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EUROPEAN CONTEXT OF MULTIDIMENSIONAL RELATIONS OF TURKEY AND IRAN

Turkey and Iran from the ancient times have been experiencing severe confrontation and simultaneously close interdependence in economic field that has considerable impact on modern international relations in the Middle East and Post-Soviet space. Rivalry of both countries is strengthened by Sunni-Shia divide in Muslim world and support of different sides in Armenia-Azerbaijan conflict. Special importance in mutual relations of neighbors has competition in the Southern Caucasus, which is important with its energy resources and creation of land routes for Caspian oil and gas to Europe in order to lessen dependency of the European Union on Russian energy. Using close relations with Azerbaijan, Turkey makes all efforts to become an energy bridge between energy resources of Caspian Sea and European consumers. On the other hand, Turkey is deeply interested in Iranian gas because of the geographic proximity and huge resources of the supplier. However, despite political rivalry, Turkey and Iran have mutually beneficial cooperation in trade and tourism.

Key words: Turkey, Iran, European Union, rivalry, cooperation, oil and gas, trade, tourism.

Strategically situated on the crossroads of the Middle East and the Caucasus, the Islamic Republic of Iran and the Republic of Turkey, which share 499-km long border, have longstanding and complicated relations tracing their origin back to the medieval confrontation of Ottoman and Persian empires. The heritage of the past is exaggerated by the Sunni-Shia divide in Muslim world and the intention of both sides to play the leading transit and economic role in the neighboring regions. Iran is the country with general population of more than 77 million people, which includes the biggest number of representatives of Shia belief in the world. Simultaneously, at least 13 percent of Iranian citizens are practicing Sunni Islam¹. Turkey is one of the demographic leaders among Sunni states with the population of a little more than 77,6 million, which has only smaller number of Sunni Muslims than Indonesia, India and Pakistan. Unfortunately, this country is more densely populated in the Western areas (Istanbul, Ankara and Izmir), what limits the development of trade and people-to-people exchanges with South-Eastern neighbor Iran².

Besides, Turkey enjoys strong historical influence upon Turkish-speaking countries. The Turkish languages represent a family of at least 35 languages with 170 million native speakers, but if to include the second-language speakers, the actual number may exceed 200 million people³. This especially important with regard to Azerbaijan, which simultaneously is Shia-Muslim country like Iran, but has the language related to Turkey. The same linguistic connection is also typical for the majority of Central Asian states. Iranian leadership boasts only language links to Tajikistan and Afghanistan. Turkey opened a number of schools in the Central Asia and built numerous mosques. So, the ability to project the soft power is considerably bigger in Turkey than is Iran, hit by the international sanctions and isolated in the world.

Together with Iraq and Syria, Iran and Turkey face long-standing Kurdish problem, since Kurds live in South-Eastern Anatolia and in Iranian provinces of Kurdistan, Kemrانشah and West Azerbaijan. Iran is populated by 5 million Kurds and Turkey hosts at least 12 million of them⁴. Those people in Iran usually do not conduct guerilla warfare, but in Anatolia they fought for their rights from 1984 in the war of attrition

¹ Sharif, B. Sunni Muslims' Tale of Grievances in Iran. *BAS news agency website*. <<http://basnews.com/en/opinion/2015/01/22/sunni-muslims-tale-of-grievances-in-iran/>> (2015, April, 22).

² Turkish population nears 78 mln amid high unemployment. *Today's Zaman newspaper website*. <http://www.todayszaman.com/business_turkish-population-nears-78-mln-amid-high-unemployment_371029.html> (2015, April, 22).

³ Dybo, A.V. (2007). *Chronology of Türkic languages and linguistic contacts of early Türks*. Moskow, 233.

⁴ Amir Hassanpour. The Kurdish Experience. *Middle East research and information project website*. <<http://www.merip.org/mer/mer189/kurdish-experience>> (2015, April, 22).

that led to 40 thousands casualties¹. Moreover, both countries try to influence Kurds in Iraqi Kurdistan as in a strategic region adjacent to their common border. All this creates necessary preconditions not only for the cooperation in military operations against the representatives of this restive minority, but also for the economic competition in times of peace.

Economically Turkey is in much better shape than Iran. This can be explained by the successful performance of a stable single party government in the last decade, which carried out many mega projects, exported construction services abroad and facilitated the development of international tourism. For many years the country demonstrated 6 percent growth of GDP and was the second best performer in Asia only after China. During 2008-2014 Turkish authorities created at least 6 millions of jobs. The falling energy prices in position to provide another boost to powerful Turkish economy by saving 25 billion dollars on the import of «black gold»². On the contrary, Iran continues to suffer due to same factor, since sales of oil, gas and petrochemicals provide 70 per cent of export revenues. Unfortunately, this country supplies abroad only 1.3 million barrels daily because of international sanctions³. Therefore Islamic Republic is interested in the development of trade ties with its closest neighbors – Iraq and Turkey, which possess economies of size and not shy away from contraband.

