

Turkey's Energy Strategy in a New Era: Time to Look at South Again

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The developments in Iraq have the potential to fundamentally change the world energy landscape, providing new challenges and opportunities for Turkey, which is located at the crossroads of the oil and gas rich Caspian¹ and Middle East regions and the supply centers of the West. Driven by dynamic (albeit instable) economic growth, fueled by a growing population and the liberalization of the 1980's, Turkey surfaced as a major regional energy consumer during the late 1990's. It is important to remember that Turkish officials were making plans to bring oil supplies to Western markets from Iraq twenty years before they had formulated such a position towards the Caspian. With the next big wave of exploration and investment activity in the Caspian expected to occur in the north (primarily in Kazakhstan) where Turkey is currently marginalized, it is essential that Turkey re-discover Iraq. In the post-Second Gulf War era, the rewards and stakes for Turkey in the energy future of Iraq are much greater.

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¹ This paper uses the term Caspian primarily to refer to Azerbaijan, Kazakhstan and Turkmenistan.

Turkey in the Context of US and European Energy Security

Turkey's role as a key energy transit country in the Post-Soviet era was largely conferred on Ankara by Washington. The very concepts that were used to depict Turkey's newly acknowledged importance such as "Multiple Pipelines" and the "East-West Transportation Corridor" were frequently pronounced by the senior officials in the Clinton administration at keynote speeches in Washington D.C. or at testimonies before the Senate Foreign Relations Committee.

Multiple Pipelines – a number of complementary routes that reduce dependence on any one-export option². The pursuit of this strategy by the U.S. aimed to ensure the spreading of influence and profits among the regional powers, promotion of competition and efficiency, and reduce the risk of supply disruptions to any single area³.

East-West Transportation Corridor – a strategic hydrocarbon export corridor from the Caspian Region to Western markets via Georgia and Turkey. This comprised construction in parallel of the Baku-Tbilisi-Ceyhan (BTC) Oil Pipeline, Baku-Tbilisi-Erzurum Gas Pipeline⁴ and Trans-Caspian Gas Pipeline.

In the past, the notions mentioned above could have been considered primarily within the framework of decreasing the Caspian countries' dependence on Russia, by the construction of additional oil and gas export pipelines that by-passed Russia. However, in the Post-September 11 world in which energy cooperation between the US and Russia has become the new fashion of the day in Washington D.C., it is now imperative to focus on Turkey's role in the context of U.S. energy security policy.

The main pillars of U.S. energy security policy that are relevant for U.S.-Turkish relations can be outlined as follows:

- Reducing Dependence on Persian Gulf Oil Supplies: Today, the U.S. imports over 50% of its oil, compared to 36% at the time of the 1973 oil crisis.⁵ The U.S. has tried to reduce its dependence on Persian Gulf oil supplies by a diversification policy of shifting its imports to the Western hemisphere, North Sea and West Africa. However, the U.S. Energy Information Administration projects this import dependency to rise to 60% by the year 2010, two thirds of which will be supplied from the Persian Gulf. Oil supplies from the Caspian region are expected to have a marginal effect on the Middle East's share of oil exports. Nevertheless, the U.S. will actively continue to push for greater access to Caspian oil supplies, especially through Turkey. The U.S. will also

² Jan H. Kalicki, US Ombudsman for Energy and Commercial Relations with the New Independent States and Counselor to the Department of Commerce, 'US Strategy in the Caspian: A Solution to the Caspian Puzzle', before the conference Caspian Pipelines: The Key to the New Oil Rush, Washington D.C., 19 November 1997.

³ US Department of State, Caspian Energy Development Report (Washington D.C.: The Department of State, 1997), p.4.

⁴ Also referred to as the South Caucasus Pipeline.

⁵ Testimony of Daniel Yergin, Chairman CERA, before the US Senate Foreign Relations Committee, 8 April 2003.

try to ensure that a portion of future Iraqi oil supplies access world markets via the Mediterranean and Red Sea.

