

## RELATIONS BETWEEN GUAM AND TURKEY

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Although more than sixteen years have passed since the end of the bipolar system, it is still hard to anticipate and define the fundamental features of the international system that has formed as a result of the developments under consideration. Both the critics and those who have no serious problem with the issue are talking about the current system, but they have been unable to reach a mutual agreement either among or between themselves. On the other hand, a broad definition of today's international system can be made and some approximate assessment of it given.

First of all, it does not seem likely and/or easy to examine the structure of the international system solely in terms of its military-strategic, political, and economic aspects as was possible in the era of the bipolar system. The current international system can be described as a structure in which hierarchical and multipolar relations are connected and function together.

Even though these levels are not isolated, but function together, and affect the foreign policies of the governments existing alongside one another in the real international system, this kind of abstraction enables us to know some features of the system well. On the other hand, the existing international system is a sub-system dominant. In the bipolar system, particularly under those condition when the polarity of the system was strong, the factors that affect and determine the unity of the international system were also the most important inputs of the sub-systems in it. In other words, the sub-systems did not have much opportunity to be autonomous of the main system. But it is not the same in the current system, which is undergoing changes. Today in most sub-systems we can observe the features of the classical power-balance system only when the international system is autonomous of the above-mentioned hierarchical/multipolar-oriented structure.

### **New Turkish Foreign Policy after the U.S.S.R.**

It is commonly believed that the foreign policy of states depends on certain fundamental principles and essentials and these fundamental principles have continuity due to geopolitical location, historical events, and national character/culture. Although Turkey technically has three neighbors in the Caucasus, Russia must also be considered "one of its neighbors which has no direct borders with Turkey." The rivalry between the big neighbor in the north, Russia, which inherited its current position from the former U.S.S.R., which was Turkey's rival in both political/ideological and military/

historical terms, and Turkey has now become more military/strategic in nature. But here more attention should be given to the fact that the West does not support Turkey as unequivocally today as it did when Russia was the “U.S.S.R.” (it was even the Russian Empire for the most part).<sup>1</sup>

The Russian policy of the U.S. and the EU has been fluctuating since 1991. Nevertheless, their policy can be explained by the fact that they want to politically and economically integrate the areas on the western borders of Russia, which used to be under Russian control, into the West and make these areas economically suitable for the West without posing any clear threat to Russia’s political/military patronage over Central Asia. So it stands to reason that Turkey is not enjoying the same amount of support today that the West gave it in the past because of the security threats related to Russia.

The biggest problem in the area is the clash between the Azerbaijanis and Armenians in Nagorno-Karabakh, which started before the collapse of the U.S.S.R. The balance in the area has been shaped by Turkey’s support of Azerbaijan and Russia’s support of Armenia. As one of the actors in the area, Iran openly backed Armenia in the beginning, while toward the end it displayed a more balanced attitude toward the issue.

Turkey, Russia, and Iran are the most salient regional actors in the area outside of Georgia, Azerbaijan, and Armenia located in the region. Russia and Iran share similar ideas about most of the issues concerning the region—the status of the Caspian being a case in point. The U.S. encouraged the Baku-Ceyhan pipeline project, thereby intervening in the politics of the region on the side of Turkey.<sup>2</sup> Later America strived to neutralize some of the radical Islamists in the region and to balance Russia’s influence there by increasing its power in Georgia, with which Turkey has good relations as well as the others. Hence, groups have been forming in the region consisting of Turkey, Azerbaijan, Georgia, and the U.S., on the one hand, and Russia, Iran, and Armenia, on the other. The biggest problem of Turkey’s foreign policy in this region, based on these groups, is Turkish-Armenian affairs. This problem has two aspects: the Karabakh question and Armenia’s claims on Turkey.

