conflicts exist, and while they hamper political relations, they do not significantly undermine the seemingly robust economic relationship built thus far. One important strategy that has emerged in this period is the tendency to compartmentalise economic issues and geopolitical rivalries in order to avoid the negative spill-over of certain disagreements into areas of bilateral cooperation. This also enables the coexistence of extensive competition with deepening cooperation, as clearly reflected in relations in the field of energy. However, if the divergences deepen over security issues, particularly in Syria, they could also significantly hamper compartmentalisation. Third, the Turkish–Russian economic partnership also illustrates the limits to the emergence of a genuinely strong ‘strategic partnership’ among states with widely contrasting geopolitical perspectives, alliances and regime types, although this statement should be qualified by noting that the gap between Erdoğan’s Turkey and Putin’s Russia where democratic credentials are concerned may have been diminishing rather than widening in recent years with Turkey’s
increasingly authoritarian turn in the later phase of the AKP era. Finally, from the Turkish perspective, attention may be drawn to the limits of a predominantly bilateral relationship with Russia, given the problems of asymmetric interdependence. This suggests that continued engagement and the deepening of ties with Russia is very important and beneficial for Turkey, but should be conducted within a broader European framework, highlighting the continued relevance of the EU candidacy and the significance of a trilateral rather than bilateral bargaining strategy.

The fourth contribution with broader ramifications is that new alliances based on significant economic interdependence, while contributing towards stability and the creation of durable partnerships among states which otherwise differ significantly on key political issues, also contain some fundamental drawbacks. Given the nature of the asymmetric interdependence underlying such alliances, the bargaining leverage of the weaker partner is significantly restricted on a number of key issues or policy areas. Even more significantly such relationships may also help to bolster the resilience of highly authoritarian regimes (like Russia), while helping to push relatively more democratic, ‘hybrid regimes’ (like Turkey) in a more authoritarian direction, hence presenting a major challenge to the future of the liberal international order.

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Notes

1. On a changing global order where BRICS are becoming increasingly important actors, see Kupchan, No One’s World. For examples of the growing literature on BRICS, see Armijo, “The BRICS Countries”; Brütsch and Papa, “Deconstructing the BRICS”; Kahler, “Rising Powers and Global Governance”; and Macfarlane, “The ’R’ in BRICS.” Specifically on Russia and China and the emerging Russia–China axis as a coalition of authoritarian BRICS, see Larson and Shevchenko, “Status Seekers.”

2. On rising middle power activism led by MIST countries in the context of MIKTA, see Jongryn, MIKTA. MIKTA is a recently formed organization that includes five G20 countries, including Australia, that are not members of the first-generation BRICS. On the broader notion of emerging powers, see Schweller, “Emerging Powers.” For an insightful analysis highlighting cooperation between Brazil and Turkey, examples of BRICS and near BRICS, respectively, in the context of second-generation middle powers, see Sandal, “Middle Powerhood as a Legitimation Strategy.” Sandal’s study underlines a type of cooperative relationship which is conducive to the strengthening of the liberal international order. The present study, in contrast, by pointing towards the authoritarian bias inherent in Russia and Turkey’s relationship, highlights the challenges to the future of the liberal international order. On near BRICS with reference to Turkey, see Öniş and Kutlay, “Rising Powers in a Changing Global Order.” On foreign policy activism in the near BRICS, with a focus on recent Turkish policy, see Öniş and Yılmaz, “Between Europeanization and Euro-Asianism.”

3. Turkish–Russian relations, both historically and in the current era, have generated a substantial literature. For an analysis of the different aspects of bilateral relations between Russia and Turkey in recent decades, see Aktürk, “Turkish–Russian Relations”; Warhola and Mitchell, “The Warming of Russian–Turkish Relations”; Kınıklıoğlu and Morkva, “An Anatomy of Turkish–Russian Relations”; Yanık, “Allies or Partners?”; Torbakov, The Georgia Crisis; Tekin and Williams, Geopolitics of the Euro-Asia Energy Nexus; Aras, Dealing with Russia; Kudryashova, Активизация российско–турецких отношений; Türker, “An Analysis of Turkish–Russian Rapprochement”; Trenin, “From Damascus to Kabul”; and Warhola and Bezci, “The Return of President Putin.”

4. Aras, Turkey and the Russian Federation; Aktürk, “Towards a Turkish–Russian Axis?”; Balcer, “The Future of Turkish–Russian Relations”; and Hill and Taşpinar, “Turkey and Russia.” Scholars who advance the strategic partnership thesis, as well as addressing some challenges associated with it, tend to concentrate on the bilateral links between the two countries from a predominantly security perspective. The present article adopts a broader political economy approach and examines the complex interdependence of Turkey and Russia in the context of the growing literature on the dynamics of rising powers in a changing global order.

5. For an insightful analysis of the triangular dynamics of US–Russia–China relations and interaction with regional powers in the newly emerging multipolar system, see Cooley, Great Games, Local Rules.

6. On the nature of the political system and authoritarianism in Putin’s Russia, see Fish, Democracy Derailed in Russia; Sakwa, “Putin’s Leadership”; and Horvath, “Putin’s Preventive Counter-revolution.” For an insightful analysis of political and economic changes in Russia and its role


8. The first country to officially recognise Turkey was the short-lived Republic of Armenia, with the Gümüş (Alexandropol) Agreement on December 2, 1920. Soysal, “Türkiye-Ermenistan Barış Andlaşması”; and Soysal, “Türkiye ve Sovyet Rusya Dostluk ve Barış Andlaşması.”


