

# Untangling the Turkey-KRG Energy Partnership: Looking Beyond Economic Drivers

Gönül Tol

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## Abstract

For decades, Turkey viewed Iraq primarily through the lens of its own Kurdish problem. In the aftermath of the first Gulf War, Ankara shunned direct contact with Iraqi Kurds and opposed the incorporation of the oil-rich city of Kirkuk into a Kurdish federal state, fearing that it would strengthen Iraqi Kurds' drive for independence and lead to similar demands on the part of Turkey's own Kurdish community. But Turkey's Iraq policy began to shift in late 2008 under the ruling Justice and Development Party (AKP). Past tensions have been supplanted by a new energy partnership. In May 2012, Turkey and the Kurdistan Regional Government (KRG) cut a deal to build one gas and two oil pipelines directly from Kurdish-controlled northern Iraq. Turkey's recent energy partnership with the KRG is not driven solely by energy considerations but has become an essential component of Turkey's regional strategic outlook. Changing regional and domestic dynamics have pushed Turkey to recalibrate its Iraq policy, making the KRG a strategic ally as an alternative source of energy, a buffer against a hostile Baghdad and Iran, and a partner in Turkey's quest to resolve its Kurdish problem. This article discusses the domestic and regional factors that led to this sea change and Turkey's energy policy as a response to these changes.

For decades, Turkey viewed Iraq primarily through the lens of its own Kurdish problem. In the aftermath of the 1990-91 Gulf War, Ankara shunned direct contact with Iraqi Kurds and opposed the incorporation of the oil-rich city of Kirkuk into a Kurdish federal state, fearing that it would strengthen Iraqi Kurds' drive for independence and lead to similar demands for greater autonomy and independence on the part of Turkey's own Kurdish community.<sup>1</sup> The Turkish military, the main architect of Turkish foreign policy in those years, made little differentiation between the PKK and the Kurdistan Regional Government (KRG) in northern Iraq, an attitude shared by many high-ranking officials.<sup>2</sup> Containing the political ambitions of Iraqi Kurds formed the backbone of Turkey's Iraq policy. To that end, Turkey tried

\* Gönül Tol is the founding director of the Middle East Institute's Center for Turkish Studies and an adjunct professor at George Washington University's Institute for Middle East Studies.

1 Henri J. Barkey, "Turkey's New Engagement in Iraq: Embracing Iraqi Kurdistan", in *USIP Special Reports*, No. 237 (May 2010), <http://www.usip.org/node/5418>. F. Stephen Larrabee and Gönül Tol, "Turkey's Kurdish Challenge", in *Survival*, Vol. 53, No. 4 (August-September 2011), p. 143-152 at p. 144.

2 Ibidem.

to cooperate with Saddam Hussein to promote the territorial integrity of Iraq, worked with Iraq's Turkmens to slow down Kurdish ambitions, and supported Baghdad's firm control of Iraq's oil resources to deny Kurds the economic means to push for independence.<sup>3</sup>

But Turkey's Iraq policy began to shift in late 2008 under the ruling Justice and Development Party (AKP). Past tensions have been supplanted by a new energy partnership, and Turkey seems far less worried about the prospect of an independent Kurdistan in northern Iraq. In May 2012, Turkey and the KRG cut a deal to build one gas and two oil pipelines directly from Kurdish-controlled northern Iraq to Turkey without the approval of Baghdad, taking the rapprochement started between the two in 2008 one step further. If realized, the Kurdish pipelines will, for the first time, provide the Kurds direct access to world markets, bypassing the Baghdad-controlled Kirkuk-Ceyhan (Turkey) pipeline and bringing the KRG one step closer to the long-held dream of Kurdish independence.

Turkey's recent energy partnership with the KRG is not driven solely by energy considerations but has become an essential component of Turkey's regional strategic outlook. Changing regional and domestic dynamics have pushed Turkey to recalibrate its Iraq policy, making the KRG a strategic ally as an alternative source of energy, a buffer against a hostile Baghdad and Iran, and a partner in Turkey's quest to resolve its Kurdish problem. The KRG is not seen as part of the problem anymore; it is now viewed as part of the solution.<sup>4</sup> This article discusses the domestic and regional factors that led to this sea change. It then presents Turkey's new energy policy as a response to these changes. It concludes with addressing potential problems in the Turkey-KRG energy partnership.