## What is the Role of GUAM?

Since the disintegration of the U.S.S.R., both large and small states have been trying to play a role on international arena, which has brought new troubles with it. Firstly, almost all of these newly-established states have become an enemy of the states that are dynamic powers in the region. Secondly, they all also have enmity toward each other, the roots of which go back into the past. Thirdly, since these states are newly established, they have both political and economic problems which handicap domestic order along with stability. All these problems and the matters concerning how these states can be guaranteed have joined into one. This is very important because the mentioned problems hinder regional job opportunities and peace, which relates to Turkey most of all. As we know, Turkey is located near areas where certain changes and developments have been occurring: the Balkans, the Caucasus, and Central Asia.<sup>3</sup>

<sup>1</sup> See: O.N. Özalp, *Turkish Foreign Policy in Central Asia (1990-2007)*, Heidelberg, 2007.

<sup>2</sup> See: K. Kasim, “The Transportation of Caspian Oil and Regional Stability,” *Journal of Southern Europe and the Balkans*, Vol. 4, No. 1, 2002, pp. 36-45.

<sup>3</sup> See: S.E. Cornell, “Geopolitics and Strategic Alignments,” *Perceptions. Journal of International Affairs*, Vol. IV, No. 2, June-August 1999, available at [<http://www.sam.gov.tr/perceptions/Volume4/June-August1999/cornell.pdf>].

After the disintegration of the U.S.S.R. in 1991, the old members of the single bloc formed new alliances, organizations, and unions. The most important of all of these is, of course, the CIS, the Commonwealth of Independent States. The CIS is still alive; however, it plays no role in any area. Another regional union that was established after the disintegration is called GUAM. It was founded by the heads of Georgia, Ukraine, Azerbaijan, and Moldova in Strasbourg in 1997. When Uzbekistan joined the union two years later, it became a group of five. And its name was changed to GUUAM consisting of the first letters of the names of these states. Later Uzbekistan left the group when it agreed separately on natural gas with Russia. So the union is once more called GUAM.

When it was first established, its aim was to preserve the sovereignty and independence of the members against Russia by strengthening political, economic and security relations and borders. Moreover, it paid special attention to energy security and, having strong relations in this issue, this has become one of its founding aims. Briefly, GUAM was the first union in history to be formed against Russia. Turkey took advantage of this circumstance and signed important projects with the member states, together with the U.S., by enlarging its foreign trade capacity.

The Russian president said that the Commonwealth of Independent States established as a result of the disintegration of the old Soviet republics is being threatened with losing its influence in the region these days due to civil revolutions and the emergence of GUAM on the international scene. Russia follows a policy of disciplining and punishing the disobedient regimes. Hence, Russia is trying to weaken the economy of Moldova, Georgia, and Ukraine, which are becoming close to the West, by imposing an embargo on foodstuff import and raising natural gas prices. The recent Russia-Georgia crisis obviously shows us that Russia is pursuing a policy that opposes the pro-Western Saakashvili government. Russia reacted more harshly toward Georgia than was expected, because the latter arrested some Russian army officers on the charge of espionage. On the basis of this pretext, Russia carried out its own strategy. Russia is also trying to maintain control over the developments in Ukraine after the Orange Revolution.<sup>4</sup> For that reason, in winter 2006 Russia sometimes interrupted the flow of natural gas, thereby preventing Ukraine from having Western support. Furthermore, during the elections in Ukraine, Russia saw to it that pro-Russian Yanukovich's party won and the advocates of the Orange Revolution were in the minority.

## Formation of GUAM and Turkey

It is worth noting here that at the beginning of the 1990s, when the Cold War ended, it is assumed that although Turkey's strategic salience would diminish after the disintegration of the Soviet Union, Turkey would regain its importance in another area after the emergence of the new states in Central Asia, particularly those that were originally Turkish. First of all, it cannot be denied that Turkey has a very important geographic advantage. Turkey's affairs with the former U.S.S.R., which always had great value for Turkey in terms of economic and trade policy, acquired importance when the Russian Federation was established in 1992, which was a very important prerequisite for bringing political and economic stability to the region.<sup>5</sup>

<sup>4</sup> See: A.W. Sagorskij, "'Reintegration' oder 'Geostrategischer Pluralismus'? Die GUS im Spannungsfeld zwischen Rußland und dem Westen," in: *Rußland und der Westen. Von der "strategischen Partnerschaft" zur "Strategie der Partnerschaft,"* Hg. v. Hans-Joachim Spanger (Studien der Hessischen Stiftung Friedens- und Konfliktforschung 29), Frankfurt am Main, New York, 1998, S. 215.