- **Preventing Supply Disruptions:** As the recent events in Venezuela and Nigeria have demonstrated, the principal security concern is not a global physical shortage in oil supplies, but a crisis in any area that can disrupt supplies and cause economic distortion.⁶ The principal way of limiting the effect of such disruptions is by increasing the number of energy suppliers, including those from the Caspian region. Transit countries with a good track record of security and reliability, such as Turkey, are, of course, vitally important in this respect.
- **Surplus Capacity:** The availability of spare production capacity among certain oil suppliers, most notably Saudi Arabia, has in the past served to cushion the effects of oil supply disruptions elsewhere. In the last twenty years, surplus capacity has deteriorated rapidly, decreasing from 25% in 1985 and 8% in 1990 to around 2% of global demand in 2001.⁷ Iraq could emerge as a quasi-surplus supplier in the next decade, with a portion of its production accessing world markets via Turkey.

As in many other instances, Brussels discovered Turkey's role as a key energy transit country, long after such a vision was first transcribed in Washington. The Green Paper, titled "Towards a European Strategy for the Security of Energy Supply," adopted by the European Commission in November 2000 states that "particular attention should be given to transit states such as Turkey in the context of transport routes that will be necessary for the full exploitation of the resources of the Caspian Sea."⁸ The Green Paper also emphasizes that "the construction of new oil and gas pipelines will make it possible to import oil and gas from the Caspian Sea basin and the southern Mediterranean, thereby improving security of supply by diversifying geographic sources of supply."

The EU's strong interest in strengthening new supply networks should be assessed based on the following realities facing the Union as outlined in the Green Paper:

- The EU currently imports 50% of its energy requirements (compared to 24% in the U.S.), 76% of its oil demand, and 40% of its natural gas consumption.
- Overall energy dependence of the EU could reach 70% within 20 to 30 years. In the case of oil, dependence could reach 90%, for gas 70%.
- In 2020 OPEC is expected to supply 50% of the EU's oil needs.
- Geographical diversification of the EU's gas supplies is desirable as long as 41% of imports are from Russia and almost 30% from Algeria.
- Enlargement will only serve to reinforce EU's energy dependence.

⁶ Martin, William F., Rukichi Imai and Helga Stegg. (1996) *Maintaining Energy Security in a Global Context: A Report to the Trilateral Commission*. New York: The Trilateral Commission, p.10.

⁷ *Strategic Energy Policy Challenges for the 21st Century: A Report of an Independent Task Force* Sponsored by the James A. Baker III Institute for Public Policy of Rice University and the Council on Foreign Relations, 2001.

⁸ Green Paper: *Towards a European Strategy for the Security of Energy Supply*, European Commission, 29 November 2000, available at <http://europa.eu.int>.

Driven by a need to reduce the potential gas surplus in Turkey and the desire to serve as a transit country for gas supplies from the Caspian and Middle East to Europe, BOTAS has embarked on developing various schemes, including the construction of an Interconnector with Greece and a pipeline to Austria via the Balkans. These are encouraging steps pursued in co-operation with the national gas companies in the region. However, even if the pilot projects prove to be successful, in the long term, delivery of substantial volumes of gas supplies to Europe from the Caspian and Middle East via Turkey will ultimately depend on the competitiveness of such options, especially vis-à-vis Russian supplies. Security of supply may be on the agenda of bureaucrats and policy makers in Brussels, but price will continue to be the prime factor for the European consumer. On the other hand, it is important to realize that success in such export schemes will act as a catalyst for more major ones, since markets become more readily available once the infrastructure is in place.

