

# Understanding the Energy Drivers of Turkey's Foreign Policy

Francesco Siccardi



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Turkey has an energy dependence problem. For the past two decades, Ankara's energy needs have been on the rise, and they are projected to continue on an upward trajectory until at least 2035. Yet, the country is not endowed with the proven natural resources to support its energy needs, and so it imports almost all of the energy it consumes.

This reliance on energy imports creates economic and security constraints for Ankara. On the economic front, strategic decisions to diversify Turkey's energy market impact the direction and pace of the country's economic development. On the security front, dependence on foreign energy exposes Turkey to external shocks and creates vulnerabilities that affect the country's international posture.

To Turkish policymakers, this is hardly breaking news. For many decades, successive governments have been considering ways to diversify the country's energy portfolio with the objective of ensuring access to affordable, reliable energy supplies. Domestically, this goal has translated into continued investments in locally produced power, such as the development of natural gas fields under the Black Sea and the opening of nuclear and coal-fired power plants across the country. Externally, the aim of diversification has led Ankara to forge a wide range of international partnerships and preserve relations with both Western purchasers of Turkish exports and key energy providers, including Russia and countries in Turkey's immediate neighborhood.

What is more, Ankara pursues its energy diplomacy against the backdrop of a broader geopolitical strategy of bolstering Turkey's status as a regional power based on its geographic position and connections. At the heart of this strategy is a grand plan to establish Turkey as a major natural gas hub that will put the country at the center of regional energy trade.

This policy has ramifications for Ankara's relations with its close and more distant neighbors. Turkey is surrounded by energy-rich countries, and one of its primary objectives when reaching out to them is to secure the conditions for a steady inflow of energy resources—typically, natural gas and oil. This objective can lead to the development of durable economic partnerships, such as with Azerbaijan, Turkmenistan, and Iran; but it can also spark conflicts of different degrees of intensity, such as with Turkey's Eastern Mediterranean neighbors and Iraq. Beyond its immediate neighborhood, Ankara's gas diplomacy is consequential for relations with Russia—with which Turkey has been strengthening its energy relations beyond hydrocarbons—and with Europe. On the demand side of Ankara's natural gas market equation, European countries are thirsty for non-Russian hydrocarbons in the short and medium term and for green energy in the longer term. Turkey has the potential to provide both, as long as it comes up with strong policies that support these energy transitions.

To do so, the Turkish government will need to shift its approaches not only to energy but also to geopolitics. Ankara will have to present itself as a reliable energy partner for Europe and ramp up its investment in clean energy technologies. Delinking Turkey's economic development from its dependence on hydrocarbons will benefit Ankara financially while bringing it closer to its European allies. Building a long-lasting energy partnership with Europe remains one of Turkey's greatest challenges.

## Turkey's Energy Supply and Diversification Strategies

Turkey is one of the world's top energy consumers. In 2022, it ranked sixteenth for [primary energy consumption](#) globally, ahead of more advanced economies, such as Italy, Spain, and Australia. Between 2001 and 2021, Turkey's overall [energy consumption](#) more than doubled, making it the country with the [fastest growing energy demand](#) in the Organisation for Economic Co-operation and Development. This trend was driven by Turkey's increasing [gross domestic product](#) (GDP) and population and is projected to continue. Official government statistics estimate that the country's [electricity demand](#) will grow by a further 55 percent by 2050, based on 2022 levels.

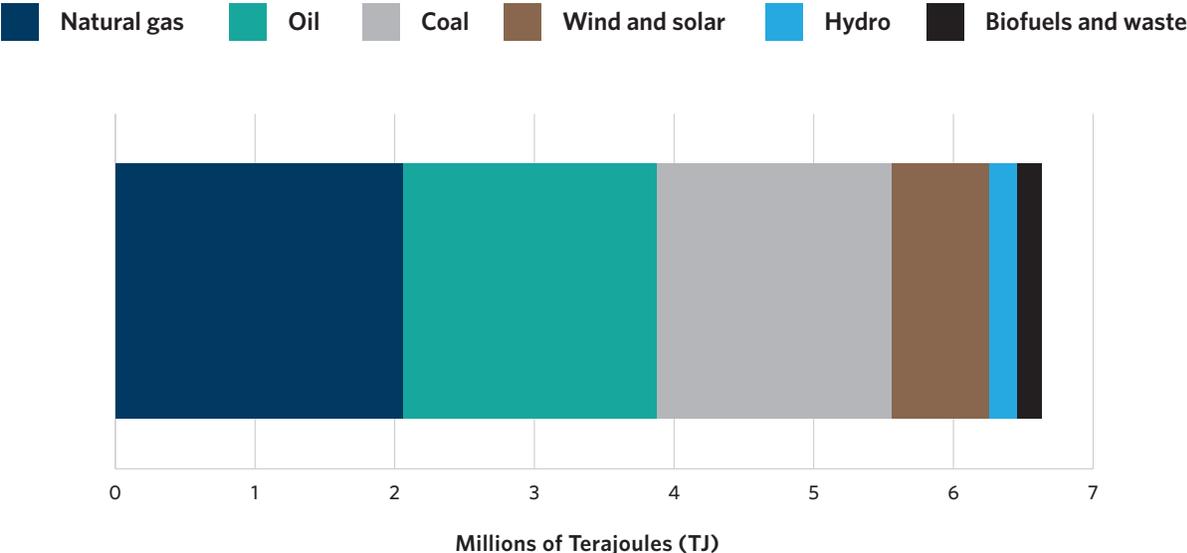
Yet, without the natural resources it needs to sustain such levels of energy consumption, the country has historically depended on energy imports. Turkey's dependence on foreign energy has marked the pace of the country's industrialization, which has gone hand in hand with the development of a vast network of energy import infrastructure consisting of pipelines, distribution networks, and storage and processing sites. The quest for a reliable and affordable network of energy suppliers has informed key policy decisions in the fields of natural gas, oil, coal, nuclear power, and renewable energy.

This goal has had an impact on the way Turkey interacts with its regional partners and rivals—and on the country’s security at large. To preserve its energy networks, over the years, Ankara has consolidated relations with its largest supplier of hydrocarbons—Russia—and scaled up energy diplomacy efforts with smaller, energy-rich neighbors including Azerbaijan, Iran, and Iraq.

### A Snapshot of Turkey’s Energy Sector

Most of the energy Turkey consumes comes from hydrocarbons. Data from the International Energy Agency show that in 2021, 84 percent of Turkey’s energy supply was generated from coal, natural gas, or oil (see figure 1), reflecting a trend that goes back several decades. Coal and natural gas are used mostly to generate electricity; natural gas is also the primary source of heat generation, while oil products are consumed mainly in the transportation sector.

Figure 1. Sources of Turkey’s Energy Supply, 2021

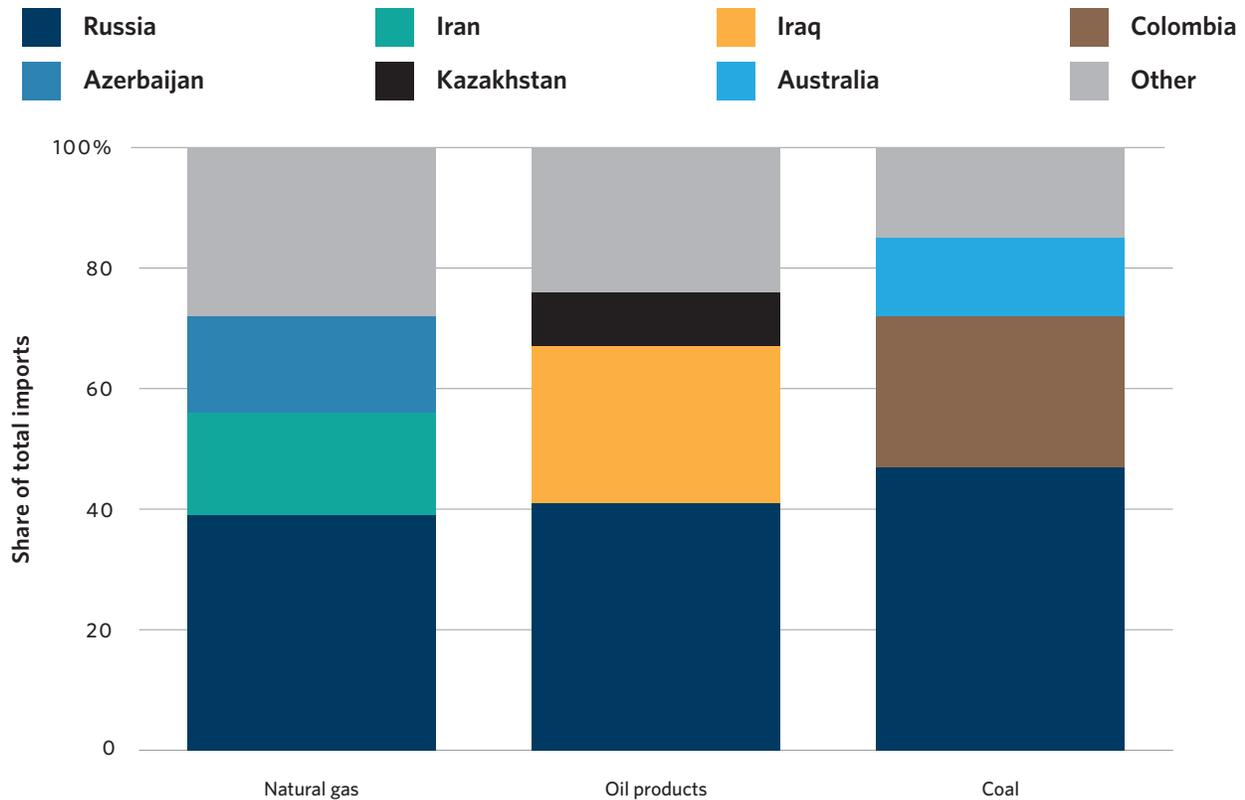


Source: “Türkiye,” International Energy Agency, <https://www.iea.org/countries/turkiye>.

