THE TURKISH-RUSSIAN RELATIONS
IN THE ERA OF AKP

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Abstract

This research deals with the bilateral relations between Turkey and Russian Federation in the political, diplomatic and economic fields, during the years (2000-2009), where it witnessed a big development during this period which is considered the best in the history of the relations between the two states, due to the change of the political systems in the two countries, and its pursuing a balanced and effective foreign policy in their regional environment, that contributed in promoting and enhancing its bilateral relations, and deepen their cooperation horizons in the different fields and areas, besides of arrangement their attitudes toward a number of common essential issues.

Preface

The bilateral relations between Turkey and Russian Federation witnessed a gradual improvement in the economic and political fields since the end of the Cold War through the holding nineties of the last century, and sometimes broken by periods of tension, rivalry and coldness in their relations because of such factors as regional and international and domestic Also in both countries, but these relations

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has taken detours to the task Best since the advent of Russian President Vladimir Putin to power in 2000, culminated in his visit to Ankara in December 2004, followed by reciprocal visit of Turkish Prime Minister Recep Tayyip Erdogan to Moscow in January 2005. The visit of President Putin was the first time a Russian head of state on an official visit to Turkey. Although these reciprocal official visits were important for their own interests, it refers to significant change in the tendency towards greater each other, and also refers to changing political trends in the foreign policy of both countries at regional and international levels.

The end of the Cold War changed the strategic parameters for Turkey and as well as for its Western allies. Russia as a successor of the Soviet Union entered the world politics as a ‘new’ actor, which is still one of the main countries in global policy for the post-Cold War era. Thus, the developments in Turkish - Russian relations have became an implications for the regional balance of power players in the region of Eurasia, and therefore cooperation between the two countries in various fields is very important for both countries to preserve the continuation of their strategic interests in the region. This does not mean that relations between the two countries did not witness obvious competitive, but on the contrary, have become areas of competition in Central Asia, the Caucasus and the Caspian Sea on the issue of transfer of energy resources from these regions to global markets the most prominent indicators of the foreign policy of both countries towards each other in particular. But this competition has not affected negatively on their bilateral relations and did not diminish the cooperation between the two stats which realized that this competition is natural issue in the areas and fields became the regional and international competitive inevitable, especially with regard to the issue of energy.

This research is following developments and analyses of political and economic relations between Turkey and Russian Federation during the period 2000-2007, as a golden period for the improvement of bilateral relations between the two countries, especially with the advent of a new system of power in both countries are pursuing a balanced foreign policy towards each other, and
realized that the best way to protect their interests and the continuation of the strategic interests in the region is making a strategic framework for cooperation between the two countries in various fields, which will inevitably have positive repercussions on the development of their bilateral relations, and therefore it will formulate options and wider areas of the foreign policies of both countries in the Eurasian region in particular.

Introduction:

- Turkey and Russian Federation after the Cold War Era 1991-2000

Historically, relations between the Ottoman Turkish and Russian empires were never particularly good or close, and were punctuated by armed conflict.

With the collapse of the former Soviet Union in 1991, and opening up of an entirely new range of regional possibilities for Turkish foreign policy directions, it was perhaps inevitable that Turkish-Russian relations would undergo some degree of transformation. The collapse of the Soviet Union was followed by reciprocal rush of diplomatic activity between Turkey and Russia, culminating in the signing of the Treaty on Principles of Friendship and Cooperation between the Republic of Turkey and the Russian Federation on 25 May 1992. This Treaty served the two states since it formed the legal bases for the countries’ relations with each other, and sought to prepare and manage the strategic groundwork for continually improved relations. This generally positive disposition continued throughout the Russian President Boris Yeltsin system(1991-1999).

Russian Federation is a main actor, politically as well as militarily in the Caucasus and Central Asia, therefore developments in Turkish-Russian relations have important implications for the regional balance of power, as well as for Turkey’s foreign policy in the region. During the Cold War, the relations were hostage of the global competition. With the end of the Cold War, Turkish-Russian relations became important for both states in the regional context.
Cold War period, Russia became the most important state, whether as a partner of or a competitor with Turkey, in the Caucasus and Central Asia. Unlike Turkey, Russia had experience and knowledge of the political and economic characteristics of the region, which gave advantage for Russia in regional context. However, Russia had also disadvantages. First, it carried the burden of the former Soviet Union in both economic and political terms, and, therefore, Russia faced political turmoil and identity crisis in the first five years of the establishment of the Russian Federation. Second, the Russian Federation confronted the secessionist demand of Chechnya, which created danger of breaking up of the Russian Federation.(3)

The political relations between Turkey and Russia Federation were highly occupied with Russian war in Chechnya and Turkey's fight against Kurdish separatism in the country between 1995 and 1999. As a result the issue of terrorism had usually been on the top of the agenda at the official meeting between Turkey and Russian Federation in these years. Accordingly during official visits of the Turkish Foreign Minister Tansu Ciller to Moscow in 1996 and 1997, the war in Chechnya kept its importance. When in December 1996 Foreign Minister Tansu Ciller visited Moscow and met the Russian Prime Minister Viktor Chernomyrdin and the Foreign Minister Yevgeny Primakov, she declared that both Turkey and the Russian Federation were respectful for the territorial integrity of other countries(4). Nonetheless, the words of Turkish Foreign Minister remained just as good wills and could not prevent the Russian to warn Turkey concerning the rumors that Turkey has been selling arms to Chechnya. Likewise, Ciller too pressurized the Russian concerning the sell of Russians arms to the Greek Cypriot(5).