<sup>5</sup> See: S. Genç, *Das neue "Great game" in Zentralasien um das Erdöl: Eine Region im Fadenkreuz der internationalen Interessen*, Dissertation zur Erlangung des Doktorgrades. Heidelberg, 2006. S. 169.



With the end of the Cold War, the emergence of new independent states in the former Soviet expanse opened up both cultural and economical opportunities for Turkey in Eurasia. Turkey has strategic plans, especially with respect to the region that borders on the Caucasus and the Black Sea. Turkey aimed in this way to create stronger integration with these areas and revitalize their economies, especially by means of numerous projects involving Georgia, Ukraine, Moldova, and Azerbaijan (GUAM).

All these countries wanted to maintain their full independence after the disintegration of the Soviet Union. Russia, which wanted to gather the states in the neighborhood under the roof of the Commonwealth of Independent States in order not to lose its former authority in the region, used various tricks in its relations with Ukraine, Moldova, Georgia, and Azerbaijan. Even though Russia managed to attract them into the CIS, it cannot prevent these states from behaving more independently during the developments. Only Azerbaijan among the four founder states of GUAM has so far avoided open opposition with Russia and remained neutral. Today we have two poles within the CIS: pro-Russian and pro-Western. With its pro-Western policy GUAM is also of great interest to Turkish foreign policy.

Democracy and a free market economy have not taken root in the Caucasus and Central Asia yet. For this reason, Turkey, which is one of the successful states in the region and is presented as a model, wants to make progress by using its historical and cultural bonds with the region. In the beginning, progress, which now goes by "strategic cooperation," was called fraternity. But Turkey does not consider the region just a financial benefit, its striving for progress here includes both economic and political components.

The end of the Cold War led to Turkey, which has the longest coastal line, regarding the region as a bridge between East and North Europe and between the Caucasus and Central Asia. Consequently, Turkey has changed its view of the region. After being rivals with each other in the Black Sea for centuries, Turkish-Russian affairs hit the doldrums during the Cold War. Nonetheless, this rivalry flared up again due to GUAM's efforts to exert its influence on the region after the disintegration of the U.S.S.R. Turkey's GUAM policy after the disintegration was aimed at supporting the independence and territorial integrity of those states.

Turkey has been striving to revitalize the Black Sea Economic Cooperation Organization that was established in 1992 by Turkey in order not to lose its influence on the region and have closer relations with GUAM.<sup>6</sup> The Black Sea Economic Cooperation Organization was established as a multilateral economic and political model to promote cooperation and harmony among the member states and improve neighborhood relations by supporting peace, stability, and prosperity in the Black Sea region. However, there is doubt that the organization has succeeded in achieving these goals in the past 15 years. Turkey, from this point of view, supports the policy of GUAM, which came together to escape from Moscow's influence.<sup>7</sup> GUAM, which has existed since 1997 but seems to have forgotten why it exists and has done nothing serious, is now beginning to be active again as a result of velvet periods unique to the target region. It is thought that this revitalization will show its first and significant signs in the energy field, since the direction of the Odessa-Brody pipeline, which Turkey is very interested in too, has become a current issue in the framework of these new attempts and may be seen as an indication of the neighborhood states' inclination to sign strategic and cooperation projects.

After acting indecisively during the establishment process, GUAM changed its aims and functions, especially after the Rose Revolution and the Orange Revolution. It is very possible that GUAM will begin taking steps in accordance with the founding agreement and start to carry out various significant activities, since it strives to be more functional, to judge by the recent indications. GUAM is an organization that determines the development of democracy in the region after the Soviet Union; therefore, many GUAM governments have close relations with Turkey, which is a "model state" for the GUAM countries with its various achievements.