This reliance on hydrocarbons is going to be progressively reduced. Turkey has signed up to a target of achieving net zero greenhouse gas emissions by 2053 and is planning to consistently increase the share of renewables in its energy mix. Yet, the switch away from fossil fuels will require several decades, with other factors coming into play: the challenge of catering to increasing levels of energy demand, the need to guarantee energy security for the country’s population, and the extended timelines—and substantial investments—required to develop new energy infrastructure.

A factor that could accelerate Turkey’s energy transition is the country’s high energy bill. In 2022, Turkey imported 100 percent of the **natural gas** it consumed, 91 percent of its **oil products**, and 77 percent of its **coal**. Russia was Turkey’s prime trade partner in all three categories (see figure 2).

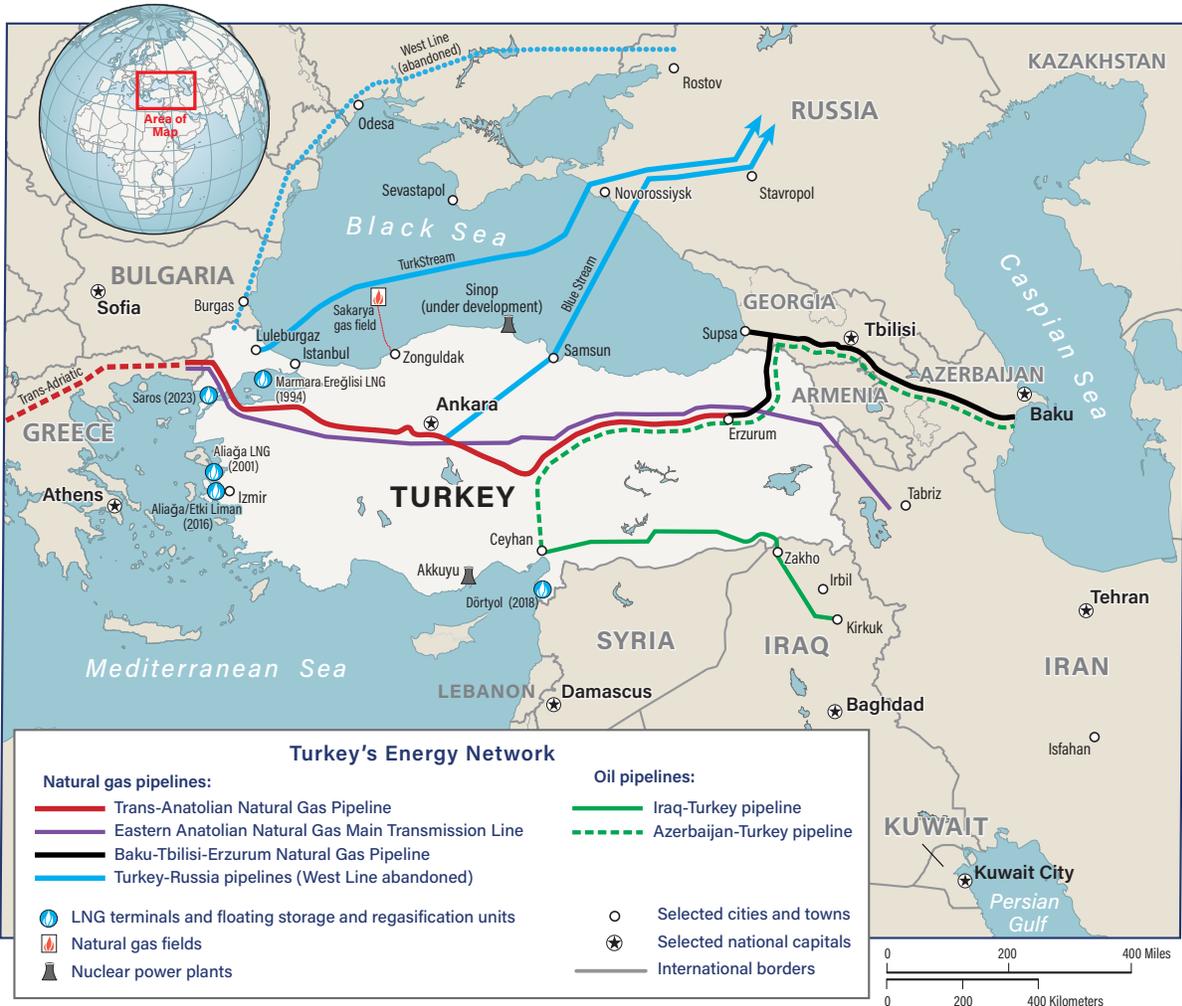
**Figure 2. Turkey’s Main Suppliers of Hydrocarbons, 2022**



Sources: “Natural Gas Market 2022 Sector Report,” Turkish Energy Market Regulatory Authority, 2023; “Oil Market 2022 Sector Report,” Turkish Energy Market Regulatory Authority, 2023; and “Annual International Trade Statistics by Country (HS): Turkey,” TrendEconomy, December 26, 2023, <https://trendeconomy.com/data/h2/Turkey/2701>.

Turkey’s dependence on external energy contributes to the state budget’s current account deficit and exposes the country to external shocks and the fluctuations of international energy prices. For these reasons, over the years, Turkish policymakers have designed policies to diversify the country’s energy basket. At home, they have worked to develop a local energy production base by exploring natural gas extraction options in the Black Sea and setting up a civilian nuclear program. Abroad, they have cemented relations with a wide range of supplier countries in Turkey’s neighborhood and farther afield to guarantee a steady inflow of resources.

Turkey's geographic position is significant in this respect. Today, the country is connected to energy-rich Azerbaijan and Iraq by a series of oil pipelines with and to Azerbaijan, Iran, and Russia by natural gas pipelines (see map). As the gateway to Southern Europe for most of these countries, Turkey has long cultivated the ambition of becoming a regional hub for energy trade. Ankara has also been active in new gas markets, building terminals for importing liquefied natural gas (LNG), which have given it access to markets from Algeria and Egypt to Nigeria and the United States.



But despite these efforts, Ankara's main challenge is to move away from the Kremlin as its primary supplier of natural gas, coal, and oil products. This challenge comes at a time when international tensions are exacerbated by the war in Ukraine, Turkey's commitments to reduce emissions are becoming more stringent, and high energy prices have the potential to destabilize the Turkish economic and political systems.

## Energy Trends and Diversification Efforts

In the last two decades, a broad set of policy measures has regulated Turkey's energy diversification efforts. Taken together, these policies tell a story of limited success in curbing energy dependence on Russia and reducing [per capita emissions of carbon dioxide \(CO<sub>2</sub>\)](#). On the first account, Turkey's consumption of Russian oil and coal has spiked in recent years, while the level of natural gas imports from Russia has not changed substantially in the last decade. On the second account, the promised benefits of enhanced investments in renewables and of a functioning national nuclear energy program are yet to materialize; until they do, Turkey is not on track to meet its [net zero commitments](#).

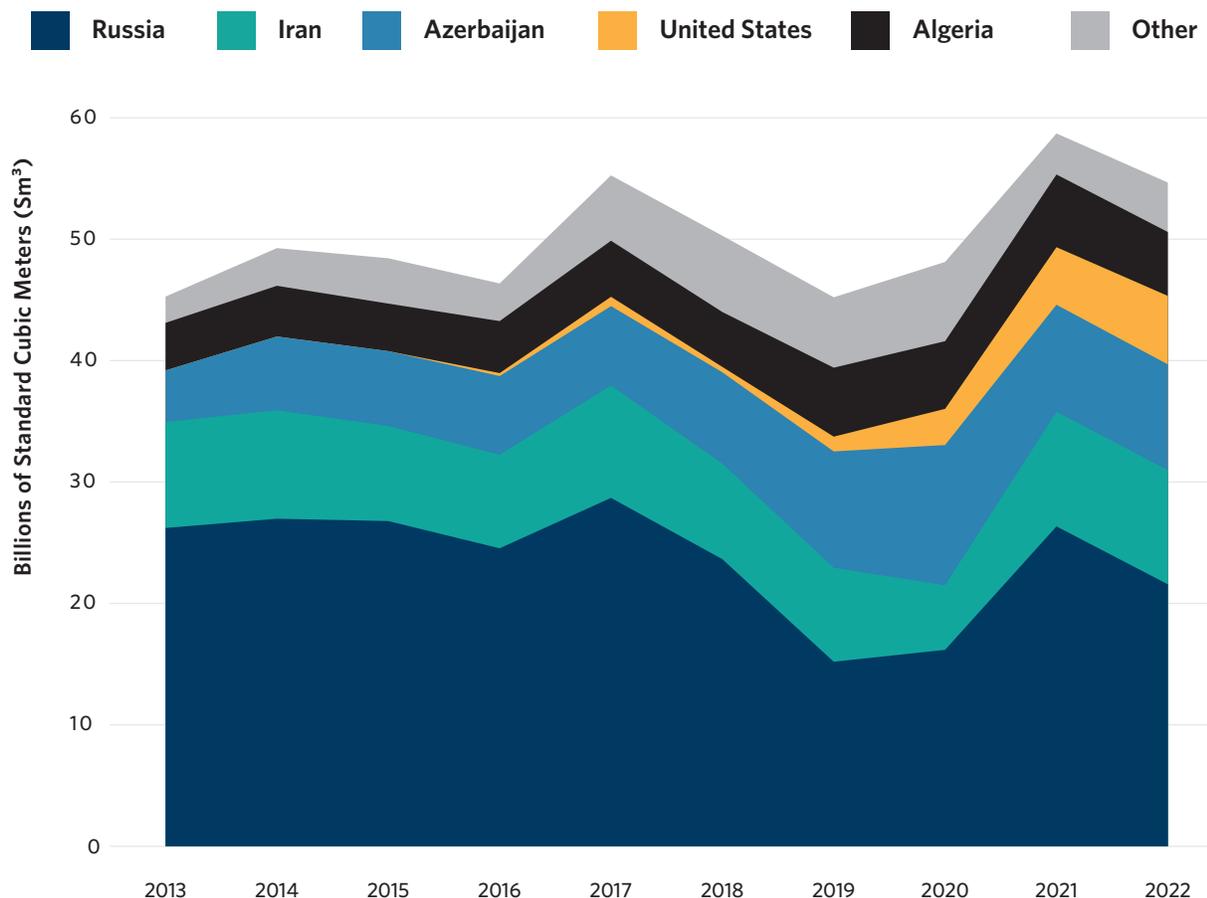
The next few years will be crucial. Turkey will face tough choices as Western sanctions on Russia because of the war in Ukraine restrict the Kremlin's options for energy exports and Europe progressively moves away from hydrocarbon consumption and imports. Going forward, the decisions Ankara makes on natural gas, oil, coal, nuclear power, and renewable energy will influence Turkey's place in international supply chains and the ambitions of and constraints on its foreign policy strategies.