Nonetheless, during her visit to Moscow the following year, in 1997, the Turkish Foreign Minister Tansu Ciller and her part Yevgeny Primakov tried to give the impression that the political differences between Turkey and the Russian Federation were as acute as they were presented before and they declared that in order to ensure gradual overcoming of these differences, it is necessary to act more actively in areas where Turkey and Russian Federation have common interests(6). Additionally, even at times when Turkey and the Russian Federation
warned each other concerning the acts of each other against PKK and war in Chechnya, the importance of improving economic relations, more specifically the trade relations, was always emphasized. The visit of the Russian Prime Minister Viktor Chernomyrdin to Turkey on 14-17 December 1997 gave the impression that the relations between Turkey and the Russian Federation were to improve. During the visit Prime Minister Viktor Chernomyrdin and Mesut Yilmaz declared that they respect territorial integrity and economic relations of each other. It is also important to notice that both Prime Ministers declared it is necessary to seek for "cooperation" and "trust" instead of "competition" and "suspicion" in relations and it was considered as an important step to cope with the traditional mistrust between Turkey and the Russian Federation. Despite the intent to normalize relations, Turkey and the Russian Federation were not sharing the same idea concerning the means to achieve this end. Whereas Russian Prime Minister Viktor Chernomyrdin declared that improvement in economic relations would play a vital role to developed better political relations, Mesut Yilmaz declared that political relations should be improved to a certain level in order to further developed economic relations. The time, however, proved that Chernomyrdin was right and the Turkish-Russian relations began to flourish in the field of economy even at times when there were problems between Turkey and the Russian Federation; and the good economic relations also had its positive effects in field of politics.

The Turkish-Russian relations improved in diplomatic and economic spheres just after the second war in Chechnya. On 5-6 November 1999 Turkish Prime Minister Bulent Ecevit went to Moscow for an official visit when the Russian war in Chechnya was at its hot days, series of agreements were signed between Turkey and Russian Federation. One of the agreements was a “Joint Declaration on Anti-Terrorism” signed on 5 November 1999 and the other agreement was an official commitment to the Blue Stream Project. With reference to Memorandum Between the Russian Federation and Turkey on Cooperation Against Terrorism signed on 18 December 1999, Turkey and Russian Federation declared their desire to improve cooperation in fight against terrorism. The Russian Prime Minister...
Minister Vladimir Putin also added that the Russian Federation will not support any kind of terrorist activities aiming Turkey, including the activities of PKK and condemned international terrorism\(^{(12)}\).

As stated before, the Blue Stream Pipeline Project was a remedy to calm down the Turkish-Russian Relations. At the end of decade the issue of sale and transition the energy was an important in bilateral relations regardless of problems concerning the price and the taxation of the gas; however, during his visit to Moscow in 1999, Prime Minister Ecevit did not sign the protocol concerning the taxation of the gas and rumors were quick to spill over that unexpected development was the outcome of the US opposition to the Blue Stream Pipeline Project\(^{(13)}\).

1. **Diplomatic & Political Relations Between Turkey and Russian Federation**

   The Political relations between Turkey and Russian Federation has witnessed a qualitative development with the assumption of Vladimir Putin the presidency of country in January 2000, and adopted a flexible policy towards Turkey aimed to ease tension and overcome the differences and strengthen the political relations between the two countries via the exchange of official visits, as well as intensify their cooperation in all fields. In this context, Russian Foreign Minister Igor Ivanov met Turkish Foreign Minister Ismail Cem at the 55\(^{th}\) session of the UN General Assembly in New York on 18 September 2000. During the meeting tow Ministers talked about regional and international issues given importance by both sides\(^{(14)}\). This meeting was very important in paving the way towards better political relations in the near future.

   Indeed, these relations strengthened more after the official visit by Russian Prime Minister Mikhail Khazyanov to Turkey in late October 2000 and met his Turkish counterpart Bülent Ecevit. Khazyanov confirmed in Ankara that despite the competition between the two countries but the relations between them will inter from now on the stage of partnership and said: “Our main mutual conclusion is that Russia and Turkey are not rivals but partners, and our governments will from now on proceed from this understanding”. Khazyanov also promised to increase natural gas supplies to Turkey
during the late fall and early inter of 2000-2001\(^{(15)}\). This statement has been considered a clear indication that the relations between the two countries will witness a qualitative leap in the bilateral relations in the next stage.

In June 2001, the Russian Foreign Minister Igor Ivanov came to Turkey for an official visit and met the Turkish President Ahmet Necdet Sezer (2000-2007), Prime Minister Bülent Ecevit and Foreign Minister Ismail Cem. In this meeting Foreign Ministers of the two countries decided to establish a working group to create common strategy in Eurasia concerning the issue of Nagorno Karabagh, Straits, energy and fight against terrorism\(^{(16)}\). The two Ministers met again on 16 November 2001 during the 56th session of the UN General Assembly in New York and the relations between Turkey and Russian Federation were further improved when Foreign Ministers signed the “Action Plan to Develop Cooperation between the Russian Federation and Turkey”. This document was of crucial importance for its call for close relations in regional and international issues especially in Eurasia. The areas of cooperation in Eurasia were mentioned as assisting the political resolution of conflicts, enhancing stability and creating conditions for sustainable economic development. The Action Plan also stated that this common understanding concerning the role of international law, human rights and democracy would provide a new perspective in bilateral relations\(^{(17)}\) between the two countries.