## Turkish-Georgian Relations

Turkey was the first state to recognize Georgia's independence. After Georgia gained its independence, Turkish-Georgian relations expanded to include military cooperation as well. Developing in every field, relations between Turkey and Georgia, particularly in cooperation in economic, political, and military areas, became an example for other states. Both states, which have mutual agreements in politics, would also like to reach agreements on regional security and peace. Georgia defines Turkey as a strategic ally and a sound and trustworthy state on which it can rely for protection, since it saw the extremely positive role Turkey played during its hard times. Similarly, Turkey wants to see its neighbor, Georgia, toward which it has close and friendly feelings, a strong and stable nation, as

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<sup>6</sup> See: T. Aybak, *Introduction, Politics of the Black Sea: Dynamics of Cooperation and Conflict*, ed. by T. Aybak, Tauris, New York, 2001.

<sup>7</sup> See: S. Genç, *op. cit.*, S. 179.

well as a guarantor of regional peace. In other words, a strong and stable Georgia in a problematic area like the Caucasus means, for Turkey, the maintenance of regional peace.<sup>8</sup>

Likewise, President Mikhail Saakashvili declared that Georgia, which occupies a very strategic position on the way from Turkey to the Caucasus and Central Asia, is paying attention to relations with Turkey, since it sees Turkey's success and integration into Europe as its own achievement as well. Georgia's friendly approach toward Turkey is clearly reciprocal, since the Turkish authorities often declare that the protection of Georgia's sovereignty and territorial integrity and the resolution of all matters in the framework of this fundamental approach are among the priorities of Turkish foreign policy.

As a strategic member of NATO, Turkey wants to have a strategic role in achieving stability in the Caucasus and is rendering Georgia broad support, including training, equipment, and financial assistance to help Georgia's army reach NATO standards. In south Georgia, the Marneuli Military Airport was able to reach NATO standards with the help of the Turkish Armed Forces and so constitutes one of the recent targets of Turkey's support of Georgia.

During the same period, Turkey allotted 7 million 515 thousand dollars to the Georgian Air Forces. Turkey's training support to the Georgian Armed Forces and the opening of Georgia Müşterek Harp School (Joint War School) in 2004-2005 reinforced the military relations between the two states.

## Economic Side of the Relations

The reconciliation between the two states is not limited to only the military and political fields. Since 2003, economic relations between Turkey and Georgia have accelerated, and it is evident that the new cooperation areas, the Baku-Tbilisi-Ceyhan oil pipeline and the Baku-Tbilisi-Erzurum gas pipeline, will reinforce their strategic partnership. The Baku-Tbilisi-Ceyhan oil pipeline and the Baku-Tbilisi-Erzurum gas pipeline are very important in terms of Georgia's security and independence since they will transport Azeri oil and natural gas through Tbilisi.<sup>9</sup>

When we consider the plans regarding the completion of the Baku-Tbilisi-Ceyhan oil pipeline in 2005 and the launching of the Baku-Tbilisi-Erzurum gas pipeline into operation in 2006, we can see that cooperation on ensuring regional peace and stability is beneficial to both Turkey and Georgia. The Baku-Supsa and Baku-Ceyhan oil pipelines, the Shah Deniz-Turkey gas pipeline, and international rehabilitation projects in energy and communications are priority areas that prove the significance of Turkey-Georgia relations.

Both countries are trying to spread their cooperation to delivering Azeri oil and natural gas to other world markets. Huge cooperative economic enterprises have been beneficial to Georgia's foreign trade, which was badly affected by the disintegration of the U.S.S.R. Turkey and Georgia have agreed to build the Kars-Tbilisi Railway. This railway will give Georgia the opportunity to reach Western Europe and the Mediterranean, since Turkey will have a cheaper and shorter transportation route with the Caucasus and Central Asia.