### Natural Gas Imports

Natural gas is Turkey's most significant energy import. Turkey was the sixteenth-largest [consumer of natural gas](#) worldwide in 2022, just behind advanced economies such as Italy and South Korea. The country's [consumption of natural gas](#) has been constantly increasing since 2009. In 2023, according to provisional figures, Turkey consumed 11 percent more [natural gas](#) than the year before. Turkey has traditionally imported all of the natural gas it consumes, mostly through pipelines or as LNG.

Russia is Turkey's top provider of natural gas, although [its share](#) of Turkey's total imports has progressively fallen in recent years, from 60 percent in 2013 to 39 percent in 2022. However, the total volume of natural gas traded between the two countries did not change dramatically in this period. What changed was the amount of natural gas Turkey imported from countries other than Russia, up from 19 million standard cubic meters (Sm<sup>3</sup>) (671 million standard cubic feet) in 2013 to 33 million Sm<sup>3</sup> (1.2 billion standard cubic feet) in 2022 (see figure 3).

Figure 3. Origins of Turkey's Imported Natural Gas, 2013-2022



Source: Author's calculations from "Natural Gas Market 2022 Sector Report," Turkish Energy Market Regulatory Authority, 2023.

That the volume of natural gas traded between Russia and Turkey has not changed much should not come as a big surprise. Turkey's attempts to diversify its natural gas supplies are limited by the country's infrastructure networks. Turkey gets most of its natural gas from Russia because of the infrastructure: over the years, two gas pipelines between the countries (Blue Stream, inaugurated in 2003, and TurkStream, which came online in 2020) have been built.

Although two additional pipelines connect Turkey to Azerbaijan (the Baku–Tbilisi–Erzurum pipeline, launched in 2001) and to Iran (the Eastern Anatolian Natural Gas Main Transmission Line, opened in 2003), their combined capacity is less than half of the total capacity of the two Russian pipelines. Natural gas trade via such pipelines is regulated by long-term contracts that are not easily amendable in the short term.

Because of this limited flexibility, the cornerstone of Turkey's natural gas import diversification strategy has been the development of infrastructure for processing, stocking, and distributing LNG. This form of natural gas was also typically purchased under long-term supply agreements, but a more flexible market for shorter-term deals has emerged since 2021. In this rapidly changing environment, [LNG spot market imports](#) represented 18 percent of Turkey's total imports in 2022. Turkey has also consistently increased its capacity to stock LNG. By creating a system of reserves that can be deployed in periods of peak consumption, this approach makes the Turkish system more flexible and resilient.

Going forward, plans to further strengthen [Turkey's LNG infrastructure](#) indicate that this will remain the main component of Ankara's natural gas diversification strategy.

### Domestic Natural Gas Supplies

Another element in Turkey's diversification strategy, and perhaps the decisive factor in reducing the country's dependence on external natural gas providers, is the discovery of large reserves of natural gas under the Black Sea in Ankara's exclusive economic zone (EEZ). Turkey's exploration of this seabed has been ongoing for over two decades, but it accelerated in the mid-2010s after Romania discovered a large gas field in its EEZ. The results were almost immediate. In August 2020, Ankara announced the discovery of the Sakarya gas field—the largest natural gas reserve discovered to date under the Black Sea. Following additional drilling at the Tuna-1, Amasra-1, and Caycuma-1 wells, [Turkey's natural gas reserves](#) are estimated at 710 billion cubic meters (bcm) (25 trillion cubic feet) .

The inauguration of the Sakarya gas field on April 20, 2023, was one of the highlights of Turkish President Recep Tayyip Erdoğan's reelection campaign in that year. The president used this occasion to boast about [Turkey's rosy energy future](#). Yet, the long-term potential of the Black Sea natural gas supply is difficult to calculate. So far, the Turkish government [has announced](#) that at full extraction capacity, Black Sea reserves might cover one-third of Turkey's natural gas needs for some twenty-five to thirty years. But this notion, which relies only on government estimates, remains too vague for an accurate calculation of the potential impact of Turkey's natural gas production on its economy.

The timeline for the exploitation of these gas reserves is also tentative. It will take years before full extraction capacity is reached. In the meantime, the progressive growth of Turkey's natural gas demand might match the expansion of the country's domestic natural gas production and limit the benefits of new discoveries in terms of reducing reliance on imports. An accurate estimate of the impact of Turkey's Black Sea gas discoveries will be crucial to take stock of Ankara's bargaining power when negotiating long-term natural gas contracts with Russia and when litigating over access to Cyprus's contested EEZ, the location of another gas field on which Turkey has set its eyes.

## Oil

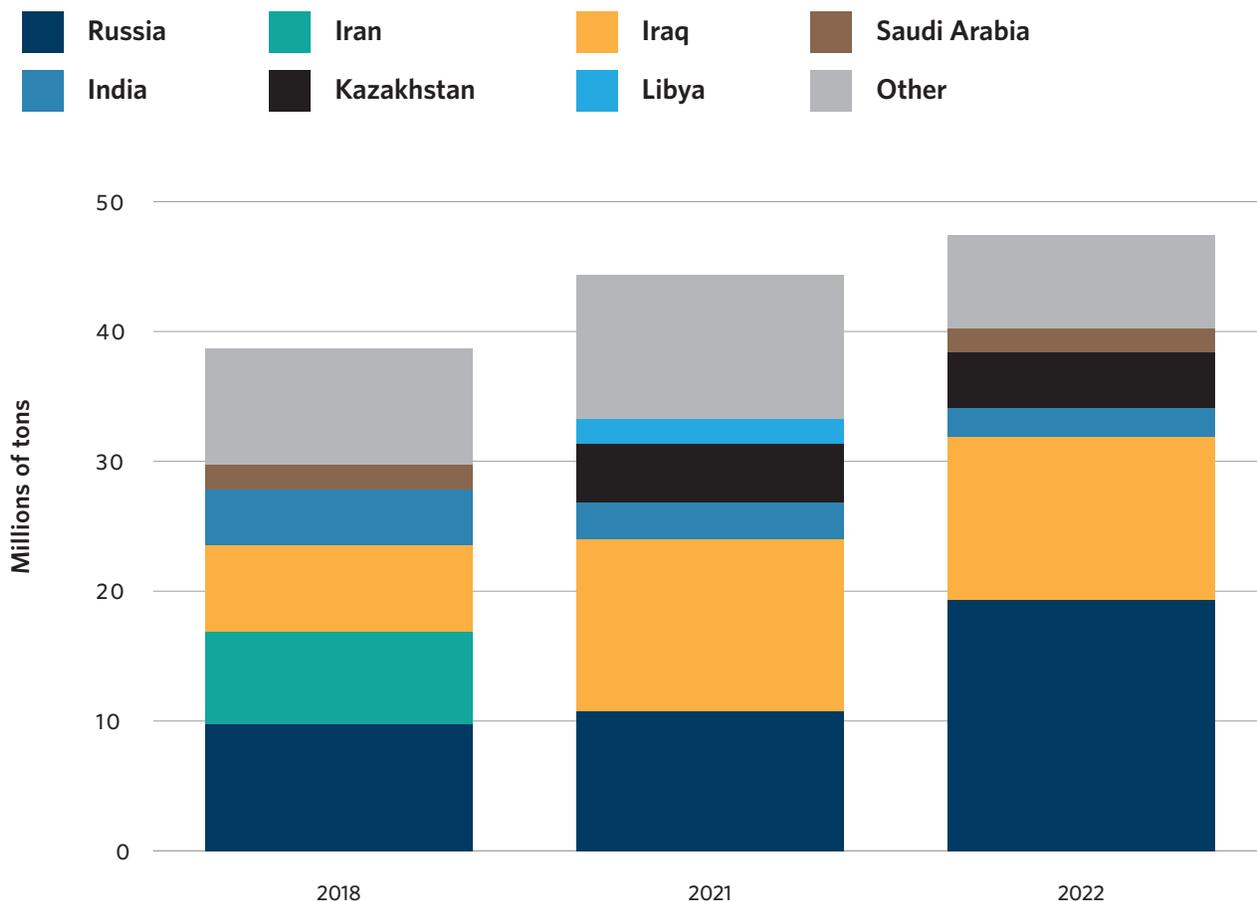
Oil and refined oil products are Turkey's second source of energy. [Oil demand](#), which is driven by the transportation sector, has been growing for the past thirty years. As with natural gas, Turkey is largely dependent on oil imports; [local production](#) typically covers less than 10 percent of the country's annual consumption.