Besides, declaring the supremacy of law again they emphasized the importance of the collective act to solve international problems. Accordingly, they states their readiness to fight against global terrorism and agreed to work together to achieve cooperation in economic and in trade; plus to develop contacts for cultural and humanitarian affairs. For the Russian Foreign Minister the document was important since it marks the beginning of a new cooperation between the two countries in relations with each other with third countries\(^{(18)}\).

The terrorist's attacks in 11 September 2001 played an important role for Turkey and Russian Federation to declare their readiness to fight against international terrorism. On 28 September 2001, Turkish President Ahmet Necdet Sezer and the Russian
President Vladimir Putin conferred on the phon. The leaders discussed the situation in Eurasia after September 11 and reaffirmed their approach concerning fight against terrorism and emphasized importance of solidarity in international community. Following the terrorist attacks in Istanbul in November 2003, the Russian President Vladimir Putin called the Turkish Prime Minister Recep Tayyip Erdogan and once again declared that the Russian Federation was ready to give political support to Turkey in fight against terrorism\(^{(19)}\).

**AKP Government and the Relations with Russian Federation**

Turkey has entered a new phase in its regional and international relations with the advent of the Government of Justice and Development Party (AKP) in late 2002, given for adopting a influence and effective foreign policy regionally and internationally based on the reset problems with neighboring countries and to intensify cooperation to strategic partnerships with these countries.

The election of an “Islamist” government, albeit apparently a moderate one, in November 2002 had to be concern to Moscow given the fact that Islamist roots of AKP leaders and Turks Islamists had been among the major supporters to Chechen gunmen in mid-1990’s. However, the initial selection of Abduallah Gül by AKP as Prime Minister (from 18 November 2002 to 14 Mart 2003), the least Islamist of candidates, appeared to reassure Moscow, as Gül, in an interview on November 15, 2002 with the *Turkish Daily News* stated “Our aim is to show the world that a country which has a Moslem population can be also democratic, transparent, and modern and cooperate with the world”. In addition, the visit of AK leader Recep Tayyip Erdoğan (who became later a Prime Minister) to Moscow in December 2002 appeared very positive as Putin expressed satisfaction with the level of ties with Turkey, and the two countries agreed to work to further develop economic cooperation\(^{(20)}\).

On the diplomatic front, the two countries drew closer as the U.S. invasion of Iraq approached as neither supported the U.S. attack, with Turkish public opinion even more opposed to the war then Russian opinion. Nonetheless, despite all the good will, and Putin's
effusive remarks during the Erdogan visit, Moscow had to be concerned that AKP's Islamic moderation might not last and if it turned in a more fundamentalist direction, that could pose problems for Russia not only in Central Asia and the Caucasus, but also in Russia itself. In addition, the Straits problem remained unsolved and in May 2003 Russian Prime Minister Mikhail Kasyanov openly criticized Turkey for the restrictions it had imposed six months earlier stating “We understand Turkish officials' preoccupation, but we must solve these problems together. Decisions to change cargo transit rules should never be taken unilaterally”(21).

The Turkish-Russian relations has witnessed a new developments via the official mutual visits and conclude several agreements to enhance cooperation between the two sides. In February 2004, the Turkish Foreign Minister Abdullah Gül went to Moscow and one hundred fifty Turkish businessmen accompanied him. The Foreign Minister met the Russian Foreign Minister Igor Ivanov and they signed four protocols on different issues. In an interview to a Russian news agency Foreign Minister Abdullah Gül declared that Turkey and Russian Federation had five hundred years of relations and they were rediscovering one another in a time when the world faced important changes. Foreign Minister Gül also emphasized the importance of fight against terrorism for stability in the region and declared the Turkish desire to cooperate with the Russian Federation to deal with the issue. Additionally, the Foreign Minister mentioned the belief that cooperation in Southern Caucasus and Central Asia would add to the regional stability(22).

On 5-6 December 2004, the Russian President Vladimir Putin, who was the first president to visit the country after thirty two years, came to Turkey for an official visit. President Putin was accompanied by the Minister of Defense (Sergey Lavrov), the President of Tatarstan, the heads of several largest Russian companies (in particular, Gazprom and Tatneft. Putin held talks with the Turkish President Ahmet Necdet Sezer, the Prime Minister Recep Tayyip Erdoğan, the leadership of the National Assembly and took part in a business forum(23).

The visit was considered as a sign of the desire to establish good relations. PKK terror, the Chechen issue in the Russian
Federation and its implications on Turkey, the Straits, construction of pipelines, and the partnership in Central Asia and in Caucasus were at the focus of meeting together with the attempts to find out new areas of cooperation(24). Two states signed the following important agreements(25):

1. The Joint Declaration on Strengthening of Friendship and Multiplane Cooperation.
4. The Agreement on Prevention of Incidents on the Sea Outside the Territorial Waters.
5. The Cooperation Agreement between Russian Vnesheconombank, Roseksimbank and Eximbank of Turkey.
6. The Memorandum on Development of Cooperation in Gas Sphere between Gazprom and Botash Company.
7. The Memorandum on Cooperation Between Diplomatic Academy of the Ministry of Foreign Affairs of the Russian Federation and the Center of Strategic Researches in the Ministry of Foreign Affairs of Turkey.