### Domestic Factors

Two domestic factors played an important role in Turkey's decision to forge closer energy ties to the KRG: Turkey's unprecedented economic growth, which has led to a growing demand for energy, and the shift in Turkey's Kurdish policy as a result of the political marginalization of the military and the AKP's quest to expand its base among the Kurds.

### Economic Growth

According to a recent analysis by Erdal Karagöl,<sup>5</sup> the expansion of global markets and the availability of cheap credits after the 2001 financial crisis resulted in an increase in the flow of capital from financial markets

3 Gönül Tol, "Turkey's KRG Energy Partnership", in *The Middle East Channel*, 29 January 2013, <http://www.mei.edu/node/2621>.

4 Ibidem.

5 Erdal Tanas Karagöl, "The Turkish Economy During the Justice and Development Party Decade", in *Insight Turkey*, Vol. 15, No. 4 (November 2013), p. 115-129 at p. 116.

to developing economies. Availability of liquidity in world markets and high real interest rates in Turkey made the country an attractive destination. Increasing volume of goods and services exported and an increase in domestic demand contributed to economic growth while rising foreign direct investments boosted domestic production. As a result the economy recorded one of the most rapid growth periods since 1950: a 6.2 percent growth in 2002, 5.3 percent in 2003, 9.4 percent in 2004, 8.4 percent in 2005 and 6.9 percent in 2006. After a 4.8 percent stagnation in 2009 due to the 2008 financial crisis, Turkey embarked on a quest to open up to new markets. Trade connections with new markets, increasing domestic demand and export volumes contributed to the recovery of Turkish economy.



This unprecedented economic growth and the increase in per capita income by nearly 400 percent have fueled the rapidly growing demand for energy, making the country one of the fastest-growing energy markets in the world. Due to the lack of energy resources of its own, Turkey has to import more oil and gas to underpin its economic growth.

The KRG, with its vast energy resources, offers an attractive option. Yet, an energy partnership with the KRG is not only an economic decision but also a strategic one that is directly linked to Turkey's own Kurdish problem. Therefore, closer ties to the KRG require a domestic structural change.

#### *The New Approach to Turkey's Own Kurds*

The AKP government brought about that change. The militarist view that considers the Kurdish issue a terror issue has been the main stumbling block to a peaceful resolution of the conflict. This security-oriented paradigm lost its primacy due to a series of reforms that curbed the Turkish military's power and influence in politics. Between 2002 and 2004, based on a consensus between the AKP and the main opposition, the Republican People's Party (CHP), Parliament adopted constitutional amendments that removed the legal basis for the political role of the military.<sup>6</sup>

The Ergenekon trials of hundreds of people, including military top brass who were accused of plotting against the Islamic government, further marginalized the military. With new appointments, a new military cadre that had a different approach to the Kurdish issue emerged, paving the way for bold initiatives by the government. Early in his tenure, Prime Minister Erdoğan signaled the stark change. In a 2005 speech in Diyarbakır, the spiritual capital of the Kurdish nationalist movement, he admitted that Turkey had mishandled the Kurdish question and committed his government to taking a more inclusive, less security-focused approach to the issue.<sup>7</sup>

Concerned about its declining share of votes among Kurds in 2009 local elections and free from the structural constraints of a strong military that opposes any concessions to the Kurds, the AKP launched the Kurdish Opening (later called the Democratic Opening) in that same year.<sup>8</sup> The opening aimed to extend greater rights to all of Turkey's ethnic and religious minority groups, including the Kurds, and promised legal reforms to combat discrimination and lift obstacles to all-day Kurdish broadcasting by private channels.<sup>9</sup>

Unfortunately, the opening ran aground in the run-up to the Turkish general elections in June 2011. This resulted in a re-escalation of violence that increased casualties to a level not seen in more than a

decade.<sup>10</sup> By late 2012 it became obvious to both Ankara and the PKK that no clear winner would emerge from this new round of violence.<sup>11</sup>