Foreign oil supplies reach Turkey both by pipeline and by ship. Turkey's first oil pipeline, which connects Anatolia to the oil fields in northern Iraq, dates back to 1976. A second pipeline connection, with Azerbaijan, was inaugurated in June 2006—part of the same effort to access Azerbaijani energy as the Baku–Tbilisi–Erzurum natural gas pipeline. Russian oil reaches Turkey mostly on ships that travel from the Black Sea ports of Novorossiysk (Russia) and Supsa (Georgia) to Turkey's Mediterranean region. Every year, around 3 percent of [global oil trade](#) goes through the Turkish Straits—mostly from Russia—giving Ankara an element of power in its relationship with Moscow.

Because of this network, Turkey's oil market is more diverse than its gas market. Russia, Iran, and Iraq have traditionally been Turkey's main oil suppliers, with none taking a dominant market position.

However, notable events in recent years have disrupted this relatively diversified network. Until the late 2010s, Iran met almost one-fifth of Turkey's oil demand, but the imposition of U.S. sanctions on Iranian oil in 2018 forced Ankara to move away from Tehran and scale up its imports from Baghdad. The year 2022 marked another turning point: after Russia's invasion of Ukraine, Turkey almost doubled its [oil imports from Moscow](#) as compared to the previous year (see figure 4). Unable to sell its oil on the European market because of an embargo by the European Union (EU), Russia turned to alternative markets to sell its crude at a discounted price. For Turkish refineries, this presented the opportunity to acquire Russian oil, refine it, and resell it—a practice that some observers [equate](#) with sanctions evasion.

Figure 4. Turkey's Main Suppliers of Oil and Oil Products, 2018–2022



Sources: “Oil Market 2018 Sector Report,” Turkish Energy Market Regulatory Authority, 2019; “Oil Market 2021 Sector Report,” Turkish Energy Market Regulatory Authority, 2022; and “Oil Market 2022 Sector Report,” Turkish Energy Market Regulatory Authority, 2023.

Against this backdrop, Turkish policymakers have been trying to move toward a more diverse and sustainable oil supply system. They have done so by increasing the level of local production and putting forward strategies to curb the use of [oil in the transportation sector](#)—but they have had little success so far.

### Coal

The third-largest source of Turkey’s energy supply, coal, is used primarily for electricity and heat generation. The country’s level of [coal consumption](#) has not changed much in the last ten years, as this hydrocarbon has been at the center of the Turkish government’s energy policy. Successive strategic plans of the Ministry of Energy and Natural Resources in the 2010s pushed for a progressive increase in the share of electricity generated by coal, as

opposed to natural gas. This strategy had **two objectives**: to exploit Turkey's vast reserves of domestic lignite and hard coal for energy generation and to establish new import networks as an alternative to Turkey's traditional coal supplier, Russia. As a result, in the first half of 2023, Turkey surpassed Germany as the largest European producer of **electricity from coal-fired power plants**.

Yet, these measures have not curbed Turkey's reliance on foreign coal. The country imported 77 percent of the **total coal it consumed** in 2022. And despite incentives for the domestic production of lignite, in 2022, 55 percent of the **electricity generated from coal** came from imports—up from 42 percent in 2012, and from only 3 percent in 2002.

This dependence comes with a high cost for Ankara. **Coal prices** started to increase in 2021 and reached a peak after Russia invaded Ukraine. In 2022, Turkey was presented with its highest-ever coal bill, paying \$8.8 billion for its coal imports, of which \$5.3 billion was for electricity generation. Most of this money went to Moscow. Indeed, in 2022, Turkey more than doubled the amount of **coal it imported from Russia** compared with the previous year, from 5.2 million tons to 11.3 million tons. That made Russia Turkey's primary source of coal imports, followed by **Colombia and Australia**, two supply lines that Turkey developed and strengthened in the 2010s.

Despite these constraints, the Turkish government plans to expand the country's **electricity generation capacity** from coal by a further 10 percent by 2035. These measures are bound to become more controversial at a time when Turkey is committed to **reducing its CO2 emissions**, it is increasingly difficult to secure loans to build new coal-fired power plants, and the **Turkish population** is ever more opposed to such environmentally narrow-minded policies.

## Nuclear Energy

The April 2023 inauguration of the first reactor of the Akkuyu nuclear power plant was another highlight of Erdoğan's reelection campaign. But despite the solemn ceremony, Turkey's civilian nuclear program is only just taking its first steps. Ankara has been contemplating such a program since the 1960s, but concrete progress was made only in the 2010s when Turkey signed intergovernmental agreements with Russia and Japan to develop nuclear power plants at Akkuyu, on the Mediterranean coast, and at Sinop, on the Black Sea coast, respectively.

The **Akkuyu plant** will be built, owned, and operated by Russia's Rosatom State Atomic Energy Corporation. The construction of the first of four reactors started in April 2018, and the first core fuel load was delivered at the April 2023 inauguration ceremony. The construction of the **second, third, and fourth reactors** started in 2020–2022; all four are expected to be operational by 2026. The Turkish government estimates that when fully functioning, the Akkuyu plant will provide for 10 percent of **Turkey's domestic electricity needs**.

Despite the government's intention to increase Turkey's nuclear energy generation capacity, progress on expanding the country's civilian nuclear program has been slow. The deal with Japan fell through between 2013 and 2018, and Turkey is currently holding [talks with Russia and South Korea](#) to further develop the Sinop project. In January 2023, the Korea Electric Power Corporation submitted a proposal for the [construction of another nuclear power plant](#). Turkey is also in [discussions with China](#) on options for developing a third nuclear plant, and with [the United States and the United Kingdom](#) on the purchase of smaller nuclear reactors.

## Renewable Energy

Renewables are another piece of Turkey's diversification strategy—yet they play a relatively minor role. Over the years, Ankara has made consistent investments in the hydroelectric sector, which today is increasingly hampered by droughts and water scarcity problems. In Turkey, wind- and solar-power generation is less advanced than that of hydropower, although the country generates more wind energy, as a [proportion of its total power production](#), than several European countries. The potential of solar power remains unfulfilled, with Ankara generating a similar proportion of its total power from solar energy to much less sunny countries, such as Poland and Ukraine.

The Turkish government has also been slow in designing and implementing a strategy for reducing carbon emissions. Ankara ratified the [2015 Paris Agreement on climate change](#) only at the end of 2021 and, despite its commitment to reach a net zero target by 2053, is planning to increase [greenhouse gas emissions](#) until 2038.

The document that operationalizes this strategy is the [National Energy Plan](#), which the government unveiled at the end of 2022 to cover the 2020–2035 period. According to this document, Turkey will almost double its electricity generation capacity by 2035, with most additional capacity coming from [solar power](#). The country aims to increase its solar-power capacity fivefold in the next twelve years—a target that is probably too ambitious, considering that to reach it, Turkey would need install an additional 3.5 gigawatts (GW) of new [solar-power generation capacity](#) every year, up from 1.2 GW per year in the previous five years. For wind-power plants, the ambition is to triple the generation capacity by 2035 based on the 2022 level; for hydroelectric plants, the targeted growth is 10 percent by 2035.

Overall, however, these increases in renewable energy generation will not be enough to make a significant impact on Turkey's diversification efforts. The same energy plan also projects an increase in the country's natural gas and coal capacities, and in general the document lacks the ambition to definitively curb [Turkey's reliance on hydrocarbons](#).

# The Nexus Between Turkey's Energy and Foreign Policies

Turkey's energy priorities and strategies are deeply ingrained in the country's domestic and foreign policies and have evolved over time in response to shifting geopolitical interests. Domestically, the government's main objective is to reduce the budgetary impact of energy import costs. But as Turkish families struggle to make ends meet, lowering energy prices has also become a political priority for a government seeking to reinforce its support—especially ahead of key votes, such as the 2023 presidential election and the 2024 local elections.

Abroad, Turkey's energy policies respond to the triple need to cater to increasing energy demand, diversify the country's sources of energy imports, and reduce carbon emissions. These priorities inform Turkey's outreach to global and regional partners, including Russia, Central Asian states, Middle Eastern states, and the EU. But Ankara pursues its energy diplomacy in conjunction with a larger political objective: to reinforce the country's status as a regional power by exploiting its geographic position and access to energy-rich neighbors. The central pillar of this strategy is Turkey's plan to set up a natural gas hub that will put Ankara at the heart of the region's energy trade.

## The Home Front: How Energy Policy Helps Win Elections

After his May 2023 reelection, Erdoğan seems to have identified three early priorities for his new mandate. The first is to reform Turkey's economic approach, with a return to more orthodox fiscal and monetary policies. The second is to win the March 2024 local elections and retake the metropolitan municipalities of Istanbul and Ankara from the opposition. The third is to consolidate Turkey's centralized system of government while leading an ambitious and interest-driven foreign policy. Energy cuts across all of these objectives.