Geopolitically both states are not only complimentary but also competitive. Turkey provides the «window» for Asian countries to Europe, controls Black Sea Straits and simultaneously borders Iran and the Middle East. Iran, with its long border line in the Caucasus and Central Asia, can be considered a direct competitor of Turkish companies in the Post-Soviet space. On the other hand, both countries exhibit strong interdependence. Iran has one of the biggest oil deposits in the world (157 billion barrels) and occupies the second place after Russia by the proven reserves of natural gas. For example, the border zone between Iran and Qatar in the Gulf is represented by the huge area of 9700 square kilometres with considerable gas deposits. Qatari part of it bears the name «North Field» and Iranian – «South Pars» gas field. Official Ankara's dependence on Russian «blue fuel» remains substantial, what forces it to look for alternative suppliers in Azerbaijan and Iran. On the other hand, Turkey is the one and only Iranian neighbor with direct land access to Southern Europe and 1,650 kilometers long coastline in the Black Sea region, what represents the commercial interest for Iranian business community in terms of transit of energy resources towards richest market of the world. During the last 10 years «Turkish Petroleum Corporation» (TPAO) conducted research works in the Black Sea, but the results were inconclusive⁴.

In 2013 Turkey imported oil, gas and coal to cover 70 percent of energy demands. The expenses for fuel import constituted 55 billion dollars⁵. The needs of the country remain substantial – fuel has to be provided for «Turkish Airlines», which boast hundreds of planes, to guarantee the work of transport infrastructure catering the tens of millions of international tourists, to generate the electricity for the cities scattered in huge land area. Moreover, the taxation of fuel plays increasingly important role in shaping of budget profits. As a result, the country is notorious for extremely expensive gasoline, since the taxes constitute more than half of the final price⁶. So, Turkey is constantly looking for the suppliers of energy with moderate prices.

Islamic revolution of 1979 in Iran, which destroyed the pro-American regime of Muhammed Raza Pahlavi, led to some crucial changes in the field of foreign policy whereas Turkey, as NATO member, continued to support the USA in the region and allowed Israel Defense Forces (IDF) to use its soil for the military maneuvers. On the other hand, Iran, which even used to sell the oil to Jewish state via Red sea

¹Mehmet, Solmaz. PM: Reconciliation process belongs to people, promises bright future. *Daily Sabah newspaper website*. <<http://www.dailysabah.com/politics/2015/01/25/pm-reconciliation-process-belongs-to-people-promises-bright-future>> (2015, April, 22).

²Ceylan Ozbudak. After Syriza win, take a closer look at Turkey's economy. *Al-Arabya news website*. <<http://english.alarabiya.net/en/views/news/middle-east/2015/01/31/After-Syriza-win-take-a-closer-look-at-the-Turkey-s-economy.html>> (2015, April, 22).

³Hooshang Amirahmadi. Iran's Neoliberal Austerity-Security Budget. *PayvandIran news agency website*. <<http://www.payvand.com/news/15/feb/1076.html>> (2015, April, 22).

⁴Turkey revives hopes on Black Sea sources. *Hürriyet Daily News newspaper website*. <<http://www.hurriyetdailynews.com/turkey-revives-hopes-on-black-sea-sources.aspx?pageID=238&nID=48269&NewsCatID=348>> (2015, May, 2).

⁵Turkey's current account deficit drops to 4-year low. *Daily Sabah newspaper website*. <<http://www.dailysabah.com/money/2015/02/12/turkeys-current-account-deficit-drops-to-4year-low>> (2015, May, 2).

⁶Turkey's autogas taxes highest in Europe. *Today's Zaman newspaper website*. <http://www.todayszaman.com/national_turkesiteys-autogas-taxes-highest-in-europe_372692.htm> (2015, May, 2).

route under the regime of Shah, suddenly became the principal adversary of Israel and the USA. Moreover, the Islamic revolution pitted against each other two different ideologies – the one of Turkish military circles, as the protectors of secular regime and execution of coup d'état against Islamic forces, and another – of new political elite of Iran, represented by fanatical religious establishment, which strived to export Shia revolution to the Greater Middle East.