Turkey's Caspian Quest: Success, Failure and Tragedy

Turkey has achieved a limited level of success in its endeavors in the development of the oil and gas resources of the Caspian. Turkey's position as a key transit country and investor in various upstream and midstream projects differs greatly among the three countries of the region: Azerbaijan, Kazakhstan and Turkmenistan. One could briefly summarize the outcome of Turkey's activities in the different countries of the region between the years 1992 and 2002 as follows:

- Success in the South Caspian – Azerbaijan
- Failure in the North Caspian - Kazakhstan
- Tragedy in the East Caspian - Turkmenistan

Strikingly, as Turkey's accomplishments have been concentrated south of the Caspian, in Azerbaijan, the center of gravity for the Caspian upstream has shifted decisively towards the north of the Caspian, to Kazakhstan.⁹ Recent exploration activity in the Azeri offshore has largely resulted in disappointment, with most prospects being abandoned. The next big wave of exploration and investment activity in the region will encompass mainly the oil and gas fields in the Kazakh offshore drilling region – such as the giant Kashagan field. Russia, with its geographical proximity to the northern Caspian, has a competitive advantage as the principal transit country for oil and gas exports from this new frontier. Turkey has skillfully managed to ride the initial wave of activity in the Caspian, which includes the development of the ACG and Shah Deniz fields, and the implementation of the BTC and South Caucasus Pipelines. However, there is a big question mark as to whether Turkey will be able to catch the next big wave in the Caspian.

⁹ Ruseckas, Laurent, Katherine Hardine, Robin S. Bhatta and Terry Adams, 'Will the Caspian Stay on Track as Investment Accelerates?' CERA Caspian Energy Watch, Spring 2002, p.6.

Table 1 – Caspian Oil Reserves / Investment

Caspian Oil Reserves (billions of barrels)			Caspian Region Upstream Investment, 2002-2006 (billions of US\$)
	Proven, recoverable	Yet-to-find	
Azerbaijan	7.0	1.4 - 5.2	6.90
Kazakhstan	12.0	13.0 - 73.5	12.90
Turkmenistan	1.5	0 - 1.5	0.85

Source: CERA

Success in the South Caspian

Given the previous lack of overseas petroleum experience (especially on a world-class scale) and capital constraints, the Turkish experience in Azerbaijan since 1992 can be characterized as a success despite the obvious shortcomings. TPAO is a participant in two flagship Azeri upstream projects – ACG and Shah Deniz. Today, the BTC Pipeline project is moving firmly forward and is at a more advanced stage than any of its competitors, which are not yet under construction. The first delivery of oil to the Ceyhan Terminal is scheduled for 2005. In March 2003, the partners of the Shah Deniz project sanctioned upstream development and pipeline construction. Provided there is not a sudden shift in U.S. interests or severe political turmoil in the region, at least two components of the East-West Energy Corridor are set to become a reality in the not so distant future.

Turkey will receive certain economic and strategic benefits for its participation at each stage in the process that enables Azeri oil and gas production to access markets:

- As an Investor in the Upstream: TPAO has a 6.75% stake in Azerbaijan International Operating Company (AIOC), which is developing the ACG fields, and a 9% stake in the Shah Deniz consortium. Both developments are governed by Production Sharing Agreements, which typically allow companies to recover all development costs through hydrocarbon production and share a certain portion of the profit with the host state according to a defined formula. TPAO will receive a certain return on its equity investment in both projects. TPAO's interest in AIOC alone could currently be worth around US\$900 million.¹⁰

Table 2 – Major Azeri Upstream Projects

Project	Reserves	Phase 1 Development Cost	TPAO Ownership
AIOC	5.4 billion bbl	US\$ 3.4 billion	6.75%
Shah Deniz	625 bcm of gas 0.8 billion bbl of condensate	US\$ 2.3 billion	9.00%

Source: BP, Petroleum Economist

¹⁰ On the 28th of April 2003, Lukoil JSC issued a press release announcing it had concluded the sale of its 10% stake in AIOC to an affiliate of INPEX Corporation and JNOC for an amount of US\$1.354 billion in cash (www.lukoil.com).

- As Investor in the Midstream: TPAO has 6.53% stake in BTC Co., the company that owns the BTC Pipeline, and is likely to have a stake in South Caucasus Pipeline Company, the company that will develop the South Caucasus Pipeline (SCP). Investors in pipeline projects generally receive a certain return on their equity investment through a tariff mechanism. Pipeline companies charge tariffs to Shippers in the upstream in order to cover basic cost elements associated with providing a transportation service (i.e. operating costs, debt service) and to generate return on equity.