On the economic front, Turkey's new finance minister and central bank governor, appointed in 2023, are set to bring the country's current account deficit under control. Energy is a very important and costly item in the country's budget. In the last decade, Turkey's [current account balance](#) was negative every year except for 2019, but if energy was excluded, the country generally recorded a surplus.

In 2022, the negative impact of energy imports was at its highest in recent times. That year, [Turkey's energy bill](#) was \$97.1 billion, bringing the country's energy trade deficit to a record high of \$81.1 billion, up from \$42.4 billion in 2021. This steep increase was a consequence of the rise in energy prices after Russia invaded Ukraine, with the price of natural gas increasing by 310 percent in one year. For 2023, [Turkish economic authorities](#) had forecast a scenario in which a projected GDP growth of 5 percent and an expected 20 percent decrease in energy prices would keep the energy bill at \$85 billion.

A lower energy bill, combined with an economic policy that sustains growth and reduces inflation, helps Erdoğan on the electoral front. The Turkish president's electoral strategies are generally built on two pillars: rallying the country around the flag, typically by unveiling infrastructure megaprojects or making controversial but highly visible foreign policy decisions, and promising financial giveaways to the population.

Turkey's 2023 election campaign offers ample examples of how energy plays into these strategies. Ankara touted the inaugurations of two energy megaprojects—Turkey's first onshore natural gas port and the Akkuyu nuclear power plant—with the promise of an energy independent future for the country. “Energy independence is also an indispensable must for the true freedom of a country and nation,” Erdoğan told a crowd in the central city of Konya on May 2, 2023. A few weeks before, he had promised to provide “free natural gas for household consumption up to 25 cubic meters [882 cubic feet] monthly for one year”—a pledge meant to reassure a national audience hit hard by soaring energy prices. At the launch of the Akkuyu power plant, Erdoğan was joined virtually by Russian President Vladimir Putin, who described Akkuyu as “the largest nuclear construction project in the world” and celebrated Moscow and Ankara's energy and economic ties.

The Akkuyu plant is just one of the many facets of the Turkey-Russia energy relationship, and one from which Turkey reaps a certain financial benefit. In July 2022, Russia transferred \$15 billion to Turkey for the completion of the power plant, following a previous payment of \$5 billion. Then, further demonstrating its support, Moscow approved a yearlong deferral of a \$600 million natural gas payment by Turkey to Russia—another contribution to Erdoğan's reelection campaign.

That Turkey needs financial help is hardly controversial. In September 2023, the World Bank started planning a \$35 billion support package for Turkey in recognition of the country's return to orthodox economic doctrines as evidenced by the new economic leadership's decision to hike interest rates. Securing enhanced access to foreign capital has been a guiding principle of Turkish foreign policy since 2021, when Turkey launched a diplomatic effort to repair its relations with several Arab countries. In this context, the Turkish leadership turned first to the Persian Gulf. In a series of high-level phone calls and state visits between 2021 and 2023, Erdoğan secured the promise of direct investments in the Turkish economy worth billions of dollars from Gulf Cooperation Council (GCC) countries, such as Saudi Arabia, the United Arab Emirates, and Qatar.

Such investment deals typically include foreign direct investment in the defense, infrastructure, and energy sectors. And while the details of these agreements remain mostly undisclosed, it is public knowledge that billions of dollars are being mobilized for cooperation projects on Turkey's renewable energy production. For example, Abu Dhabi's International Holding Company has acquired a share of the Turkish renewable energy company Kalyon Enerji, while Emirati renewable energy firm Masdar has signaled an interest in investing in Turkish wind farms.

The convergence of interests and priorities between Turkey and these GCC countries will leave a lasting mark on the policies and available resources that will underpin Turkey's energy transition in the next decade. Electricity interconnection, hydrogen power, and nuclear energy are three areas in which further cooperation—and GCC investments—are to be expected.

It remains to be seen how this relationship of dependence and interdependence will evolve. Turkey's current need for financial support stands in contrast to the country's declared intention to become "a fully independent, effective, and influential actor, which sets the international agenda," in the words of [Turkish Foreign Minister Hakan Fidan](#). Reconciling this inherent tension will remain a challenge for the Turkish leadership. But there are other energy projects and visions that could give the country the regional and global leadership role it has been seeking.

## The Dream of a Gas Hub

The notion that Turkey can become a regional energy center without possessing its own hydrocarbon resources is deeply ingrained in Turkish foreign policy thinking. For decades, Turkish policymakers have reviewed options for exploiting Turkey's geographic position—connected to gas-exporting countries to its north, east, and south and to gas-importing ones to its west—and for turning the country into a gas marketplace.

In the early 2000s, when the EU was considering Turkey's accession to the union, energy was one of the most relevant items in discussions between Brussels and Ankara. And when accession talks collapsed at the end of the decade, cooperation on natural gas pipelines continued. The Trans Adriatic Pipeline (TAP) and the Trans-Anatolian Natural Gas Pipeline (TANAP) were built between 2015 and 2020. Today, they are part of the infrastructure that would enable sizable gas exports from Turkey to Europe.

Several variations of a [gas hub project](#) have been considered over the years, such as Turkey collecting transit fees from pipelines that match supplies to demand or Turkey taking full control of the energy trade flows. The latter scenario is the most appealing to Ankara, as it would allow the government to establish the price at which it reexports the gas it buys from its neighbors.

This vision has gained more attention since Russia invaded Ukraine, which put Europe on the quest for new, non-Russian sources of gas and forced the Kremlin to look for new gas markets. Putin expressed his support for a [Turkish gas hub](#) in the second half of 2022, when EU countries started winding down their imports of Russian gas. But for Moscow, such a project is essentially about securing an alternative route to supply Russian gas to Western Balkan and other European countries. For Ankara, it is about selling in an open market the gas it does not need.

With the Black Sea gas fields and the Akkuyu nuclear power plant coming online, Turkey's need for imported gas is projected to fall. While an increase in energy consumption might offset the increase in production, the expectation remains that in the future, Turkey might not consume all of the gas it imports and could send the volumes it does not need to Europe. As Europeans are not keen on purchasing Russian gas, Turkey could reserve its Russian imports for domestic consumption and export what is left of its domestic extraction. Alternatively, it could mix gas from various sources and put a so-called [Turkish blend](#) on the market.

Despite the optimism of Turkish policymakers, the gas hub project faces several obstacles. Politically, the idea will be a hard sell to Europeans, who, despite not purchasing Russian gas directly, would still depend on Turkey getting enough gas from Moscow to resell the quantities it does not use.

On the technical side, the [capacity of TANAP](#), which connects Turkey to Europe, is only a fraction of European demand, which stood at 360 bcm (12.7 trillion cubic feet) in 2022. On the legislative side, Turkey would need to carry out [legal reforms](#) to enable the establishment of a regulatory authority that can govern the gas hub. Timing will be of the essence. Today, natural gas is an accepted temporary remedy to allow the transition to greener sources of energy, but it is hard to imagine European investments flowing into a gas hub project a decade from now.

Despite all this, Turkey has inked a few deals with neighboring countries for the export of natural gas. In January 2023, it signed a [contract with Bulgaria](#) under which BOTAS, the Turkish state gas company, will send Bulgaria 1.5 bcm (53.0 billion cubic feet) of natural gas per year for the next thirteen years from the Saros LNG facility. Then, in August 2023, Turkey concluded an agreement to [supply Hungary](#) with 0.3 bcm (10.6 billion cubic feet) of natural gas in 2024. While the quantities in the latter deal are negligible, it marked the first time that Turkey agreed to export gas to a non-neighboring country. In September 2023, Turkey concluded [similar agreements](#) to supply natural gas to Romania and Moldova.

These deals point to Turkey's ambition to establish itself as a regional energy player. The agreements are significant insofar as they signal a new level of engagement between Ankara and selected European capitals at a time when [Turkey's relationship with the EU](#) is under review because of the country's ongoing departure from EU norms and values.

In broader geopolitical terms, two observations need to be made. The first is that Turkey's pursuit of a more independent energy role will be to the detriment of Russia's interests in Europe and the Western Balkans—a factor that will likely affect relations between Moscow and Ankara. The second is that Turkey will be eager to increase the quantities of natural gas it imports—an objective that will inform Ankara's relations with its neighbors in the South Caucasus, the Middle East, and the Eastern Mediterranean.

## Helping Russia Evade Sanctions?

Russia is Turkey's most important partner—and, at times, competitor—for any decision related to energy policy. Ankara's efforts to diversify energy imports away from Moscow have gone hand in hand with other developments in the multifaceted relationship between the two countries, which experts have described creatively with labels ranging from “[adversarial collaboration](#)” to “[cooperative competition](#).”

Today, two considerations have to be made when taking stock of Turkey-Russia energy relations. The first is that in the short to medium term, Turkey is and will remain dependent on Russian energy imports. While Ankara is on the lookout for alternative sources of natural gas, oil, and coal, old dependencies between the two countries remain and new forms of energy cooperation are being developed.

For example, despite fluctuations over the years, the volume of natural gas that Turkey imports from Russia has not decreased dramatically since the early 2010s. The reason for this is the physical link that unites the two countries: the Blue Stream and TurkStream pipelines, which took years and billions of dollars to build and whose functioning is regulated by contracts that bind Turkey to import fixed amounts of natural gas. These contracts are typically valid for several years, which makes it difficult for Ankara to adjust the quantities of natural gas it imports in the short term. For instance, in January 2022, Ankara signed a four-year deal with [Russian energy giant Gazprom](#) for an annual supply of 5.75 bcm (203 billion cubic feet) via TurkStream.