President Putin commented after signing the Declaration of Friendship and Partnership between the two countries, saying: “The Declaration of Friendship and Partnership would enhance joint efforts in combating terrorism, and would give cooperation a momentum” and added: “We have confirmed once again our determination to develop our political, economic and cultural relationship and in all areas.” At the same time president Putin thanked Turkish leadership on their efforts against “Terrorism”, and expressed the desire of his country in the coordination and cooperation at this level in particular. For his part, Turkish President Ahmet Necdet Sezer stressed that “The development of relations between the two countries would contribute to peace, stability and prosperity in the region”(26).
On 12 January 2005, Turkish Prime Minister Recep Tayyip Erdogan visited Moscow for a reciprocal visit. The idea of cooperation, the basis of which was established in Turkey became tangible by agreements between Turkey and Russian Federation. Erdogan was accompanied by 600 Turkish businessmen in his visit\(^{(27)}\). Issues concerning the sale of natural gas, Cyprus and trade relations were discussed during this visit. The Turkish side could not get satisfying Russian reaction regarding the payment for gas with goods and the re-exportation of additional gas. Regarding the Annan Plan, President Vladimir Putin declared that the Russian Federation would support the plan and improve its economic relations with the Turkish Cypriot\(^{(28)}\).

On 17-18 July 2005, the Russian President Vladimir Putin and Turkish Prime Minister Recep Tayyip Erdogan met in the residence of the Russian President in the Black Sea resort-city of Sochi. Negotiations of the two leaders lasted much longer than it was scheduled – four and a half hours. Representatives of the Russian and Turkish business circles were allowed to participate in the meeting. During the conversation, Putin and Erdogan confirmed the arrangements achieved during the visit of the Russian president to Ankara in December 2004. Besides, they planned ways of widening further interaction in such areas as economy, energy, military cooperation and regional policy\(^{(29)}\). At the end of this meeting, Prime Minister Erdogan said: “Our views totally coincide with regard to the situation in the region, as well as to issues concerning to the preservation of stability in the world”\(^{(30)}\).

In the context of the desire of the two countries in strengthening their bilateral relations, and to intensify their cooperation in all fields, another reciprocal official visits occurred during 2006 and 2007. Turkish President Ahmet Necdet Sezer visited Moscow in June 2006, then visit of Bülent Arınç, the chief of Turkish Parliament, in July 2006, and follow it visit of Sergey Mironov, the chief of Federation Council of the Russian Federation, in March 2007. These reciprocal visits has strengthened the bilateral relations between the two states and supported bilateral cooperation on the parliamentarian level. During the same period, numerous mutual visits of the Ministers
of Foreign Affairs, Abdullah Gül and Sergey Lavrov, and other Ministerial visits also took place\(^{(31)}\).

Additionally, the Russian President Vladimir Putin sent a message congratulating Abdullah Gül on his election as President of the Republic of Turkey, saying: "The relations between Russia and Turkey will not only be beneficial to people of both countries, but will also contribute to stability and security in the region\(^{(32)}\)."

The beginning of 2009 witnessed a significant development at the level of political relations between Turkey and Russia following the visit of Turkish President Abdullah Gül to Moscow in 13 February 2009. President Gül met his Russian counterpart President Dmitry Medvedev in the Kremlin, who took over the presidency in May 2008. This visit was very important to enhance the bilateral relations and develop the cooperation between them in all fields to a strategic level.

After this meeting, a Joint Declaration between Turkey and the Russian Federation on progress towards a new stage in relations and further deepening of friendship and multi-dimensional partnership has been issued. The statement referred to: “In line with their common will and desire to further enhance and strengthen Turkish-Russian relations and cooperation on the basis of mutual understanding and trust, they declare the following\(^{(33)}\):

1. The Republic of Turkey and the Russian Federation, as two friendly and neighboring countries, take note with satisfaction the important progress made in bilateral relations and cooperation towards multi-dimensional enhanced partnership, in line with the objectives stated in the Joint Declaration of 6 December 2004.

2. The Parties, take also note with satisfaction the increase in the number of contacts and visits particularly at the level of Heads of State, Prime Ministers and Ministers, the holding of regular consultations between the Ministries of Foreign Affairs on bilateral, regional and international issues, as well as the growing number of contacts and consultations between other state authorities and emphasize the importance of maintaining this increasing momentum.

3. The Republic of Turkey and the Russian Federation indicate that, it is necessary to make regular visits and consultations at the level of Speakers of Parliament and Friendship Groups, with the understanding
of revitalizing parliamentary relations in congruence with the advanced level of their bilateral relations, and declare their will for encouraging the parliaments of both countries accordingly.

4. The Parties state that, bilateral relations and cooperation between the Republic of Turkey and the Russian Federation serve the interests of both countries and contribute considerably to peace, security, stability and development throughout the vast Eurasian geography as well as at the international level, and declare that their joint efforts towards this target will be preserved in the forthcoming period.

5. The Parties take note with satisfaction that their approaches and policies on many regional and international issues and problems have similarities, and in this context, reaffirm their determination to further strengthen current consultation mechanisms, as well as to develop efficient cooperation at the United Nations and at other multilateral fora.

The visit of President Gül to Russia symbolizes an important stage in the development of bilateral relations between the two countries, which are equal friendship, and promising partnership. The Joint Declaration is a political document put the bases for the development of future cooperation in the fields of Foreign policy, and humanitarian cooperation, economy, trade, where the volume of trade exchange between Russia and Turkey has been doubled thirty-five times in the last ten years. Thus, Turkey has occupied the fifth place in the list of Russia's trading partners, ahead of Japan and the United States, Britain, and France, while Russia became the first trade partner to Turkey beating Germany. The official Russian sources indicated that Moscow and Ankara have agreed to form a technical committee to oversee the resolving outstanding issues between the two countries, notably the problems of transport and customs duties that have been hampering efforts to expand trade and economic transactions between Turkey and Russia(34).