Table 3 – Azeri Export Projects

Project	Capacity	Length	Project Cost	TPAO Ownership
BTC Pipeline	1 million bbl	1,758 km	US\$ 2.95 billion	6.75%
South Caucasus Pipeline	8-16 bcm	690 km	US\$ 0.90 billion	Tbd

Source: BP, Petroleum Economist

- As Transit Country: Under the Host Government Agreement signed between Turkey and the participants in the BTC Pipeline in October 2000, Turkey will receive transit fees amounting to around US\$100 million.¹¹ The BTC Pipeline will also provide an alternative to oil shipments via the Turkish Straits, helping to reduce the risks of accidents and environmental pollution.
- As Consumer Country: The realization of the BTC Project will provide Turkey with a potential source of crude oil, during a period when Turkey's import dependency is expected to increase due to reduction in domestic production. In March 2001, BOTAS and Azerbaijan concluded a 15-year gas sales contract under which Turkey will start purchasing 2 bcma of gas in 2005, reaching a plateau level of 6.6 bcma in 2007. Azeri gas supplies will help to reduce Turkey's dependence on imports from Russia. Furthermore, the gas sales contract with Turkey serves as the main source of revenue for the development of Azerbaijan's gas resources (primarily the Shah Deniz field) and provides the foundation for potential Azeri gas exports to Europe in the long term.

Turkish construction companies are also among the main beneficiaries from the development of such projects. Tepe, Alarko and Limak have secured contracts with BOTAS for the construction of the BTC pipeline. In October 2000, the participants in the BTC Pipeline concluded a Turnkey Agreement with BOTAS for the construction of the Turkish section of the BTC Pipeline. Under this Lump Sum Fixed Price Contract, BOTAS commits itself to commission the Turkish section of the pipeline in 52 months and is liable for delay, performance and cost overruns.¹² However, BOTAS' payment obligations are backed by an approximately US\$400 million guarantee by the Turkish Treasury. Thus, there are possible cost implications for the Turkish taxpayer.

¹¹ 'Reviewing Caspian Oil Export Routes: Russia, Iran and Turkey', CSIS Turkey Project Event, Washington D.C., November 6, 2001. Summary of remarks available at www.csis.org.

¹² Muratoglu, Reha Aykul. 'Trilateral Agreements: Baku-Tiblisi-Ceyhan Pipeline Case Study', Conference on Natural Gas Transit and Storage in South East Europe, Istanbul, June 2002.

Failure in the North Caspian

Turkey has missed out on the oil and gas boom in Kazakhstan, and is hardly present at any stage of the Kazakh oil and gas production chain. TPAO is not a participant in the three flagship Kazakh upstream projects – Tengiz, Karachaganak and Kashagan. TPAO's interests in Kazakhstan are minuscule compared not only to the activities of the majors but even against entities from Oman and China. TPAO conducts its activities in Kazakhstan through its associated company Kazakturkmunay, which has two licenses covering an area of more than 2000 km², and produces around 4,000 barrels of oil per day.¹³

Table 4 – Major Kazakh Upstream Projects

Project	Reserves	Production (2002)	Project Partners
Tengiz	6-9 billion bbl	285,000 bpd	Chevron Texaco (50%), ExxonMobil (25%), Kazmunaigaz (20%), LukArco (5%)
Karachaganak	2.3 billion bbl 450 Bcm	99,000 bpd	ENI (32.5%), BG (32.5%), ChevronTexaco (20%), Lukoil (15%)
Kashagan	7-9 billion bbl	-	ENI, ExxonMobil, Total, Shell each with 20.37%, ConocoPhillips (10.19%), INPEX (8.33%).