Late in December 2012, Erdoğan announced that Turkey's National Intelligence Organization (MIT) had been holding talks with Öcalan in an attempt to convince the PKK to lay down arms and withdraw from Turkish soil. Unlike previous peace attempts, which were very secretive, the public has been informed of this round of talks and is somewhat supportive. These negotiations also have the backing of the CHP, the pro-Kurdish Peace and Democracy Party (BDP), many civil society organizations, and the mainstream Turkish media. In contrast to the previous peace attempts, Öcalan stands at the center of the negotiations with a seemingly softer approach.<sup>12</sup> In meetings with BDP members of parliament, the PKK cadres in Europe and Iraq have also expressed their support for the ongoing talks. Erdoğan also seems intent on pushing the negotiation process forward and has considerable political capital at his disposal as long as the process delivers peace and quiet in the Kurdish southeast.<sup>13</sup>

The broad outlines of the agreement between Öcalan and the MIT include a ceasefire declaration by the PKK, the release of Turkish hostages held by the PKK, and a withdrawal into northern Iraq after laying down their arms. In return, the Turkish government is expected to craft legislation to overhaul the definition of terrorism, which would pave the way for the release of hundreds of imprisoned Kurdish activists. As part of settlement talks, the PKK declared a ceasefire in March 2013 and in May began its withdrawal from Turkey toward its camps in northern Iraq. Although no major casualties have been reported since, the political situation remains tense because of unfulfilled mutual expectations. Progress has been limited, but the ceasefire is holding.<sup>14</sup>

The "Democratic Opening" signals a new era in Turkish politics where the Kurdish question is not viewed through a security lens. Regional factors have also contributed to this new thinking and pushed Turkey to forge close relations with the KRG.

#### **Regional Factors**

Three regional developments played an important role in Turkey's policy change: US withdrawal from Iraq, increasing tension between Baghdad and Ankara, and the ongoing civil war in Syria.

6 Gönül Tol, "Turkey's Chance for Reconciliation", in *The Middle East Channel*, 9 September 2010, <http://www.mei.edu/node/462>.

7 Gönül Tol, "Kurdish Consensus at Home Can Serve Ankara Abroad", in *The National*, 10 February 2012, <http://shar.es/RNrZO>. See also Ertan Efeğil, "Analysis of the AKP Government's Policy Toward the Kurdish Issue", in *Turkish Studies*, Vol. 12, No. 1 (March 2011), p. 27-40, <http://dx.doi.org/10.1080/14683849.2011.563938>.

8 Cengiz Çandar, "The Kurdish Question: The Reasons and Fortunes of the 'Opening'", in *Insight Turkey*, Vol. 11, No. 4 (October-December 2009), p. 13-19, [http://file.insightturkey.com/Files/Pdf/insight\\_turkey\\_vol\\_11\\_no\\_4\\_2009\\_candar.pdf](http://file.insightturkey.com/Files/Pdf/insight_turkey_vol_11_no_4_2009_candar.pdf).

9 Gönül Tol, "Kurdish Consensus at Home Can Serve Ankara Abroad", cit.

10 International Crisis Group, "Turkey: Ending the PKK Insurgency", in *ICG Europe Reports*, No. 213 (20 September 2011), <http://www.crisisgroup.org/en/regions/europe/turkey-cyprus/turkey/213-turkey-ending-the-pkk-insurgency.aspx>.

11 Ömer Taşpınar and Gönül Tol, "Turkey and the Kurds: From Predicament to Opportunity", in *US-Europe Analysis*, No. 54 (22 January 2014), p. 3-4, <http://bit.ly/1mILcbb>.

12 For a scholarly assessment of Erdoğan's earlier efforts on the Kurdish issue, see Cuma Çiçek, "Elimination or Integration of Pro-Kurdish Politics: Limits of the AKP's Democratic Initiative", in *Turkish Studies*, Vol. 12, No. 1 (March 2011), p. 15-26, <http://dx.doi.org/10.1080/14683849.2011.563498>.

13 Ömer Taşpınar and Gönül Tol, "Turkey and the Kurds: From Predicament to Opportunity", cit., p. 4.

14 Ibidem. Aydin Albayrak, "Terrorist PKK Halts Withdrawal from Turkey, Maintains Cease-Fire", in *Today's Zaman*, 9 September 2013, [http://www.todayszaman.com/newsDetail\\_getNewsById.action?newsId=325823](http://www.todayszaman.com/newsDetail_getNewsById.action?newsId=325823).