In conclusion, it is not wrong to state that diplomatic relations between Turkey and the Russian Federation has been improving since the disintegration of the Soviet Union. The increasing number of official visits, and the meetings held at Presidential or Prime Ministers level prove the fact that great importance is given to the relations
between the two states. Although these visits are significant to improve their bilateral relations, this refers to a larger significant shift in each country's disposition to the other, and in some respects is symptomatic of shifting political orientations in their domestic and international politics. As Shireen T. Hunter asserts, “Turkish and Russian officials increasingly refer to their respective countries as two great Eurasian powers, indicating that the Turkish and Russian versions of Eurasianism need not be competitive. Rather, they can be complementary” (35). Improved relations between these two significant powers will certainly shape the contours of domestic and foreign politics in Eurasia well beyond each country's current regime (36).

How can we begin to account for this rather sudden warming of relations between Turkey and Russia, and what does this mean for the region? These questions can perhaps best be approached from the perspective of the larger regional landscape of issues whose substance, and potential resolution, is of particular importance to Turkey and Russia. These can be conveniently parsed into matters of mutual economic and financial advantage, regional security concerns, and domestic political considerations. This has all unfolded in the context of the simultaneously complex and somewhat conflicted orientations of Turkey and Russia toward the Western world in general, and the post-Soviet increase in United States global influence in particular.

2. Turkish-Russian Economic Relations:

The economic relations between Turkey and Russian Federation played a pioneer role to develop and improve relations in other fields. The shuttle trade between the two countries, which were replaced by registered trade in time, the Turkish construction companies in Russia, the increasing number of Russian tourists preferring Turkey for their vacations and more importantly the production and transition of energy resources of Eurasia to the Western markets has been at the core of economic relations between Turkey and Russian Federation. The economic relations played a vital role to replace the traditional belief that there has been lack of trust in Turkish-Russian relations and that the relations were conflictual. On
the contrary, the economic relations between the two states added too much to create trust and cooperation, and to replace the bilateral relations between Turkey and Russian Federation with multidimensional partnership.

1. Trade Relations

Complementary character of the Turkish and Russian economics played an important role to develop trade and economic relations in the second half of 1980s and 1990s in various sectors. Nonetheless, the beginning of economic relations goes back to 1930s and is based on the Trade and Navigation Agreement signed on 8 October 1937 and the Agreement on Trade and economic Cooperation signed on 25 February 1991. Agreement on Reciprocal Promotion and Protection of Agreements and the Agreement on Avoidance of Double Taxation signed on 15 December 1997 are also crucial to shape the economic relations between Turkey and Russian Federation (37).

Nonetheless, from among series of agreements, 1984 Natural Gas Agreement has been a corner stone in economic relations between Turkey and Russian Federation. Turkey promised to buy the Russian gas for twenty five years beginning from 1987 by the 1984 Natural Gas Agreement. It was not just an energy agreement, however, since Turkey paid seventy percent of the gas by Turkish goods and services. This clause of the Agreement changed in time and the amount of seventy percent reduced to seven percent in recent years (38).

Turkey exports manufactured goods to Russian Federation and they include textiles, chemicals, vehicles, and food. In return, Turkey imports raw materials, natural gas, oil and metals being at the first place. In 2003 the iron-steel products constituted 19.7 percent, clothing and textile 12.5 percent, fruits and vegetables 12.2 percent, and land transportation vehicles 6.3 percent of the Turkish exports to the Russian Federation (39). The fact that most of Turkish exported goods are manufactured goods and thus have high elasticity with the exception of iron-steel products makes Turkey more vulnerable in economic relations with the Russian Federation.

Turkey's economic ties with Russia influenced Turkey's regional policy vis-à-vis the Russian Federation. As Russia became a
very important market for Turkish exports goods. Turkish exporters did not want to continue harsh competition with Russia in Eurasia. As Russian Commercial Attaché in Istanbul, Viktor Ilskiy, gave an exclusive interview to Today's Zaman concerning the current status of economic relations, Ilskiy noted that Russian Federation has come to rank second in Turkey's foreign trade and that Turkey is an important player in the Russia's foreign trade, adding: "Compared to other countries, Turkey has indisputable advantages for doing business in Russia". Ilskiy also noted that the Russian market so attractive because Russia provides a set advantages for competition. These are: a qualified workforce, rapid growth of economy, political and social stability, large reserves of natural resources and strengthening of the Russian ruble. To this, the lucrative nature of investment projects in Russia can be added.

While, in 1992 total Turkish exports to Russian Federation were $441.9 million, in 1995 Turkish exports reached $1.238.1 billion. In 1996 total trade volume was $3.39 billion, which reached $4.097 billion in 1997. Turkey's exports to Russian Federation reached the highest level in 1997 with $2 billion. However, Turkey's exports to Russia declined to $589 million in 1999. It increased in 2000 to $644 million and in 2001 Turkey's exports to Russia was $923 million. Turkey's import from Russian Federation has increased since 1998. While Turkey's import from Russia was $2.152 billion in 1998, it raised to $3.887 in 2000 and $3.476 in 2001. It is also important to notice that between 1991 and 1998, 138 Turkish firms were actively working on 533 projects with a total value of $9.246 billion in the Russian Federation which accounted for 42 percent of all contractor services provided by Turkish firms.