New forms of energy cooperation are also being started. The Akkuyu power plant will add another layer to the interdependence between Turkey and Russia. Rosatom will own and operate the plant until its decommissioning in at most eighty years' time. Until then, Rosatom will be responsible for supplying the plant's fuel, managing its waste, and training all of the station's personnel.

In financial terms, the nuclear deal between Turkey and Russia stipulates that Ankara will buy 70 percent of the output of the first two reactors and 30 percent of the output of the third and fourth reactors, at a fixed price for the first fifteen years of commercial operations of each reactor. The remaining power will be sold by Rosatom on the open market. After fifteen years, Russia will pay the Turkish government 20 percent of the profits generated by the power plant. It is estimated that over the course of its life cycle, the plant will contribute \$50 billion to the [Turkish economy](#) while creating a long-term revenue stream for Russia.

The second consideration to make when examining Russia-Turkey energy relations is the extent to which Ankara's hydrocarbon purchases from Moscow end up supporting the Kremlin's attempts to evade sanctions. Since Russia's invasion of Ukraine, trade volumes between Russia and Turkey have risen significantly, suggesting that Turkey is acting as a [sanctions safe haven](#) for Russians and an intermediary between Moscow and the rest of the world. Ankara is facing scrutiny for its notable [increases in exports of critical goods](#) to Russia. So far, Turkey has denied trading in goods that would enable Russia's war effort and has pointed to the steep rise in energy prices to justify the increased value of trade.

But since February 2022, Turkey has become the world's [third-largest consumer of Russian fossil fuels](#), after China and Germany. In this period, Ankara has doubled its imports of oil and coal from Russia and is estimated to have purchased almost \$26 billion worth of [Russian hydrocarbons](#) overall.

Oil is a case in point. In the eighteen months from mid-2022 to the end of 2023, Turkey started buying [large quantities of Russian diesel](#), which it uses for domestic needs, while exporting its own production to the EU. This practice, which is called [origin swap](#) and benefits both Turkey and Russia, is not prohibited but shows how countries can profit from taking on an intermediary role between Russia and the West.

On a similar note, U.S. and EU regulators have accused Turkey of taking a “[very light regulatory approach](#)” when checking the origin certificates of the oil it trades with, allegedly allowing some of the oil it receives from Russia to continue its journey toward European markets after multiple changes of ownership. Activities around the [Dörtyol oil facility](#) in Turkey show how these transactions can happen without attracting excessive scrutiny. But these practices are prohibited by international sanctions, and new [U.S. measures](#) imposed on Turkey in September 2023 for supporting Moscow's war effort are another reminder of how delicate the path is that Ankara is treading.

In short, Turkey has not been able to curb its energy dependence on Russia. On the contrary, the developments of the last few years—the Akkuyu nuclear power plant; the trade in natural gas, coal, and oil; the Kremlin's promotion of a Turkish gas hub; and price rebates on natural gas—point to increased dependence based on trends that will not be reversed in the near future.

## Turkey's Energy Relations With Its Neighbors

Energy policy is one of the central factors that has informed Turkey's outreach to its neighbors in recent years. Ankara's main objective has been to improve its energy security by widening and strengthening its network of energy providers. Stronger relations with energy-rich neighbors are also a precondition for the realization of the gas hub project, which depends on the availability of large volumes of gas for trading.

But Ankara's approach has faced several obstacles. [Energy imports](#) from Azerbaijan, Iran, Iraqi Kurdistan, and Turkmenistan are already maxed out. These imports often face almost insurmountable technical and political challenges, while the prospects for connecting Eastern Mediterranean gas fields to Turkey are dim and would take years to materialize.

## Iraq

Energy has been at the center of a recent diplomatic spat between Turkey and Iraq. The latter is one of Turkey's top suppliers of oil products. As much as a quarter of Ankara's total oil consumption in 2021–2022 came from Iraq via the Kirkuk–Ceyhan pipeline, which connects Turkey with the oil-rich region of Iraqi Kurdistan.

But Turkey stopped importing Iraqi oil in March 2023 after the International Chamber of Commerce (ICC) ruled against an agreement between Turkey and the Kurdistan Regional Government (KRG) that regulated the oil trade between the two parties. The ICC arbitration was the final act in a yearslong dispute between the Iraqi central government and the KRG, with Baghdad seeking to assert greater control over the autonomous region's energy sector and revenues, estimated to be worth [several billions](#) of dollars per year. The ICC also determined that Turkey should pay Iraq \$1.8 billion in compensation for allowing unauthorized exports in 2014–2018.

This interruption in the oil flow is a problem for both Iraq and Turkey. To resume the flow, Ankara would like Baghdad to—at least partly—waive the ICC-imposed compensation and drop a second legal case on the same agreement between Ankara and the KRG, this time covering the period 2018–2022. To accommodate Ankara's requests, Baghdad reportedly wants Turkey to provide [more water to Iraq](#) via the Tigris and Euphrates rivers, which originate in Turkey and whose flow Ankara controls with a system of dams.

As of January 2024, the oil flow between Turkey and Iraq had not yet resumed. The Iraqi prime minister indicated [disagreements over payments](#) as the reason for the continued impasse, but security elements have also entered the picture. The KRG, which is led by the Kurdistan Democratic Party (KDP), has long been one of Turkey's most reliable allies in the fight against the insurgent Kurdistan Workers' Party (PKK), sharing Ankara's objective of limiting the PKK's presence in northern Iraq. Reports suggest that [Tehran might be influencing Baghdad](#) not to resume the oil flow toward Turkey to weaken the KRG, to the PKK's advantage and Turkey's detriment. As for the Iraqi Kurds, they are considering opening new oil export routes via Iraq's southern ports to reduce their dependence on Turkey. A wider political agreement between Turkey and Iraq will be needed to break the deadlock.

Similar dynamics are playing out in the context of plans to start exporting Iraqi natural gas to Turkey and eventually the EU. Current [natural gas production in Iraqi Kurdistan](#) meets half of the local needs, but the region has [large untapped reserves](#). Transporting natural gas on Turkish territory would not be difficult. Ankara has already built a gas pipeline from the Iraqi border to the port of Ceyhan under a 2013 [agreement with the KRG](#). On Iraqi territory, a short pipeline would be needed to connect the existing infrastructure to the Turkish border.

However, two obstacles stand in the way of the possible exploitation of natural gas from Iraqi Kurdistan. The first is the bad quality of the reserves: the region's fields contain [sour gas](#)—that is, gas with a high content of hydrogen sulfide, which is toxic. Processing such gas would require a highly skilled technical partner, and the cost of doing so would make exports of the gas considerably more expensive.

The second problem is that a series of political agreements would be needed across the region before any concrete progress on natural gas extraction could be made. While most oil resources in Iraqi Kurdistan are in areas controlled by the KDP, the region's gas fields are in areas ruled by their political rivals, the Patriotic Union of Kurdistan (PUK). PUK's gradual decline in power and influence has exacerbated the rivalry between the two parties, which are [on the brink of conflict](#). Additionally, as with oil exports, the Iraqi central government and the KRG would need to agree on how to divide the profits of any natural gas sales. All parties would have to endure potential pressure from Iran, whose regional interests could be hindered by the emergence of a gas-exporting Iraq. Tehran is currently Iraq's biggest supplier of natural gas—a resource Baghdad will no longer need if it develops its own local production. Finally, the fact that [Israel would help Turkey](#) operationalize the gas imports from Iraq also creates problems. An [Iranian missile attack on Erbil](#), the capital of Iraqi Kurdistan, in March 2022 was seen by observers as a warning from Tehran against such plans.

Despite all of these difficulties, Iraqi Kurdistan remains one of the few regions that could provide Europe with additional—albeit limited—quantities of natural gas in the medium term. The other such region is the Eastern Mediterranean, another place where Turkey has a vested interest and an active diplomatic presence.

### Eastern Mediterranean

Gas discoveries in the 2000s and 2010s have transformed the Eastern Mediterranean region, offering European countries a potential alternative, non-Russian source of natural gas. It is estimated that [Israel, Egypt, and Cyprus](#) could jointly supply 20–25 bcm (706–883 billion cubic feet) of natural gas per year to Europe for fifteen to twenty years. The prospects of this transformation of the energy market are particularly promising for Turkey, which is perfectly located between the Eastern Mediterranean supply side and the European demand side.

Yet, these developments also exacerbate existing conflicts between Ankara and Athens about the delimitation of Turkey's and Greece's respective territorial waters, continental shelves, and EEZs. The status of the disputed island of Cyprus is another major point of regional contention. Turkey is the only country in the world to recognize the Turkish Republic of Northern Cyprus (TRNC). Support for the TRNC's claim to sovereignty over the northern part of the island and the seabed resources around it puts Ankara in direct conflict with the Republic of Cyprus and its closest ally, Greece.

The conflict extends to the possibility of building a pipeline to connect Turkey to the gas fields of Cyprus and Israel. This project would require difficult negotiations involving Israel, Turkey, Cyprus, and Syria over the route of the pipeline. For Turkey, a certain level of involvement for the Turkish Cypriot community in these negotiations is essential. But barring a highly unlikely ad hoc political arrangement, the realization of energy infrastructure in the region will require the settlement of the Cyprus problem, something that is not currently in the cards.

For example, in March 2021, Turkey filed an official protest against the decision—made by Cyprus, Greece, and Israel without consulting Turkey or the Turkish Cypriots—to build the EuroAsia Interconnector, an undersea power cable that will link up the Israeli and Greek electricity grids, passing through Cyprus in an area that Turkey claims as its continental shelf.