Source: EIA, ChevronTexaco

Russia, with its geographical proximity and existing infrastructure connections to Kazakhstan, has continued to serve as the primary transit country for Kazakh oil and gas exports. At the end of November 2001, the 900 miles CPC Pipeline stretching from the Tengiz field to the Russian Black Sea port of Novorossisk commenced operations. The pipeline has an initial capacity of 600,000 barrels per day, and with upgrades could ultimately reach a full capacity of 1.5 million barrels per day.¹⁴ The CPC Pipeline will serve as the main export route for production from the Tengiz and Karachaganak fields. Furthermore, in 2002, KazRosGaz (joint venture between Kazmunaigaz and Gazprom) started to market Kazakh gas to European consumers through the existing Russian gas transportation system.

The only encouraging development for Turkey is the recent partnership between BTC Co. and such majors as ENI, Total and PhilipsConoco, all of whom are substantial participants in the Kazakh upstream (especially in Kashagan) with little or no interest in the Azeri upstream, almost certainly with the intention of shipping a portion of their future Kazak oil production through the BTC Pipeline. Yet, this should be

¹³ TPAO International Operations summary available at www.tpao.gov.tr.

¹⁴ ChevronTexaco Press Releases, "ChevronTexaco and its partners celebrate the opening of the Caspian Pipeline," November 27, 2001 and "Chevron Announces the Approval of the Caspian Pipeline Consortium Budget for 2000," November 2, 1999 available at www.chevrontexaco.com.

regarded mostly as a fallout of Turkey's successes in Azerbaijan, rather than the result of an active and co-coordinated policy towards Kazakhstan. Also, a radical improvement in U.S.-Iranian relations could jeopardize Turkey's future position. Iran is well poised to serve as a major transit country for Kazakh oil exports. Total has already conducted a feasibility study for the construction of an oil pipeline from the Kazakh oil fields to Iran via Turkmenistan.¹⁵

Tragedy in the East Caspian

Turkey is missing from all stages of the Turkmen oil and gas chain. However, this absence is not unique to Turkish interests. Due to the poor investment climate and export capacity constraints, even the majors such as Shell and ExxonMobil have closed their operations in this country over the course of the past year.

In the late 1990's there was great hope that Turkey would emerge as a key market and transit country for Turkmen gas exports. This prospect even paved the way for the creation of Turkey's first private sector gas marketing venture between Unocal and the Koc Group¹⁶. This vision was solidified in May 1999 with the signing of a natural gas sale and purchase agreement between BOTAS and Turkmenistan calling for 16 bcma of gas supplies by 2010. Yet, the developers of this project saw their schemes come to naught with the discovery of gas in the Azeri offshore, which overnight transformed Azerbaijan from a transit country to a competing gas exporter, subsequently preventing Turkmen access to the Turkish gas market.

The conclusion of a long-term gas agreement between Russia and Turkmenistan in April 2003 has re-confirmed Russia's desire to continue to serve as the key transit country for Turkmen gas exports. Additionally, with the completion of various internal pipeline projects, Iran will gradually play a greater role as an outlet for Turkmen oil.

Re-Discovering Iraq

Historically, Turks are no strangers to Iraq. Yet, any Middle East expert following the Turkish media during the course of the Second Gulf War would have been astonishingly disappointed at the superficial nature of the analysis and commentary provided by the Turkish foreign policy elite. The fact that the Turkish establishment has produced, for decades, an over abundance of European affairs specialists, at the expense of vital strategic and economic interests elsewhere, including just next door, is something that future generations of Turks may rue. Therefore, it is no surprise that the latest discussions on Turkey's role in the energy future of Iraq have often been ignored or lost in the haze of the past, without a clear agenda for the impending opportunities.

¹⁵ Buchan, David. 'French Oil Group Agrees to Study Iran Pipeline Plan', Financial Times, May 28, 2001.

¹⁶ Turkish Daily News, September 15, 1998.