Under its “zero problems with neighbors” policy, the AKP government established economic and political alliances in the Middle East, forged strategic relationships with regional actors, took part in regional initiatives, and sought to play an active role in the resolution of regional conflicts. Turkey’s mediating role in regional conflicts won it favorable notice in the Arab world. For instance, Ankara’s efforts to break the isolation imposed on Syria and Iran by the United States were well-received, contributing to Turkey’s image as an independent actor willing to defy Western powers if necessary. However, all that changed with the Arab Spring. Particularly challenging has been the outbreak of the Syrian uprising.<sup>15</sup>

Syria occupies a central place in Turkey’s regional and domestic calculations for several reasons. Regionally, Syria has been a key component of the AKP’s “zero problems with neighbors” policy. Domestically, engagement with the Syrian regime ensured Syrian cooperation on Turkey’s three-decade fight against the PKK.<sup>16</sup> Assad’s brutal crackdown on his own people, however, forced Turkey to cut ties with its one-time ally and altered Turkey’s strategic calculations. Turkey started to actively support the Syrian opposition and became an organizational hub for the anti-Assad camp. Deteriorating security conditions in Syria, coupled with suspicions of Assad’s support for the PKK, have made the Kurdish issue the focal point in Turkey’s Syria policy.<sup>17</sup>

Syrian Kurds, for their part, are wary about Ankara’s close ties to the Syrian opposition, affording Turkey little leverage with them. Unaware of Barzani’s little influence over Syrian Kurds, Turkey sought to use its leverage over Barzani to marginalize the PYD, the PKK’s Syrian offshoot, within the Syrian opposition and among Syrian Kurds.<sup>18</sup> Thus, cultivating closer ties to the KRG has become part of Turkey’s strategic calculations in Syria.<sup>19</sup>

The Syrian crisis has also dealt a blow to Ankara-Baghdad relations, which had already been severed due to differences over several issues.<sup>20</sup> First, Maliki didn’t much appreciate Turkey’s relatively open support for his rival, Ayad Allawi, in the 2010 Iraqi elections. Second, Baghdad’s rapprochement with Iran makes Turkey nervous, as it does Iraq’s Sunni Arab neighbors to the south. Third, the two governments differ starkly in their reaction to the Syrian crisis, with Turkey voicing sharp criticism of the Assad regime and hosting opposition elements while Iraq has tacitly backed Assad, fearing a civil war in Syria would have a violent spillover effect. Fourth, the Turks perceive that Maliki has been trying to push influential Sunnis out of positions of power, thereby increasing the likelihood of a reversion to the kind of sectarian war witnessed in 2006-2007. Erdoğan and Maliki accused each other of stoking sectarian tensions, with Erdoğan warning that Ankara would not remain silent if it felt Baghdad was pushing Iraq into a sectarian conflict. In January 2012, rockets were fired at the Turkish embassy in Baghdad, which Turkey took as a warning by Maliki’s forces.<sup>21</sup> Relations were strained further after Maliki’s government issued an arrest warrant for Sunni Vice President Tarek Al-Hashemi on charges of supporting terrorist acts and Turkey then granted refuge to al-Hashemi.<sup>22</sup> Davutoğlu’s visit to Kirkuk without the approval of Maliki and Turkey’s energy deals with

the KRG only added to the tension.<sup>23</sup>

Faced with the challenges and uncertainties of the Syrian civil war, which complicates its Kurdish policy, as well as a strained relationship with Baghdad, Ankara has recalibrated its regional policy to form a strategic alliance with the KRG. The US withdrawal from Iraq and the KRG-Baghdad tension have provided the opening Turkey was looking for to become the new ally that Iraqi Kurds needed in an increasingly hostile Iraq.

### Turkey’s Energy Policy: It’s Not Just About Energy<sup>24</sup>

Thus, political and economic considerations converged in the energy deal with the KRG. To cope with a fast-growing economy and an increasing demand for energy, Turkey must ensure an adequate energy supply. Its power generation has largely relied on Russian and Iranian imports.<sup>25</sup> The Syria crisis, however, has created a rift between Turkey and these energy suppliers, leaving the Turkish economy vulnerable to regional dynamics and price shocks. To fuel its growing economy, reduce its account deficit driven by high prices of oil and gas and decrease its dependency on Iran and Russia, Turkey has been scrambling to find alternative energy resources. As domestic and regional factors push Turkey to resolve its Kurdish problem urgently, Turkey capitalized on the openings in Turkey and the region to cultivate energy ties to the KRG.