In 2001, a financial crisis in Turkey changed the course of trade relations between Turkey and Russian Federation. Devaluation in Turkey created a competitive environment on behalf of the Turkish exporting companies, so beginning from year 2000, Turkish exports to Russian Federation began to increase again. In year 2000, Turkish exports increased by more than 9.3 percent and in 2001 by 43.3 percent. Turkish imports from the Russian Federation, however, declined by about 10.6 percent and the overall imports by 25.7 in 2001.
In 2002, the Russian Federation was the sixth among countries to which Turkey exports goods and the third among countries to which Turkey imports goods from \(^{(44)}\).

The total volume of trade between the two countries was around $10.860 million in 2004. The distribution of revenues, however, is not balanced since the Russian exports to Turkey are more than four times of Turkish exports to the Russian Federation. In 2004 the biggest share of Russian imports from Turkey were composed of manufactured goods with the share of 84 percent. In 2004, 41 percent of Turkish imports from the Russian Federation were composed of energy resources and it is followed by iron and steel industry with the share of 19 percent \(^{(45)}\).

There are four causes of the current trade imbalance between Turkey and Russian Federation. Firstly, the increasing natural gas consumption of Turkey from Russian Federation and the increase in world energy prices caused a difficulty for Turkey. Secondly, the 1998-1999 economic crisis hit the Russian Federation in such a sense that ruble was devaluated by 75 percent causing a sharp decline in Russian imports from Turkey. Following the crisis, the Russian Federation decided to issue imports substitution policy and began to produce some of the imported materials in domestic markets. It became competitive in textiles and food industry. The tax exemption provided by CIS countries to Russian Federation, financially strong European countries ready to enter Russian markets, and plus the Partnership and Cooperation Agreement between the Russian Federation and EU also work against Turkish manufacturers, as the third cause of imbalance in economic relations.

Finally, the low quality Turkish products, which entered the Russian Federation in the first of the 1990s through shuttle trade, caused a negative impression in Russian Federation about the quality of Turkish goods. Despite the negative increase in the volume of trade on the Turkish side, the 2001 devaluation in Turkey increased competency of Turkish firms in Russian markets and this caused and increase in exports to the Russian Federation. In 2003 and 2004, however, the rise in imports continued to exceed the rise in exports causing a growing trade deficit on the Turkish side. In the first of 2004
Turkey faced $948 million of trade deficit due the increase in price of raw petroleum and natural gas\(^{46}\).

According to data provided by the Under secretariat of Commerce for the Turkish Embassy in Moscow, Turkey's trade volume with the country has surpassed $20 billion as of 2006 and Russia has become Turkey's second-largest trade partner after Germany. The growth of trade volume continued to increase in the first seven months of 2007 and reached $17 billion\(^ {47}\).

Despite Turkey having a deficit in its trade with Russia, mostly due to the importing of energy resources, its revenues from Russian tourists and contracting projects in this country are helping to close the gap. The major businesses involving Turkish companies mainly focus on construction, shopping malls, retail, breweries, electronic goods and home appliance production, glass manufacturing, windows, energy plants and textiles. The largest Turkish companies operating in Russian Federation are Zorlu Energy, Enka, Ramenka, Sisecam, BEKO and Vestel. Turkish contracting companies are apparently the most active players in the Russian construction business. Currently, there are 766 foreign companies in the construction sector of the Russian Federation and 150 of them are Turkish. Official figures indicate that Turkish contractors have completed $19.86 billion worth of projects in Russia so far. Between 2002 and 2006 Turkish firms earned the most licenses for construction projects. Today it wouldn't be a surprise to see a Turkish contractor's signature on most of Moscow's tallest buildings. They are also undertaking billion-dollar energy plant construction projects\(^ {48}\).

2. **Turkish-Russian Cooperation in the Energy Field:**

During the Cold War era, the energy resources of the former Soviet republics were not opened for exploitation of other states. After the Soviet Union collapsed the new states with rich energy resources entered the world politics. Many states and companies wanted to take part in the exploitation and transportation of these resources. Caspian region’s rich oil and gas reserves and its land locked position required that transportation project for the resources should be introduced and
regional states also would take part in the transportation of these resources to the world markets. Turkey and Russia introduced their own projects, which competed each other for oil pipelines. Energy played an important role in Turkey’s policy towards the Russian Federation. Turkey sees Russia not only as a rival in the competition for the transportation of Caspian oil but also as a supplier of natural gas to Turkey. Turkey offered the Baku-Ceyhan pipeline project, aiming to attain lucrative transit revenues and the Turkish government also wanted to meet expanding domestic demand for oil\textsuperscript{49}. Turkey also offered a pipeline project to transport Turkmen natural gas to the world markets. Turkey is located at one of the potential export roads for both Caspian oil and Turkmen natural gas. While Turkey competed with Russia for oil pipelines, Turkey became one of Russia’s main customers for natural gas and wanted a pipeline to be built beneath the Black Sea to carry natural gas from Russia to Turkey. That project was called Blue Stream and it was considered as a rival project to the Turkmen natural gas\textsuperscript{50}.