Another concrete example of these difficulties is the failure of the [Eastern Mediterranean Gas Pipeline project](#). This was the flagship project of the East Mediterranean Gas Forum, an international organization established in 2019–2020 to bring together all of the players with a stake in the development and exploitation of Eastern Mediterranean gas fields—except Turkey. The project was abandoned in 2022 when the United States withdrew its support because of the project’s excessive costs and the political hurdles it faced.

The collapse of the Eastern Mediterranean Gas Pipeline project enabled a [regional détente](#). Previously, Turkey’s exclusion from the forum had been dictated by Greek and Cypriot strategic calculations and by Ankara’s increasingly disruptive policy in the region. In turn, Ankara’s feeling of isolation had contributed to a hardening of its positions.

Over the 2000s and 2010s, Turkey went from contesting the delimitation deals between Cyprus, Egypt, Lebanon, and Israel to deploying its navy to [block drill ships](#) operating in Cypriot-licensed areas, conducting [unauthorized drilling activities](#) in the waters over which it claims control, and being the object of [EU sanctions](#). With the value of the Eastern Mediterranean gas fields estimated in the billions of dollars, energy was a central element in Turkey’s strategy for the region, which was articulated in the broader, security-oriented geopolitical doctrine of *Mavi Vatan* (Blue Homeland).

*Mavi Vatan* makes the case for Turkey’s claim over a vast maritime domain in the Eastern Mediterranean. In this context, one of the tensest, most consequential moments in the drilling rights dispute was the November 2019 signing of a Turkey-Libya memorandum of understanding on maritime boundaries. This agreement between Ankara and the United Nations-recognized Government of National Accord (GNA) in Tripoli stipulated the revision of maritime boundaries between the two countries in Turkey’s favor, in exchange for Ankara’s military assistance to Tripoli. The GNA was, at the time, on the verge of being defeated by the Libyan National Army, led by General Khalifa Haftar and supported by Egypt, in the context of the Libyan civil war.

The pact benefited Turkey insofar as it broke Ankara's regional isolation and assigned it large maritime areas that were also claimed by Athens. The EU, Greece, and Egypt condemned the document as illegitimate, with Athens and Cairo signing an [alternative deal on maritime boundaries](#) to nullify the Turkish-Libyan pact. For their part, Ankara and Tripoli confirmed the agreement in October 2022, when the parties signed another accord to give Turkey exploration rights in the areas demarcated in 2019.

The prospect of significant gas discoveries in the contested areas will keep fomenting tensions in this part of the Eastern Mediterranean—with the future of these deals also depending on the future of Libya's governments.

### Israel and Egypt

Turkey's diplomatic offensive in the Eastern Mediterranean included repairing fraught relations with two energy-rich regional partners: Israel and Egypt. Mending ties with Tel Aviv and Cairo is crucial for Ankara to secure access to the Eastern Mediterranean gas fields and develop lucrative energy projects in the future. But while [relations with Israel](#) had finally picked up in 2022 after almost a decade-long standoff, they were put back on ice after Hamas's October 7, 2023, terrorist attacks on Israel and the explosion of the conflict between Hamas and Israel.

Shortly after Russia's 2022 invasion of Ukraine, higher prices for key Turkish imports, such as natural gas and wheat, exacerbated Turkey's ongoing inflationary crisis. In this situation, Ankara's rapprochement with Tel Aviv had the potential to provide Turkey with a valuable additional source of energy, something that also bode well for Turkey's longtime objective of reducing its dependence on Russian gas. Additionally, Erdoğan repeatedly stressed that [Turkey and Israel](#) could work together to bring Israeli natural gas to Europe—another step toward Turkey's gas hub project.

Israel's war on Hamas brought this rapprochement to an end. Erdoğan's criticism of what he called Israel's "[genocide](#)" against the Palestinian population positions Turkey unequivocally in the global debate on Gaza. And while the situation might change if a new Israeli government comes to power and when the violence in Gaza ends, Turkey-Israel relations will remain politically charged for the foreseeable future. In this context, energy considerations become secondary. [Trade between the two countries](#) also dropped by 50 percent in the weeks after October 7.

The consequences of the war on the Eastern Mediterranean natural gas sector are difficult to predict. On the Israeli side, the temporary suspension after October 7 of production at the Tamar gas field, which provides Israel with [91 percent](#) of its natural gas needs and is located just 25 kilometers (16 miles) off the coast of Gaza, was lifted in early November 2023. And while the war is limiting [Tel Aviv's export options](#), Israel is still expected to double its natural gas export capacity by 2030.

Although the long-term prospects of an Israel–Turkey pipeline seem compromised, the war might have a limited impact on the regional natural gas market in the short and medium term. Early analysis shows that [Egypt and Jordan](#) are resisting pressure to halt imports of Israeli natural gas and that the conflict in Gaza is not the primary cause of Egypt’s recent [gas shortages](#). Egypt’s difficulties are bad news for the EU. In June 2022, Brussels signed a memorandum of understanding with Cairo and Tel Aviv to boost gas trade between the Eastern Mediterranean and European countries. In 2022, Egypt sent over [7 million tons](#) of LNG to Europe—a 14 percent increase on 2021.

This situation spells trouble for Ankara, too, as Turkey is also a recipient of Egyptian LNG. Despite the limited political engagement between the two countries—ties were shattered after the 2013 coup against then Egyptian president Mohamed Morsi, whom Turkey supported—economic relations have continued to thrive in the last decade. In 2022, Egypt supplied [almost a quarter](#) of Turkey’s spot LNG imports.

The slow pace of the Turkey-Egypt normalization process has to do with Libya and the intricacies of relations between Cairo, Ankara, Tripoli, and Tobruk, where Haftar is based. After protesting against the 2019 and 2022 Turkey-Libya deals, in December 2022 Egypt unilaterally delineated its [maritime border with Libya](#). The new frontier secures Egypt’s control over the gas-rich seabed in that area of the Eastern Mediterranean. In the same spirit, Egypt might eventually opt to quietly accept the [Turkey-Libya deal](#), which grants Cairo a large increase in its EEZ.

For now, Turkey and Egypt have taken the first step of [appointing ambassadors](#) to restore their ties. Farther down the line, the rapprochement could lead Egypt to adopt a position similar to that of Israel, which has agreements with Greece and the Republic of Cyprus while exploring opportunities for maritime cooperation with Turkey.

Libya could be another front of possible cooperation between Ankara and Cairo. After spending years supporting opposite sides of the Libyan civil war, Turkey and Egypt could start working together to ensure Libya’s stability, security, and economic progress. Energy would be a central element of such a policy. Libya’s potential for oil, natural gas, and renewable energy production is, after all, one of the reasons why Ankara and Cairo decided to get involved in the Libyan civil war. Italy, which recently signed a gas deal with Tripoli, could be a partner in a [trilateral collaboration mechanism](#) to support Libya’s reconstruction.

### **Azerbaijan and Turkmenistan**

Situated on opposite coasts of the Caspian Sea, Azerbaijan and Turkmenistan are Turkey’s two energy partners with the best potential for increasing natural gas supplies. They are also both on friendly terms with Ankara because of the common Turkic origins of their majority populations.

Turkey is already a primary consumer of Azerbaijani natural gas, with Azerbaijan accounting for [between 15 and 24 percent](#) of Turkey's total natural gas imports in 2018–2022. And if Ankara ever needed to substantially increase its natural gas imports, it would turn to Baku. Azerbaijan could increase its domestic gas production in the medium and long term—but to do so, it would have to start new production projects. This typically takes several years. New pipelines would also be required to link Azerbaijan to Turkey and then to Europe. However, the EU and Azerbaijan have already agreed to [double the combined capacity of TAP and TANAP](#) to 20 bcm (706 billion cubic feet) a year by 2027.

Turkey-Azerbaijan energy relations are also important in the regional geopolitical context. In September 2023, shortly after Azerbaijan's victory over Armenia in the disputed region of Nagorno-Karabakh, Erdoğan and Azerbaijani President Ilham Aliyev met to formally launch the construction of [a new gas pipeline](#) linking Turkey and Nakhchivan, an Azerbaijani exclave sandwiched between Turkey, Iran, and Armenia. The pipeline would enable Nakhchivan, which currently depends on Iranian gas supplies, to receive natural gas from Baku via Turkey. But there is more to this project. First, the pipeline could provide Iran with an alternative route for its natural gas to enter Turkey—an important element of Ankara's goal to become a gas hub. Second, realizing a direct connection between Azerbaijan and Nakhchivan would reduce the pressure on the Zangezur corridor, the shortest connection between Baku and its exclave across Armenia. The status of the corridor is a flash point in the tense relationship between Baku and Yerevan.

Azerbaijan's potential for Turkey also lies in its role as gateway to energy-rich Turkmenistan, a large and relatively untapped gas market. China is the prime recipient of Turkmen natural gas, while smaller quantities are shipped westward via Iran, Azerbaijan, and, eventually, Turkey. Turkmenistan has so far remained a marginal natural gas supplier to European markets because of the difficulties in developing a pipeline across the Caspian Sea, whose five littoral states often disagree about seabed exploitation rights. But a recent change of heart in Ashgabat, the Turkmen capital, might open new possibilities for Europe and Turkey.

The Turkmen government's 2023 decision to support the construction of a [Trans-Caspian pipeline](#) that would directly link Turkmenistan and Azerbaijan could be a first step toward closer energy relations between the Central Asian republic and Europe. Turkey is observing these developments with interest. In July 2022, Turkey expressed its willingness to enable the flow of [Turkmen gas to Europe](#) via Azerbaijan and the TANAP pipeline; and in May 2023, [Ankara renewed BOTAS's license](#) for importing natural gas from Turkmenistan. At their first-ever [trilateral summit](#) in December 2022, Turkey, Azerbaijan, and Turkmenistan formally agreed to cooperate to bring Turkmen gas to Europe. The agreement between Baku and Ashgabat is crucial in this respect, because the 2018 [convention on the legal status of the Caspian Sea](#) determined that underwater gas pipelines can be built with just the mutual agreement of the states through whose waters any pipeline would run.