To that end, the Turkish government has quietly been building up its energy presence in the KRG’s oil and gas industry. In 2013, Turkish Prime Minister Recep Tayyip Erdoğan and KRG Prime Minister Nechirvan Barzani negotiated a framework deal that included Turkish stakes in exploration blocks and terms for the direct pipeline export of oil and gas from the KRG.<sup>26</sup>

The pipeline will allow Kurdish crude oil to be transported from the KRG directly into Turkey, bypassing Baghdad and setting up the KRG as a competitive supplier of oil to Turkey.

In an effort to stave off political tension with Baghdad, the parties did not sign a government-to-government deal; instead, they turned the KRG energy portfolio over to public and private energy companies.

In the spring of 2013, Turkey established a state-backed firm to explore for oil and gas in northern Iraq. In January 2013, Genel Energy, an Anglo-Turkish exploration and production company, was awarded the right to ship oil directly from the area.<sup>27</sup> Since then, the company has been exporting crude oil from the KRG’s Taq Taq fields to Turkey’s Ceyhan port by truck. The amount of oil exported from Taq Taq will grow significantly when the construction of the pipeline is completed.<sup>28</sup>

The KRG’s gas resources are even more appealing to Turkey. In 2012, Turkey’s daily gas demand was 125 million cubic meters; this figure is likely to double this winter.<sup>29</sup> As such, Turkey is expected to be one of

23 “Davutoglu’s Kirkuk Visit Ignites Rage in Baghdad”, in *Al-Monitor*, 3 August 2012, <http://almon.co/1xx>.

24 This part is based on Gönül Tol, “Has Energy-hungry Turkey Finally Solved ‘the Kurdish Problem?’”, in *CNN*, 1 November 2013, <http://edition.cnn.com/2013/11/01/opinion/turkey-kurdish-energy>.

25 World Nuclear Association, *Nuclear Power in Turkey*, updated February 2014, <http://www.world-nuclear.org/info/Country-Profiles/Countries-T-Z/Turkey>.

26 Michael Knights, “Turkey’s Choice in Iraq: Burned Bridges or Win-Win-Win”, in *The Washington Institute Policywatch*, No. 2066, 15 April 2013, <https://www.washingtoninstitute.org/policy-analysis/view/turkeys-choice-in-iraq-burned-bridges-or-win-win-win>.

27 Olgu Okumuş, “Turkey’s Cross Border Energy Policy’s Tone Shifted”, in *Natural Gas Europe*, 24 September 2013, <http://www.naturalgaseurope.com/turkey-cross-border-energy-policies-tone-shifted>.

28 “Crude Exports Begin in Kurdistan”, in *Pipelines International*, 16 January 2014, [http://pipelinesinternational.com/news/crude\\_oil\\_exports\\_begin\\_in\\_kurdistan/085061](http://pipelinesinternational.com/news/crude_oil_exports_begin_in_kurdistan/085061).

29 International Energy Agency (IEA), *Oil and Gas Security Emergency Response of IEA Countries. Turkey 2013*, Paris, OECD/IEA, 2013, <http://www.iea.org/publications/freepublications/publication/name,38110,en.html>.

15 Gönül Tol, “Turkey’s Search for a ‘Zero Problem’ Policy”, in *The Middle East Channel*, 25 November 2013, <http://www.mei.edu/node/9134>.

16 Soner Cagaptay, “Syria and Turkey: The PKK Dimension”, in *The Washington Institute Policywatch*, No. 1919 (5 April 2012), <http://www.washingtoninstitute.org/policy-analysis/view/syria-and-turkey-the-pkk-dimension>.

17 Gönül Tol, “The Kurdish Dimension to Turkey’s Syria Policy”, in *The Middle East Channel*, 12 April 2012, <http://www.mei.edu/node/1645>.

18 Gönül Tol, “Erdogan’s Syria Frustrations”, in *The Middle East Channel*, 26 September 2013, <http://www.mei.edu/node/7905>.

19 Alakbar Raufoglu, “Turkey looks to Iraqi Kurdistan govt for help against the PKK rebels”, in *E Kurd*, 5 July 2012, <http://www.ekurd.net/mismas/articles/misc2012/7/turkey4015.htm>.