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<sup>8</sup> See: A. Kotchikian, "Georgian-Armenian Relations: Between Old and New," *Central Asia and the Caucasus*, No. 6 (24), 2003, p. 135.

<sup>9</sup> See: A. Özü, "Black Sea as an Energy Transit Corridor," *Turkish Policy Quarterly*, Summer 2006.

Country	Total Shares in Foreign Investment (%)
The U.S.	30.1
Turkey	23.7
France	20
Israel	11.7
CIS	7.8
Bulgaria	5.1

*S o u r c e:* Turkish Government Statistics Agency.

## Turkish-Ukrainian Affairs

Ukraine declared its independence in 1991 soon after the disintegration of the U.S.S.R. and followed a course aimed at establishing a pluralistic democracy, free market economy, and Western-oriented policy, which accelerated Turkish-Ukrainian relations on a convenient basis.<sup>10</sup> They are mutually important partners for one another because of Ukraine's geographical size and strategic location in terms of regional and European security and stability. They can also benefit mutually from their similar military-defense industrial opportunities and capabilities.

Turkey has an embassy in Kiev and a consulate general in Odessa. Similarly, a Ukrainian embassy and consulate general are operating in Ankara and Istanbul, respectively. Reciprocal high-level visits and approximately 60 treaties signed between the two countries during these visits have assisted in developing their relations.

The two countries' relations have accelerated recently, after Ukraine decided to join NATO, the EU, and WTO. Trade, which increased by just 13% in 2006, became revitalized in 2007 and reached 3.8 billion dollars with a 20% growth rate. Turkey's foreign investments have reached 1.5 billion dollars per state in states as Russia, Kazakhstan, Azerbaijan, and Turkmenistan, whereas in Ukraine they remain at a level of only about 300 million dollars. Investors complain about the complexity of the procedures, the frequent changes in the economic laws, the long bureaucratic process, the insufficient announcements of changes in the companies, and the underdevelopment of the banking system. However, they are gradually paying more attention to the country as it becomes more modernized and developed. A traditional exporter to Russia and CIS, Ukraine began changing its position and oriented one third of its export to European markets.

Ukraine is defined as a strategic country for Turkey and has the difficulties and advantages of being a typical Eurasian country similar to Turkey and Russia. Successful use of the policy of a transit state with respect to problems concerning the increasing energy demands and transportation routes has become a foreign policy goal for Turkey and Ukraine, which is gradually gaining importance. At the beginning of 2007, the energy crisis between Russia and Belarus was a clear indication of the increasing importance of transit states in the energy game in the region.

Ukrainian President Victor Yushchenko proposed the idea of using the Odessa-Brody pipeline to transport energy resources of Hazar. We can make a consortium for energy transportation (with

<sup>10</sup> [<http://www.tika.gov.tr/Dosyalar/Ukrayna.doc>], 3 July, 2006.



Azerbaijan) with the participation of Russia and Kazakhstan, said he. Extending from Black Sea to the Polish borders, the Odessa-Brody pipeline was first built to transport Kazakh and Azeri oil to the European markets, but after it was completed, it could not operate for a long time since Ukraine did not have enough money to buy Hazar oil and the European states had no intention of building pipelines. The EU did not pay attention to the project in the beginning, but after the considerable increase in oil prices in August 2005, they understood the significance of the Odessa-Brody pipeline and decided to support the consortium to be established by European states in order to link the pipeline to the Plock refinery in Poland.<sup>11</sup>

The change of direction in the line had two important results for Turkey, too. Russian oil will not come to Odessa and pass through the straits any more, which will diminish traffic in the straits to some extent. If we consider Turkey's sensitivity over the straits, we can better understand the attention Ankara is paying to the project.