Nevertheless, despite the mutual distrust, international events suddenly led to the temporary reconciliation of both neighbors. Turkey became isolated after the invasion on Cyprus in 1974 and the creation of de-facto pawn state of Northern Cyprus in areas, which encompassed the lands with abundant rainfall and harvests of wheat, famous resort town of Varosha, huge port of Famagusta and only international airport in Nicosia. This led to the immediate deterioration of relations of official Ankara with the Western countries and introduction of international sanctions against Northern Cyprus. To add insult to injury, the army organized the coup in September 1980. Under those conditions Turkey decided not to take sides in the regional conflict of Iraq and Iran in 1980-1988, but rather to capitalize on it economically due to shared border with both countries. Official Ankara considered the war as the opportunity to get profits from warring sides, used to high levels of consumption and isolated from European markets due to the hostilities in the Gulf. As a result, Turkey provided its territory for the import of essential Western non-military goods and agricultural commodities for the adversaries in exchange for their oil. Both Iran and Iraq also received lavish credits, intended to help them to buy Turkish consumer goods and produce of agriculture. This happened despite the open belligerence of the USA towards official Tehran and cooperation of Pentagon with the regime of Saddam Hussein¹.

After the demise of the Soviet Union the West decided to turn Turkey into the main middleman in the relations with new countries of Central Asia and Southern Caucasus in order to free them from excessive Russian influence. In this respect official Ankara supported oil and gas-rich Azerbaijan and Iran instead sided with Armenia, since the regime of President Abulfaz Elchibey put forward claims to areas populated by ethnic Azerbaijani people in Iran. Official Ankara became more successful than Tehran in the Caucasus because of the immediate border with Georgia and pro-American policy, which emphasized the creation of land routes for Caspian oil and gas to Europe via that country in order to lessen dependency of the European Union on Russian energy. In addition its economy was in position to cater the needs of new Post-Soviet states in different fields. For example, Turkish companies prevailed in textile industry, taking into consideration well-established local cotton economy and their own expertise. Construction companies also took the advantage of huge demand for housing and vanity buildings in Azerbaijan and Central Asian states. They carried out some of large-scale building projects of political elite in cities of Ashgabat, Astana and Awaza. Turkish sea resorts with «all-inclusive» hotels also hosted millions of tourists from Post-Soviet states and local companies were engaged in «shuttle» trade with the former republics of the Soviet Union. The Turkish export commodities were textile, leather, golden jewelry and foodstuffs. Tehran was only able to improve relations with Tajikistan due to language affinity and with Armenia by providing the isolated country with transport corridors towards the Gulf and satisfying her energy needs².

The competition in the Caucasus expressed itself in the fact that both countries took different sides in Armenia-Azerbaijan conflict. In this respect it should be noted that there are several factors that define complicated relations of Tehran and Baku: 1) President Ilham Aliyev invites Western corporations to exploit natural resources of Caspian Sea, parts of which are adjacent to North-Western Iran; 2) Azerbaijan has a secular and Western-oriented regime with many liberties for the local population; 3) several years ago Azerbaijan and Israel became close partners in military field and Jewish state even constructed several military factories in Azeri land. On the other hand, Turkey considered President Ilham Aliyev a time-tested ally and contributed heavily to the economy of Azerbaijan. For example, 36 percent of foreign companies investments in this country are of Turkish origin and more than 2000 Turkish companies operate here³.

Using close relations with Azerbaijan, Turkey makes all efforts to become an energy bridge between energy resources of Caspian Sea and European consumers. The 1,768-km long Baku – Tbilisi – Ceyhan (BTC) oil pipeline from the Azeri – Chirag – Guneshli oil field in the Caspian Sea to the Mediterranean

¹ Barkey, Henri J. Iran and Turkey. *The United States Institute of peace website*. <<http://iranprimer.usip.org/resource/iran-and-turkey>> (2015, May, 4).

² Adam Balcer. An Audit of Power: Turkey's Leverage in the Post Soviet Space. *Black Sea Discussions Paper Series*. <<http://edam.org.tr/document/bsdp5.pdf>> (2015, May, 04).

³ Shahin Mustafayev. Turkey holds first place for investments of Azerbaijan in foreign countries. *APA news agency website*. <<http://en.apa.az/news/193561>> (2015, May, 4).

Sea via Tbilisi, the capital of Georgia, was introduced in 2005 and became a successful step in this direction. Another strategically important 3500-km-long pipeline is called The Trans Anatolian Natural Gas Pipeline (TANAP) and it can be used to transport gas from the second phase of the Shah Deniz gas field to Greece already in 2019. To implement the project Turkey may use the experience it gained during the construction of the gas pipeline Baku – Tbilisi – Erzerum, which became operational in 2006¹.