10. For a more detailed assessment of this period, see Yılmaz, “Turkey’s Quest for NATO Membership”; and Bilgin and Coş, “Stalin’s Demands.”

11. On September 18, 1984 the USSR and Turkey signed their first Natural Gas agreement. The widespread usage of natural gas in Turkey started in 1988, with the completion of the 842-km natural gas pipeline connecting Turkey and the USSR.

12. We have significantly benefited in this context from interviews with Nihat Gökyiğit, a leading businessman, who played an important role in laying the foundations of strong trade and investment relations with Russia and the former Soviet Republics from the second half of the 1980s onwards in his capacity as Chair of the Turkish–Russian Business Council; and from an interview with Çiğdem Tüzün, who was also a key figure in negotiations between the Turkish private sector and Russian state officials in her capacity as Director of DEIK from the late 1980s to 2006.

13. For a solid account of the deepening of economic relations between Turkey and Russia during the late 1980s and the role of private actors, notably DEIK, in the process, see Altun, *Diş Dünyanın Anahtarı DEİK*.


15. Primakov, *Турция*.

16. For some examples of such resentment in the Turkish media, see “Rusya’ya Sorumluluk Çağrısı”; “Rus Riyakarlığı”; “Rus Büyükelçi Disişleri’ne çağırıldı”; “Türkiye’den Rusya’ya: İlişkiler Bitebilir”; and “Rusya bir kez daha uyarıldı.”

17. These included the February 12–15, 2009 visit by Turkish President Gül to Russia; the August 6, 2009 visit by President of the Russian Federation Putin to Turkey; the signing of the Cooperation Agreement on the ‘Peaceful Use of Nuclear Energy’, and ‘Agreement on the Early Notification of Nuclear Accidents and Exchange of Information on Nuclear Facilities’; Erdoğan’s January 12–13, 2010 visit to Russia and a joint statement on cooperation on nuclear power plants; President Medvedev’s May 11–12, 2010 visit to Turkey and signing of a cooperation agreement for the Akkuyu nuclear power plant; the memorandum of understanding on the security of Samsun–Ceyhan crude oil pipeline; memorandums on agricultural trade issues; the second meeting of the High Level Cooperation Council in Russia, March 15–17, 2010; President Gül’s September 8, 2010 visit to Russia; Prime Minister Erdoğan’s July 18, 2012 visit to Moscow; and the High Level Cooperation Council meeting in Istanbul, December 3, 2012. Ministry of Foreign Affairs, *Diş Politika Kronolojisi*.

18. On the nature of expanding interactions, see Kudryashova, *Активизация российско–турецких отношений*.

19. Özdal et al., *Türkiye–Rusya İlişkileri*.

20. Ibid.


22. Speech by Vladimir Putin, at the High Level Russian–Turkish Cooperation Council, Saint Petersburg, November 22, 2013.


24. “10 yilda 200 bin Rus Gelin.”
25. “Antalya’da 18 bin Rus Gelin”; and “Yabancılarla evlilikler artıyor.”
27. Aydın, “Regional Cooperation in the Black Sea.”
28. Personal interview with a high-level Turkish diplomat, October 24, 2008.
29. For an extensive assessment, see Vasiliev, ЧЕРНОМОРСКИЙ РЕГИОН ВО ВНЕШНЕПОЛИТИЧЕСКИХ КОНЦЕПЦИЯХ ТУРЦИИ: РОССИЯ И ТУРЦИЯ НА ЧЕРНОМ МОРЕ.
30. Martin, “Turkey and the USA.”
31. Shchedrov, “Georgia Crisis.”
32. Dyomkin, “Russia Says.”
33. Personal Interview with a high-level Turkish Diplomat, October 24, 2008.
34. For a detailed analysis of the dynamics of the triangular Turkish–US–Russian relations within this context, see Özel and Yılmaz, Turkish American Relations.
35. Baev, Russia and Turkey.
36. Kibaroğlu, “Turkey’s Place in the Missile Shield.”
37. For Turkish Foreign Minister Davutoğlu’s comments on this topic, see “Kim'da Çözüme Her Türü Katkıya Yapmaya Hazırız.”
38. Michaelopoulous, “Greece accuses Turkey.”
39. “Turkey Refuses to Join Anti-Russia EU Sanctions.”
40. “Türkiye'den Rusya'ya Et İhracatında Rekor Artış.”
42. Bourgeot, “Russia–Turkey”, Baev and Overland, "Joint Declaration". The Nabucco is a nascent pipeline project that aims to connect Turkey to Austria with the aim of diversifying the natural gas suppliers and delivery routes for Europe thus reducing European dependence on Russian energy.
43. “Russia Seeks Turkey’s Permission.”
44. Kilavuz and Yılmaz, Restoring Brotherly Bonds.
45. “What Russia’s Halt of ‘South Stream’ Means.”
46. “Putin Scraps South Stream Gas Pipeline.”
47. “Ankara says Turkish Stream not just Transit Project”; “Turkish Stream to Replace South Stream Gas Pipeline”; and “Russian Project Jeopardizes Turkey’s Energy Advantage.”
48. “Doğalgaz Fıyatlara Yüzde 6 İndirim.”
49. Turkish Minister of Energy and Natural Resources, Taner Yıldız, Speech at the Caspian Forum, Istanbul, December 5, 2013; and Peker, “Russia, Turkey Complete Initial Talks.”
50. Primakov, Турция.
52. For an insightful analysis of the strategic effects of nuclear energy development, see Stulberg and Fuhrmann, Nuclear Renaissance.
53. Ülgen, Nükleer Enerjiye Geçişte Türkiye Modeli.
54. Öniş, “Sharing Power.”

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