Although they are partially rivals in the energy field, the two states should realize that their foreign policy must not only focus on the U.S., the EU, and Russia, but also be designed to increase regional cooperation in the Black Sea region, the geopolitical significance of which is gradually increasing in the world.<sup>12</sup> A successful example of regional cooperation is the Black Sea Forum for Dialog and Partnership in the context of Black Sea Harmony, which was signed during the Ukrainian president's visit and caused Ukraine to join. The fact that Ukraine supports Turkey's efforts to expand the operational area and give the Black Sea Economic Cooperation Organization (BSECO) celebrating its 15th anniversary a more active structure may give rise to positive outcomes.

Turkey could not define a specific goal other than changing trade and investment relations, although Turkey is striving to develop relations with Ukraine in the framework of establishing close and friendly relations with its neighbors. Unfortunately, Turkey just started paying attention to Ukraine after 2004 when other states increased their interests in Ukraine. Considered as a state in the Russian Federation's shadow, Turkey should also regard Ukraine as an important actor in the Greater Black Sea Region. There are plans to re-examine the relations between Turkey and Ukraine in terms of their geopolitical positions and the development of their cooperation and to restructure Ukraine according to the strategic partner definition given by Turkey.

## Foreign Trade

The trade balance between two states during 1990s was against Turkey. The fact that Ukraine applies high customs and consumption tariffs to imports causes an increase in import prices and diminishes the competitiveness of Turkish products on the Ukrainian markets. Turkey imports raw materials and semi-finished products from Ukraine on a large scale: iron and steel products, mineral fuel, fertilizers, inorganic chemicals, animal and vegetable fats, and so on. According to the data of the Turkish Government Statistics Agency at the end of 2006, Ukraine was 13th among the states Turkey imports from and 18th among the states it exports to. According to the data of the Ukraine Government Customs Bureau in 2006, Turkey was 18th in Ukrainian imports with its 1.14% share, 2nd in Ukrainian exports with its 6.89% share, and 4th after the Russian Federation, Germany, and Turkmenistan in foreign trade with its 4.1% share.

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<sup>11</sup> See: A. Marchetti, "Widening Without Enlarging, The European Neighborhood Policy and South Caucasus," *Turkish Policy Quarterly*, Summer 2006.

<sup>12</sup> See: R. Wilson, "US Policy in the Black Sea Region," *Turkish Policy Quarterly*, Summer 2006, p. 12.



## Turkish-Azerbaijani Affairs

Turkey was the first state to recognize Azerbaijan's independence after the disintegration of the U.S.S.R. After Azerbaijan gained its independence, the two states had many opportunities and privileges and important common demands of their people for developing multifaceted relations. But these relations were prevented from developing independently of foreign factors due to Azerbaijan's very significant geopolitical position and Russia's, Iran's, and Armenia's interests in Azerbaijan. In particular, Russia is striving to keep its leverage on Azerbaijan even after its independence, which overshadows Turkish-Azerbaijani relations.

After the disintegration of the U.S.S.R., the relations between the two states showed gradual improvement. This progress can be seen at two different times. During the first (1991-1994), which is called the sensitive and idealist period, Abulfaz Elchibei and Turgut Özal's idealist approaches prepared the way for the two states to go on to the next stage. However, the fact that Turkey was unable to resolve Azerbaijan's problems and Azerbaijan could not balance its domestic and foreign policy prevented these approaches from being put into practice. During the second (1994-...), which is called the realist period, the friendship between Azeri President Heydar Aliiev and Turkish President Süleyman Demirel has played a great role in implementing the projects.

Despite the periodical differences, Azerbaijani-Turkish relations developed to a great extent during the first 10-year period after Azerbaijan gained its independence. During this period, about 150 agreements, protocols, and other documents were signed between the two states. And those protocols related to the economy, trade, education, culture, and science. A large number of Azeri students study in Turkish schools and diplomats are educated at the Ministry of Turkish Foreign Affairs. Moreover, Turkey prepares books for schools in Azerbaijan that prefer to use the Latin instead of the Cyrillic alphabet now. Turkey helped to build one university, 15 secondary schools, and 11 high schools in Azerbaijan. There are also Turkish students who study in Azeri universities.