On the other hand, Turkey is deeply interested in Iranian gas because of the geographic proximity and huge resources of the supplier. 2577 kilometers long pipe line Tabriz-Ankara was completed in 2001 and soon the «blue fuel» started to flow towards central regions of the country. Iran is the second-largest supplier of natural gas to Turkey only behind Russia. But the price of this commodity is high, since Turkish importers pay 490 dollars per 1000 m³ of it – 155 dollars more than for gas from Azerbaijan and 55 dollars more than for gas from Russia. On the other hand, situated in the arid zone and surrounded by mountains Iran remains the prime consumer of agricultural goods – grains, olives, tobacco, oranges and lemons and Turkey buys instead Iranian dry fruits and saffron. Turkish companies also export textiles, machinery, chemicals and steel. Crude oil and natural gas dominate in Iranian export with 90 percent of the share and its importance may grow in case when both countries decide to build in Turkey several power plants, designed to consume Iranian gas. The trade turnover between both countries constituted 14.6 billion dollars in 2013². Turkey also remains one of the largest consumers of Iranian oil together with Asian buyers such as China, India, South Korea and Japan.

During several last years, Turkey remained a principal supplier of gold bars to Iran in exchange for oil and gas, which allowed Islamic Republic to bypass international banking sanctions. Today, as in the times of the Gulf War, country resells Western goods to Iranian customers, using Free trade agreement of 1996 with the European Union for import of agricultural and consumer commodities with their subsequent re-export. In this respect, Turkey bears the same importance for Iran, as Jordan for Iraq. Turkish trucks pass Iranian territory in transit to carry goods to Central Asia. On the other hand, the partners badly need the railways to intensify the trade and resolve issues, which appear with unfair taxation of the trucks. In 2014, both states charged a huge amount – 1500 dollars per truck, what greatly inhibited the movement of the cargo³.

The services accounts for around 60 percent of Turkish economy and agriculture – only for 10 percent, this means that the country is interested in increased numbers of tourist arrivals from the neighbors, since Russians and Germans constitute considerable number of international travelers and other countries are lagging behind. Turkish resorts in the Mediterranean region, where night clubs and alcoholic drinks are widely available for the visitors, became very popular among young and middle-aged Iranians, who suffer from religious restrictions in their native land and forced to attend the separate beaches for men and women. In addition, Iranians do not need the visa in order to enter Turkey. Many of them arrive during Nawruz (Persian New Year) in March when the country has a low tourist season and hotels propose their rooms for a half of the original price. The number of Iranian tourists in Turkey during 2014 was around 1.5 million and 300 thousand Turkish citizens also visited Iranian cities. Turkey earns 36 billion dollars on tourist services and understandably wants to increase the share of Iranians, taking into consideration the huge population of the neighbouring country and its closeness⁴. Many Iranians also use the services of «Turkish Airlines» with total fleet of 220 new airplanes as a conduit in travels around the world, since Iranian companies suffer from the lack of spare parts and their outdated planes remain very dangerous for the travelers. For its part the Iranian leadership wants to study the ingredients of Turkish success in the field of tourism. The rising numbers of foreign visitors will allow the country to sell products of agriculture, drinks and objects of art to the hotel chains and bypass in such way international sanctions. One must say that Turkish example in this respect is very important. In 2014 that country attracted 37 million tourists and

¹ Turkey Determined to Build TANAP Gas Pipeline. *Novinite website*. <<http://www.novinite.com/articles/166510/Turkey+Determined+to+Build+TANAP+Gas+Pipeline>> (2015, May, 4).

² Hasan Selim. Wither Turkish-Iranian economic relations?. *Eurasia Review*. <<http://www.eurasiareview.com/28022014-wither-turkish-iranian-economic-relations-analysis/>> (2015, May, 4).

³ Minister emphasizes reciprocity in truck crisis with Iran. *Today's Zaman newspaper website*. <http://www.today.sza.man.com/business_minister-emphasizes-reciprocity-in-truck-crisis-with-iran_362070.html> (2015, May, 4).

⁴ Iran, Turkey implement tourism agreement. *Mehr News Agency website*, <<http://en.mehrnews.com/detail/News/105934>>(2015, May, 4)

occupied sixth place in the world among most popular tourist destinations¹.

Conclusion. Turkey and Iran experienced the long and complex relations since the Middle Ages and later in XX century both of them lived through the drastic social and political changes with Westernized reforms. However, the Islamic revolution in Iran did not spoil bilateral relations due to international isolation of both countries and only after the demise of the Soviet Union they began to wrestle for the influence in Post-Soviet space. With the rise of moderate Islamists in Turkey official Ankara decided to become the economic leader of Muslim world and directly interfered in Iran's sphere of interests in Syria and Iraq. On the other hand, the current President Erdoğan, as the leader of a big and resource-poor country, will continue to value the energy partnership with Iran despite political differences. For its part, official Tehran considers Turkey as important transit route for the energy export to Southern Europe, but highly negative attitude of the European Union towards Iranian nuclear program does not allow the Iranian plans of gas export to Europe to be carried out.

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