20 Gönül Tol, “Turkey’s Search for a ‘Zero Problem’ Policy”, cit.

21 Gönül Tol, “A crisis in Ankara’s backyard that does not involve Assad”, in *The National*, 4 March 2012, <http://shar.es/RNCwY>.

22 Gönül Tol, “Turkey’s Other Troublesome Neighbor”, in *The National*, 5 March 2012, <http://www.mei.edu/node/1325>.

Europe's biggest gas consumers in a decade. Kurdish gas is attractive to Turkey because the framework agreement between Turkey and the KRG includes specific terms on the price of gas.<sup>30</sup> Turkey thus has leverage over pricing. Some experts have said that the KRG's supplies could be three times cheaper than Russian and Iranian sources due to this leverage.

Despite opposition from Baghdad and the US, energy cooperation between the KRG and Turkey will continue to expand rapidly. About a dozen Turkish companies have applied to Turkey's energy watchdog to obtain licenses to import gas from and construct oil pipelines in the KRG, and the KRG recently granted six Turkish companies permission to explore for oil.<sup>31</sup>

In September, news was leaked that a Turkish company was issued a license to import natural gas directly from the KRG. The Turkish state company Botas has also started construction of a gas pipeline from the KRG to Turkey's southeastern city of Mardin. Through this energy partnership, Turkey can secure an alternative low-cost supplier and realize Erdoğan's goal of promoting Turkey as an energy hub, and the KRG can ensure its economic independence from Baghdad.

All these dynamics clearly suggest that the KRG's economic future will depend heavily on its relationship with Turkey. Although the KRG is rich in oil and natural gas, it needs to be able to extract and transport it to Western markets. Oil pipelines from northern Iraq to Turkish ports on the Mediterranean provide the most efficient and cost-effective means of getting Kurdish oil to Europe. A potentially nuclear-armed Iran with regional ambitions, the growing power of a Shia-dominated central government in Baghdad, and the waning influence of the United States as it draws down its military forces only add to the Iraqi Kurdish conviction that their best option is to mend fences with Turkey.<sup>32</sup>

### Potential Problems in the Turkey-KRG Energy Partnership<sup>33</sup>

The success of the Turkey-KRG energy partnership hinges on the peaceful resolution of Turkey's Kurdish problem. The PKK has used pipeline attacks as a means of targeting Turkey's strategic assets. Until very recently, PKK attacks on pipelines knocked out oil and gas flows, forcing Turkey to buy Russian and Azeri gas at higher prices and keeping the Iraq-Turkey route mostly idle.

In order to assure pipeline security and investment confidence, Turkey must finish what it started in 2012. It must resolve its Kurdish question peacefully. Since the PKK declared a ceasefire in March 2013 and started its withdrawal from Turkey toward its camps in northern Iraq in May, no serious fighting has been reported, but that could change. In September, the PKK announced that it had halted its pullout as both sides accused each other of failing to respect their part of the deal.

Late September, the Turkish government unveiled a reform package that allows the use of the Kurdish language in election campaigns, lifts restrictions on the use of the Kurdish language in private schools, abolishes the requirement to recite the pledge of allegiance that forced schoolchildren to declare that "I am a Turk", and allows Kurdish towns to use their Kurdish names.<sup>34</sup>

For the Kurds, however, the reform package seems to only move forward halfway. Kurds have long asked for the right to public education in Kurdish, and the package only applies to private schools. The democratization package also does not offer concrete steps to address the Kurdish demand to lower the 10 percent electoral

threshold, which has mainly been used to keep pro-Kurdish parties out of Parliament.<sup>35</sup>

After the announcement, the PKK warned that it may end the unilateral ceasefire. After a visit by Kurdish politicians to the prison island of İmralı, where Öcalan has been held since 1999, the Kurdish leader also relayed a message asking the government to lay the legal groundwork to address all Kurdish demands, or risk a breakdown in talks.<sup>36</sup>

But for the Turkish government, there is no easy way forward. With the 2014 local and presidential elections looming and no end in sight for the Syrian civil war, political uncertainty seems guaranteed. In the highly charged pre-election atmosphere, the Turkish government has to operate such that it does not alienate nationalists while at the same time keeps the peace process moving.