Iraq's much-awaited re-birth to prominence in the global energy industry can be summarized in the context of the following facts outlined by recent studies:¹⁷

- Iraq holds more than 111 billion barrels of oil – the world's second largest reserves.
- Iraq supplies about 2% of the world's oil. This could rise to 4% in 3 years, and to 6%-7% over a 5-10 year period. In contrast, Saudi Arabia today produces 10% of the world's oil.
- There are 526 structures that have been discovered, delineated, mapped, recorded, and classified as potential prospects, but only 125 have been drilled, about a mere 20% of the total prospects discovered so far. Only 17 of the 80 discovered fields have been developed so far.
- Current Iraqi oil production capacity is 2.8 million barrels per day (assuming no legal restrictions for exports). It will take Iraq between 18 months and 3 years, to return to its pre-1990 production level of 3.5 million bpd at a cost of US\$3 billion.
- Iraq's plans in the early 1990's were to raise production and export capacity to around 6 million bpd. This target can be attained by 2010. This would require US\$ 30 – 40 billion of dollars in investment.
- The costs of repairing existing oil export installations alone is estimated to be US\$5 billion

Iraqi oil production is concentrated in 2 geographic areas: in the north of Iraq around Kirkuk (~700,000 bpd) and in the South around Rumalia (~1.25 million bpd). In 1975, Iraq constructed a reversible 1.4 million bpd "Strategic Pipeline" (North-South System) allowing for exports of Kirkuk crude from the Persian Gulf and for Southern Rumalia crudes to be shipped through Turkey.¹⁸ There are currently conflicting reports on whether this pipeline has been refurbished following damages sustained during the first Gulf War. If repairs have not been made, then in the short term, supplies from Kirkuk can only be shipped via Turkey.

Table 5 – Iraqi Pipeline Export Capacity (1000 bpd)

	1990	2002 (available)	2003 (possible)
Turkey	1650	900	900+
Saudi Arabia	1600	-	-
Gulf Terminals	2400	1300	1300+
Total	5250	2200	~3000

Source: EIA

¹⁷ Djerjian, Edward and Frank Wisner. 'Guiding Principles for U.S. Post-Conflict Policy in Iraq', Report of an Independent Working Group Cosponsored by the Council on Foreign Relations and James A. Baker III Institute for Public Policy of Rice University; Ismail Al-Chalabi, 'Iraqi Oil Policy: Present and Future Perspectives', Oil & Gas Journal, March 11, 2003; Valerie Marcel, 'The Future of Oil in Iraq: Scenarios and Implications', Royal Institute of International Affairs: Briefing Paper, December, 2002.

¹⁸ Energy Information Agency, "Iraq Country Analysis Brief," www.eia.doe.gov, February 2003.

The Iraq-Turkey Crude Oil Pipeline System was commissioned in 1976 to transport oil produced primarily in the Kirkuk area to the Ceyhan Marine Terminal. Thanks to expansion projects and the completion of a second line in the 1980's, the system had a capacity of 1.65 million bpd before the First Gulf War. Current export capacity via Turkey is limited to around 900,000 bpd. Repairs of pumping and metering stations in Iraq must be completed in order to increase Iraq's exports through Turkey to their pre-1990 capacity.

As of today, oil production from Kirkuk can be primarily monetized by sales to world markets through Turkey. Given current export capacity constraints and the need for significant investments, in the near future, the Iraq-Turkey Crude Oil Pipeline System will continue to serve as a major route for Iraqi oil exports, helping to generate a substantial portion of the revenues that will be used for the reconstruction of Iraq. It is critical to make the necessary repairs for the pipeline to Ceyhan to reach its design capacity and to ensure the security of the pipeline. Reliable operation of the pipeline will enable Turkey to continue to receive transit fees.

Contrary to the expectations of some skeptics, in the midterm TPAO and other prime Turkish companies will almost certainly have an opportunity to participate in investment opportunities in the Iraqi upstream. TPAO has in the past been involved in discussions regarding the development of the Gharaf oil field. TPAO has a good track record of working with major oil companies in the context of the ACG and Shah Deniz projects in Azerbaijan. Where possible, TPAO should try to further develop its relationship with the major oil companies and establish itself as an active partner in the development of the major oil and gas fields in Iraq.