We will analyze the effects of oil and gas transportation projects on Turkish-Russian relations. With the end of the bipolar world the importance of regional powers increased. As a result, the relations among the regional powers have immense impact for regional stability. Security as well as economic considerations determined character of relations among regional powers. Turkey and Russia were adversaries during the Cold War era. For Turkey, the Soviet Union was the main threat for its security. The Russian Federation as a successor of the Soviet Union was also perceived as a danger for Turkey’s security. Russia’s aggressive stand on Chechnya, Russia’s intervention on domestic affairs of the new republics of the Caucasus contributed the image of Russia as a security threat in Turkey. However, the Russian Federation and the Soviet Union were not comparable in terms of their impact on world politics and their visions. The Soviet Union was one of the superpower of the bipolar world and it was a broad empire. On the other hand, the Russian Federation has domestic tensions, serious economic problems. This picture changed the character of Turkey’s relations with the successor of the Soviet Union, the Russian Federation. It is the fact that both
regional powers competed for the influence of regional affairs. However, there was also potential for cooperation, particularly in the field of energy. The bases for it emerged before the disintegration of the Soviet Union with the agreement about Turkey’s purchase of Russian natural gas in 1984. According to the agreement, the Soviet Union pledged to provide Turkey with 120 billion cubic meters of natural gas. Part of the revenue was to be used for imports of Turkish goods, of which 35 percent was allocated to Turkish contracting services in the Soviet Union. The agreement entered into force in 1987 and it constituted the basis for economic cooperation between Turkey and the Russian Federation(51).

3. Cooperation in the field of energy transfer: The Blue Stream Project

Turkish foreign policy makers considered Russian Federation as a rival as well as a partner for economic cooperation. Turkey’s domestic demand for natural gas opened an area of cooperation between the two regional powers. Turkey and Russia agreed to build a natural gas pipeline from Russia to Turkey. The agreement was signed on 15th of December 1997, during the Russian Prime Minister Chernomyrdin’s visit to Turkey, to transport 30 billion cubic meters of Russian natural gas from beneath the Black Sea to Turkey by 2007; a project called Blue Stream. According to the project, the Russian Company Gazprom and Italian company ENI would jointly build a pipeline under the Black Sea with a length of about (1213) km to the city Samsun on the Turkish Black Sea. Turkey would build a pipeline from Samsun to Ankara and Turkey was also responsible for building the Ankara distribution center(52). With the Blue Stream project, Turkey would become the second largest importer of Russian gas after Germany(53).

The Blue Stream project had international economic and political implications. This project was considered as a rival project for Trans-Caspian natural gas pipeline (Turkmen gas pipeline) project, which would carry gas from Turkmenistan to Turkey. Therefore, the
Blue Stream project was criticized by the US and Turkmenistan and some circles in Turkey. Sedat Sertoglu, from the daily *Sabah* newspaper, argued that the Blue Stream project would make Turkey completely dependent on Russia for its energy supply. The project would only serve to restore the Russian hegemony in the region and it could have a negative affect on Turkey’s relations with the US and Turkmenistan. Besides, the economic crisis in Russia made the project difficult to realize⁵⁴.

The US administration supported the Turkmen gas pipeline on the condition that the pipeline would not pass through the Iranian territory. The United States claimed that Russia did not have enough financial resources to build the pipeline 2200 meters beneath the Black Sea and that Russia was trying to block the Baku-Ceyhan oil pipeline and Turkmenistan natural gas pipeline projects⁵⁵.

On the other hand, the adviser for Gazprom, Andrew Marshall, confirmed that Gazprom was a multinational company, which had built gas pipelines in Russia long enough to go three times around the Equator and, hence, was capable of building the pipeline beneath the Black Sea. The US government believed that the Blue-Stream project would prevent the realization of the Turkmen gas pipeline. In fact, the American joint company, PSG, which signed an agreement with Turkmenistan to development of the Trans-Caspian gas pipeline project, had the same concerns⁵⁶.

In addition to US criticism, the Blue Stream project created tension between Turkey and Turkmenistan and a crisis within the coalition government in Turkey. During the visit of Turkish Energy Minister, Cumhur Ersumer, to Turkmenistan, the President of Turkmenistan, Sapar Murat Turkmenbasi stated: “Turkey pays 114 US dollars per a cubic meter of natural gas from Russia. Turkmen gas will just cost 70 US dollars and Turkmenistan’s 23 trillion cubic meter reserves are enough to meet Turkey’s need for next 500 years. Turkey does not need the Blue Stream project. Turkey and Turkmenistan are one nation and two states. We have to speed up the Turkmen pipeline project. Russia does not want Turkmen gas to be reaching the world market and the Blue Stream project will only benefit Russia.”⁵⁷
Although Russia had the biggest natural gas reserves in the world, it had difficulty supplying natural gas to Europe since Russia’s economic crisis made it impossible to renew the existing pipeline, which carry natural gas from Siberia to Europe. Russia started to buy gas from Turkmenistan with barter trade or paid for it with roubles and sold it to Europe, Armenia and Ukraine. Sometimes the dispute between Russia and Turkmenistan, about payments, resulted in Turkmenistan’s cutting natural gas to Russia. Turkmenistan wanted to sell its natural gas to Europe via Turkey. In fact, Turkey was itself a very lucrative market for Turkmen gas. Turkmenistan was concerned that the Blue Stream project might prevent the Turkmen gas pipeline to Turkey from being realized. 

The Blue Stream project indicated the differences of opinion within the Turkish official institutions and coalition government about priorities of Turkish foreign policy. However, The Energy Ministry and, to a certain extent, the Foreign Ministry were strong supporters of the Blue Stream project in Turkey. Ex-Energy Minister, Cumhur Ersumer, stated that: “There is no problem in the Blue Stream project. Turkey will buy 56 % of its gas supply from Russia by 2020 and Turkey wants also to buy natural gas from Turkmenistan”.