Increased natural gas flows from Turkmenistan toward the EU would undoubtedly benefit Turkey, which would take another step toward becoming a gas hub and would find another gas supplier for its domestic market. Yet, many difficulties remain. Even if it were possible

to overcome the technical challenges that have so far hindered progress on the pipeline, it would take years for such a project to come to fruition. The project could be further slowed by [Russia's opposition to infrastructure](#) that would create an alternative line of energy supply to Europe to its own.

## Iran

Iran has historically been one of Turkey's main suppliers of natural gas. The volume of natural gas that Turkey imports from Iran has remained considerable despite Tehran's disruptive foreign policy and the two countries being at loggerheads in regional conflict theaters, such as Syria and Iraq. In recent years, trade between Iran and Turkey has grown significantly, with Erdoğan laying out [ambitious targets](#) for the coming decade, despite international sanctions on Tehran.

Other than Russia and Azerbaijan, Iran is the only country connected to Turkey via a natural gas pipeline. But gas provisions from Iran have proved to be at times unreliable. The gas flow between the two countries can be sporadically interrupted, either for [security reasons](#), such as in 2020, or because of technical failures on the Iranian side, as in January 2022 and January 2023. These technical failures are generally believed to allow [Iranian gas supplies](#) to cover a surge in domestic demand in the coldest winter month, underscoring that the real difficulty Iran has is extracting enough natural gas for both its population and its export needs.

Gas exports are a key source of hard currency for Iran, which has every interest to maintain a good reputation and steady export levels. Also for this reason, Tehran looks with interest at the projects that could strengthen Turkey's connections with its gas-rich neighbors, from the ongoing dialogue between Ankara and Iraqi Kurdistan to the plans to build the Nakhchivan pipeline, which could not only offer Iran additional access to Turkey but also alter the delicate regional equilibrium between [Tehran, Baku, and Yerevan](#).

## The EU as an Energy Partner?

At a troubled time for [Turkey-EU relations](#), there are growing calls for a more transactional partnership between the two sides, centered on cooperation on topics of mutual interest. EU officials have pointed to [energy](#) as one such issue that would benefit from more concrete cooperation with Ankara. So far, energy cooperation between Turkey and the EU has focused primarily on natural gas trade. At a time when European countries are increasingly thirsty for more natural gas and have suspended their gas trade with Russia, Turkey is one of the few partners that could offer Brussels an alternative source of supplies.

Key policy decisions indicate that Europe is moving toward a closer gas partnership with Turkey. Countries in Southeastern Europe have started signing bilateral gas deals with Ankara. Going forward, their needs will only grow, which will call for new interconnection

agreements and, more broadly, an opening of Turkey's gas infrastructure to the European market. Indirectly, the EU's commitment to double the combined capacity of TAP and TANAP also gives Turkey an enhanced role as a transit country crucial to Europe's natural gas supply.

However, the idea of a Turkish gas hub is a hard sell in Europe, primarily because it would only work if Turkey kept importing large quantities of Russian gas. This is a red flag for Turkish policymakers, who are playing on separate tables with Brussels and Moscow, hoping they can reconcile the EU's and Russia's conflicting interests. At different levels, this ambivalent positioning has underpinned Turkey's foreign policy vis-à-vis Russia since at least 2016; the most notable flash points have been Turkey's purchase of the Russian S-400 missile system, its unclear stance on the war in Ukraine, and its previous obstructionism over Sweden's accession to the North Atlantic Treaty Organization.

But the potential of Turkey-EU energy relations goes well beyond access to new gas markets. With the European Green Deal—a package of initiatives to set the EU on the path to a green transition—and Europe's decarbonization targets, cooperation on natural gas trade is bound to lose relevance in the medium and long term. On the contrary, low-carbon energy sources and carbon-free electricity will become increasingly important and could constitute a future pillar of Turkey-EU energy relations.

For that to happen, the EU should increase its investments in Turkey's renewables—something the union has done for other countries in its neighborhood—and explore cooperation on the production of carbon-free, renewable electricity. Such investment would aim to create more robust connections between the Turkish and European electricity grids and scale up renewable electricity production, mainly by means of green hydrogen and wind.

On their end, Turkish policymakers have established a set of objectives and actions to bring the Turkish economy into line with the European Green Deal. But Ankara's [Green Deal Action Plan](#), launched in 2021, fails to set binding deadlines for achieving concrete results. This might be critical, as some of the measures required by the green deal, such as the decarbonization of certain industrial sectors, may be affected by the EU's Carbon Border Adjustment Mechanism, a tariff on carbon-intensive imports that takes effect in 2026.

Overall, Turkey-EU energy relations will become an increasingly important area for investment and cooperation, but this specific facet of the relationship does not have the potential to move the two blocs past the broader political impasse in which they currently find themselves. The absence of a reliable rule-of-law framework in Turkey will remain an obstacle to enhanced European investment in the country. Likewise, Turkey's ambivalent positioning between Russia and the West will remain a hurdle to a deeper political partnership between Brussels and Ankara. Finally, unresolved territorial disputes in the Eastern Mediterranean risk endangering deeper Turkey-EU energy ties. Closer energy cooperation will stumble on the Cyprus issue insofar as Turkey will continue to conduct natural gas explorations in areas Brussels considers to be under the Republic of Cyprus's sovereignty.

## Conclusion

Turkey's future geopolitical orientation, as well as its industrial and trade strategies, is tied to the country's energy policies. Over the decades, Turkey's policy of energy diversification has brought tangible results. It has endowed the country with an advanced natural gas infrastructure, an expanded capacity to import and stock LNG, and a rising domestic gas production sector. The policy has also driven Ankara's outreach to its neighbors, resulting in a varied network of energy partnerships and alliances that have curbed Turkey's dependence on Russian hydrocarbons. Despite these efforts, however, Moscow remains Ankara's most important energy partner.

Today, Turkey's dependence on foreign energy is an important factor that limits Ankara's capacity in both economic and geopolitical terms. Going forward, continuing to secure diverse, sustainable sources of energy must go hand in hand with a strategy to decouple the country's economic development from its dependence on hydrocarbons. The decarbonization process will not only benefit Turkey's budget but also bring the country closer to its European allies and create new dependencies, priorities, and political strategies for Ankara in the Eastern Mediterranean, the Caucasus, Central Asia, and the Western Balkans.

This transformation of energy geopolitics will not be to Turkey's detriment, but Ankara needs to come up with strong policies to use the transition to its advantage. In the short term, Turkish policymakers should have three priorities.

The first is to design a credible plan of action to present Turkey as a trustworthy energy supplier to Europe. Here, one of the main stumbling blocks remains Turkey's alleged role as a conduit for Russian gas exports and a tool for Moscow's sanctions evasion strategy. The fact that most European capitals perceive Ankara's ambivalent relationship with the Kremlin as problematic is only part of the challenge. The U.S. government's January 2024 approval of the sale of forty [F-16 fighter jets](#) to Turkey shows that convergences between Ankara and its Western allies are still possible despite Turkey's position vis-à-vis Russia. But the gas hub is different: for the project to work, Ankara would have to find a way to guarantee to its European clients that no Russian gas is being shipped to them.

Another obstacle to a Turkey-EU partnership based on the trade of hydrocarbons is that it would be short-lived. By betting on the gas hub, Turkey is also betting against the success of Europe's energy transition. In the long term, designing and building a system to trade large quantities of natural gas with Europe will be profitable only if Europe fails to meet its decarbonization targets. Energy companies that have been willing to [take this risk](#) are not as well equipped as Turkey to provide the EU with the type of green energy it is supposed to require a quarter of a century from now.

The second priority for Turkish policymakers is therefore to move beyond the approach that they have so far employed to handle the energy transition. Instead of investing in coal and other hydrocarbons, the Turkish government should mobilize resources to develop new

technologies for the production of clean energy. Investments in proven renewables, such as solar and wind power, and in less explored and tested—but still promising—technologies, such as green hydrogen, have the potential to curb Turkey’s reliance on energy imports, reduce the country’s carbon footprint, protect its environmental integrity, and bring it closer to Europe.

Investing in renewables would strengthen Turkey-EU relations in the long run. It would attract European investment to boost Ankara’s capacity to produce clean energy and, subsequently, send it to Europe via a network of integrated electricity grids. But this investment should not happen in a vacuum. For such a plan to work, a certain level of reciprocal trust between Ankara and Brussels will need to be restored.

The third priority for Turkish policymakers, then, is to present their country as a reliable recipient of EU investment. Political dialogue between the two blocs will not be enough; Turkey’s opaque governance architecture has been [an obstacle](#) to Western investment in the past. A certain level of trust in Turkey’s judicial system will have to be restored if large investments are to start flowing into the country. This is a process the Turkish leadership can facilitate, for example, by making symbolic decisions to release political prisoners.

The choices Turkey makes on its energy policy are extremely consequential and could impact many other issues, including rule of law and the country’s economic development and geopolitical aspirations. Turkish leaders have shown in the past that they can make consequential decisions to position—and reposition—Ankara to pursue certain energy priorities, for example, with their attempts to diversify the country’s energy portfolio. Today, the challenge for Turkey’s leaders is to devise energy policies that respond not only to domestic priorities and regional ambitions in the short run but also to the long-term challenges posed by climate change and the global energy transition.

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