Yet the bigger challenge facing Turkish decision-makers is the regional fallout from the war in Syria. Turkish media are reporting that in retaliation to Turkey's stance in Syria, Iranian intelligence has been talking to the PKK leadership in northern Iraq's Qandil Mountains in order to convince it to abandon the peace process, promising support for Kurdish demands for autonomy in northern Syria in return. Despite challenges, resolving its domestic Kurdish problem through carrying out reforms that will address Kurdish demands remains the only way out of this conundrum for Turkey. Otherwise, Turkey will continue to render itself vulnerable to the vicissitudes of its neighbors' Kurdish politics.<sup>37</sup>

### Conclusion

The normalization of ties with the Iraqi Kurds through energy partnership has become an important component of the AKP's "democratic opening" and Foreign Minister Ahmet Davutoğlu's new regional policy. To fulfil the ambitious objectives of the ruling party's energy policy, Turkey needs to foster peace and stability in the region and work closely with its neighbours. To attain all these, Turkey must find a peaceful solution to its Kurdish question.<sup>38</sup>

After decades of refusing to extend legitimacy to the KRG and opposing Iraqi Kurds' attempts to control oil-rich Kirkuk, Turkey seems to have reversed course in Iraq. The energy deals foreshadow a major shift in Turkey's KRG policy. Gone are the days when the KRG was seen as part of the problem; it is now viewed as part of the solution. There are now clear signs that Turkey would like to empower Kurdish sovereignty in northern Iraq since Ankara greatly benefits from the region's energy source. Barzani's most recent visit to Turkey's Kurdish-majority southeastern province, Diyarbakır, is a testament to the growth Turkey has seen in its relations with Iraq's Kurds. In his first official visit to Diyarbakır, Barzani wore traditional Kurdish clothes, gave a speech in Kurdish, and met with Turkish President Erdoğan, who said the word "Kurdistan" in public for the first time.<sup>39</sup> The two have also privately discussed issues such as the peace process between Turkey and the PKK. The visit underlined the new push in the AKP's policy to further deepen relations with the KRG.<sup>40</sup>

In addition to economic benefits, there are clear geopolitical implications in Turkey's rapprochement with the KRG. Through this energy partnership, Turkey has not only secured a low-cost supplier but has also created an unprecedented level of cooperation against the PKK through economic interdependence. Not surprisingly, in the

35 Ibid.

36 Ibid.

37 Gönül Tol, "Syria's Kurdish Challenge to Turkey", in *The Middle East Channel*, 29 August 2012, <http://www.mei.edu/node/2084>.

38 Cengiz Çandar, "The Kurdish Question: The Reasons and Fortunes of the 'Opening'", cit., p. 15.

39 See Ahmed Hussein, "Turkish Prime Minister uses word Kurdistan for the first time in history", 16 November 2013, <http://www.iraqnews.com/baghdad-politics/erdogan-salutes-kurds-in-kurdistan-region>.

40 Gönül Tol, "Turkey's KRG Energy Partnership", cit.

30 Michael Knights, "Turkey's Choice in Iraq: Burned Bridges or Win-Win-Win", cit.

31 Oluğ Okumuş, "Turkey's Cross Border Energy Policy's Tone Shifted", cit.

32 Ömer Taşpınar and Gönül Tol, "Turkey and the Kurds: From Predicament to Opportunity", cit. p. 7.

33 This part is based on Gönül Tol, "Has Energy-hungry Turkey Finally Solved 'the Kurdish Problem'?", cit.

34 Ibid.

last several years, KRG authorities have increasingly come to view PKK attacks against Turkey as an obstacle to rapprochement with Ankara.<sup>41</sup>

For Turkey, the stakes are higher than ever. Finding a peaceful resolution to its Kurdish problem will not only remove a strategic vulnerability; it will also secure Turkey's neighbourhood for the realization of new energy transportation projects and ensure a less costly and politically

less risky energy alternative to Russia and Iran. Iraqi Kurds have vast hydrocarbon resources and will become important players in the energy field. The solution of the Kurdish problem will remove the biggest hurdle hindering cooperation with Iraqi Kurds. It will realize Erdoğan's dream of making Turkey an energy hub and one of the world's ten largest economies by 2023—the hundredth anniversary of the Turkish Republic.

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41 Ömer Taşpınar and Gönül Tol, "Turkey and the Kurds: From Predicament to Opportunity", cit., p. 7.