The Russian sale of natural gas to Turkey can be classified in three periods. The first period covers the time between 1984 and 1992. The second period begins in 1992 and ends in 1997 when the issue of energy to distance itself from political and strategic concerns and become a commercial one. The third and the last begin in 1997 when the Russian Federation decided to develop good relations with Turkey via economic relations. Beginning from 1997, the economic relations between Turkey and the Russian Federation began to have strategic and political aims again.

Since then, the Blue Stream project was considered a good example of the interaction between the "energy" and "regional problems" and "possible solutions" to the appearance of conflicts. In 1997 an agreement signed between Turkey and the Russian Federation for the construction of Blue Stream Pipeline Project and in 1998-1999 there was a mutual understanding between Turkey and
Russian Federation that this Pipeline should be constructed in order to transfer the Russian gas to wide markets, specially to southern Europe and the Middle East\(^{(62)}\).

According the Blue Stream Pipeline Project, 16 million cubic meters of additional Russian gas would be carried to Turkey via a pipeline constructed under the Black Sea\(^{(63)}\). The Blue Stream Pipeline Project is of vital importance since it excludes any other countries of transition and is so important since Turkey offers the most promising route to transition the Russian gas to the West and Israel\(^{(64)}\). Thus, while offering the Russian gas to Turkey, the Russian Federation also guarantees that the Turcoman and the Azeri gas will not be carried to the European Union markets and Turkey's recent choice for the Russian gas would be a real handicap for transportation of the Azeri and the Turcoman gas to the Western markets\(^{(65)}\).

The project has been praised internationally for its technological success, whereas criticized in Turkey as one of the greatest mistakes of the country. The main objection to the project was the increasing dependency of Turkey on the Russian energy resources. Since Turkey provides 70 percent of its gas from the Russian Federation, the new project would result in Russian natural gas monopoly in Turkey and will put the energy security of Turkey into danger. That's why the military circles and many politicians put some reservation and objections about the implications of the agreement on Turkish national security\(^{(66)}\).

The aim was not the Blue Stream Project by itself, but provides Turkey's dependency on the Russian resources as a growing market and demander of oil and gas, and as a bridge for the European markets. In 2002, Turkey was third among twenty European countries, which dependent on the Russian gas. Following the construction of the Blue Stream Project, Turkey became the second country following Germany dependent on Russian resources\(^{(67)}\).

The construction of this pipeline in late 2005, and it was officially inaugurated on 1 December of the same year in Samsun, in the presence of Turkish Prime Minister Recep Tayyip Erdoğan and Russian President Vladimir Putin and Italian Prime Minister Silvio Berlusconi. The total cost of the project about $ (2.4) billion.
"Blue Stream" extends from "Noborcisc" South Russia via the Black Sea to the port of "Samson" in Turkey. Once the pipeline enters Turkish territory, its journey continues from Samson to Ankara along (501) km (about 311 miles). See the form below(69).

**Blue Stream gas pipeline and projected South Stream gas pipeline**

![Map of the Blue Stream gas pipeline and projected South Stream gas pipeline](image)

**CONCLUSION**

This research deals with the development of political, diplomatic and economic relations between Turkey and Russia during

(69) “Blue Stream”, Gazprom. Available at:  

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the first decade of the twenty-first century (2000-2010). This is a very important period in modern history of relations between the two countries. Several factors has contributed in the development of these relations, the most important of these factors is the change of the political system in both countries, and their desire to pursue a flexible foreign policy aimed to improve their political and economic relations, and deepen the prospects their cooperation in the fields and different regions, as well as coordinate their political positions towards a number of issues of common concern.

The mutual official visits between officials of both countries had a great importance to transfer these relations to the level of strategic partnership, which reflected through the bilateral agreements signed between the parties. These official meetings culminated by the visit of Turkish President Abdullah Gül to Moscow in February 2009, resulted on signing the strategic declaration aimed to develop the prospects of cooperation in various fields. The most prominent conclusions can be referred as follows:

1. The development of political relations between Turkey and Russia lead to deepen the political dialogue between the two countries and expand the prospects of cooperation between them closely in various fields, and several regions including the Black Sea, Caucasus, Balkans and Central Asia, and provide support to each other in many international organizations such as the Organization of the Islamic Conference (OTC), World Trade Organization (WTO), and the Organization of the Black Sea Economic Cooperation (BSEC).

2. The visit of Turkish President Abdullah Gül to Moscow strengthened the bases of the Turkish-Russian relations, and established to a strategic understandings, the indicator about that was a remarkable, as Moscow described the agreement of the Joint (Turkish - Russian) Declaration that it is an important strategic document; beginning from the Turkish-Russian understanding about the security of the Black Sea and straits, to the understanding for cooperation in the fields of oil and gas, free trade, to the regional political work.

3. The economic relations between Turkey and Russia, played an important role in the development and improvement the bilateral
relations in other fields. Trade has been an active interface between the two countries, the activities of Turkish construction companies in Russia, the growing number of Russian tourists who prefer Turkey for their holidays, and most importantly the production and transportation of energy resources of Eurasia to Western markets, was at the heart of the economic relations between Turkey and Russia. As economic relations played a vital role in changing the perception that there is a crisis of confidence in Turkish – Russian relations, and relationship was turbulent. On the contrary, the economic relations between the two countries has contributed significantly to the creation of trust and cooperation, and replaced the bilateral relations between Turkey and Russia partnership multidimensional.
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