In Iraq, Turkey should perhaps consider adopting the Japanese approach for overseas oil and gas investments. INPEX Corporation owned by the Japanese National Oil Company, Japan Petroleum Exploration, and large Japanese groups (including Mitsubishi Corporation, Marubeni Corporation and Sumitomo Corporation) currently have considerable investments in large-scale oil and gas projects around the world. INPEX is also the key player representing the interests of Japan in the Caspian Region, as a participant in the Kashagan and BTC Pipeline projects. Such overseas investments conducted jointly by the Japanese state and private companies not only add to Japan's supply security, but also provide the major Japanese companies opportunities to supply and finance equipment and construction material sales.¹⁹ TPAO and prime Turkish groups (i.e. Koc, OYAK, TEKFEN) should carefully study this model for pursuing prospects in the Iraqi oil and gas sector as a way of overcoming capital and technical constraints.

Turkey also has the opportunity to establish itself as a consumer and transit country for Iraqi gas exports. According to the EIA, Iraq has proven gas reserves of around 3 Tcm (with another 4 Tcm in probable reserves), 70% of which is associate gas, largely around the Kirkuk field in the north.²⁰ Due to the generally low cost of production in Iraq and the shorter transportation distance, Iraqi gas could emerge as an attractive source of gas for Turkey. TPAO, BOTAS and TEKFEN have been pursuing this option since the mid-1990's. Furthermore, if economically viable, in the

¹⁹ Calder, Kent E. 'Japan's Energy Angst and the Caspian Great Game', NBR Analysis, March 2001.

²⁰ Energy Information Agency, 'Iraq Country Analysis Brief', www.eia.doe.gov, February 2003.

long term Iraq could also export gas to Europe via Turkey. This would not only help to enhance European energy security, but also provide the EU with an important economic co-operation prospect with Iraq. Such a scheme would provide Turkey with additional economic benefits through transit fees, as well as adding to Turkey's role in the European energy equation.

In a recent much acclaimed book written by the well-known Turkish journalist Hasan Cemal, the former Turkish President Suleyman Demirel attributes Saddam Hussein's blessing for the construction of the Iraq-Turkey Crude Oil Pipeline System, to the imperial treatment provided to an 106 person Iraqi delegation during the Iraqi President's visit to Istanbul in 1975.²¹ Such a showcase might have been sufficient to lure a tyrant of the past. However, in the new wild west of Iraq, Turkish officials and investors alike will need to do much more than just throw a great party to ensure that Turkey plays a mutually beneficial role in the energy future of Iraq.

²¹ Cemal, Hasan. (2003) Kurtler. Istanbul: Dogan Kitap, p.121.

She has come again, to push our faces to the turkey giblets, and make us see and tell of the desires we hold - desires for games in 2021. Unbidden, the words come to us, and we must describe our most anticipated titles for the year ahead. What will it be today, dread Horaszda's? It's a brilliant and beautiful idea, and I can't believe this is the first time I've seen it in action in a 4X game. It's still played on hex tiles with distinct eras to pass through, and giant men wandering about the landscape, but beyond this basic pack of common denominators, there's a lot to differentiate Humankind from its rival. Turkey's economy and regional influence is growing - and fast. But what is Turkey's future from a Geopolitical Perspective? Due to Friedman's role as a "strategic consultant", these insights are of great significance, since there is every likelihood that he is on the same wavelength as Washington diplomats. We begin in the backyard | Turkey and the Muslim World. The Muslim World has long been a "fault line", that is, in the same way as with geology, where friction builds up is likely to cause an earthquake. Throughout history, Turkey has been the dominant power of the Muslim world. Leaving Indonesia and Pakistan aside, there are three major countries with large muslim populations: Egypt, Iran and Turkey. Chapter 5 Governance and partnerships for a new era A new global view of public goods Better representation for the South Global civil society Towards coherent pluralism Responsible sovereignty New institutions, new mechanisms Conclusions: partners in a new era. viii | Human Development Report 2013. iv Notes vi References. 125 131. 1 Statistical annex 11 Readers guide. 140. Key to HDI countries and ranks, 2012.