In order to benefit from Hazar oil, Turkey developed some projects with Azerbaijan. Azerbaijan is very important to Turkey with respect to oil. TPAO has a partnership in four of the 20 international consortiums related to Azerbaijan's oil and natural gas invested in foreign capital.<sup>13</sup> Recently, Turkish foreign policy focused on the Baku-Ceyhan pipeline. Now in operation, the pipeline is 1,770 km in length and 1,074 km pass through Turkey. Thanks to the pipeline, Caspian oil will be transported to the world markets through Turkey. Besides oil, the agreement signed in 12 March, 2001 on the delivery of Azeri natural gas to Turkey is an important step.<sup>14</sup> According to this agreement, Azeri natural gas will be sold to Turkey from the Shah Deniz field between 2004 and 2018.

As it can be seen, Azerbaijani-Turkish relations developed positively by signing treaties and protocols and entering future-oriented projects after Azerbaijan gained its independence in spite of some drawbacks and interruptions. And it seems impossible for the two states to continue their relations independent of the strategic decisions and actions of other states that have interests in the region.

Turkish investments in Azerbaijan are the first among other foreign investments apart from oil. Turkish entrepreneurs function in almost all departments, such as telecommunications, bank-

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<sup>13</sup> Turkish investments have a share of 6.5% in the 8-billion-project (Azeri-Chirag-Gunashli) which is prepared to operate the Azeri oil resources, 9.0% in the 4-billion-Shah Sea Project, 5% the in Kurdashi area, and 10% in the Araz-Alov-Sharg area. Additionally, our two private companies, Pet Holding and AtillaDoğan, have produced oil in the Mishovdag, Khilli and Babazanan field with joint ventures (JV) formed with the State Oil Company of the Azerbaijan Republic (SOCAR).

<sup>14</sup> See: J. Devdariani, B. Hancilova, "Oil Money Fuels Regional Ties in the South Caucasus," *Central Asia-Caucasus Analyst*, 2007, p. 9.

ing, insurance, leasing, construction and contracting, the mass media, education, health, transportation, the automobile industry, the manufacturing industry, and the oil and service industries. Most Turkish companies performing in different fields are engaged in trade or prefer small or moderate investments. These firms invest in oil, telecommunications, transportation, banking and insurance, the food industry, education, the mass media, the textile and clothing industry, the automobile industry, wood products, iron and steel, materials other than iron, construction supplies, and contracting services.

## Relations between Turkey and Moldova

After living for three centuries under the rule of the Ottoman Empire, since 1538, and being occupied by the Russians since 1812, Moldova gained its independence on 27 August, 1991. Since that time, the country has gone through a period of important institutional reforms within the framework of an action plan signed with the European Union in 2005 aimed at integrating it into European institutions. During this process, Turkey shared its experience in these fields with Moldavia and supported it on both the bilateral and the international arena.<sup>15</sup>

According to the records in 2006, 101 Turkish companies are active in Moldova. Turkish entrepreneurs have invested mainly in the field of transport, construction, catering, agricultural products, nutrition, packaging, and the textile industry. The trade volume between these two countries reached 120 million dollars, almost doubling the volume within a span of three years. It is assumed that the reform efforts exerted by Moldova to improve the investment environment in order to attract foreign investors may give relations in this field another boost.<sup>16</sup>

Moldova is one of the targets for Turkish capital, which is looking for investment opportunities abroad. With its geographical proximity to Turkey, its position within the international transport networks, and its qualified workforce, Moldova is an attractive country for Turkish businessmen. The amount of investments by companies founded with the use of Turkish capital in Moldova approaches the 1 billion dollars mark.

The economic- and trade-related treaties between Turkey and Moldova are the following:

- Treaty on trade and economic cooperation of 14 February, 1994 signed in Ankara.
- Treaty on the mutual support and protection of investments of 14 February, 1994 signed in Ankara.
- Treaty on international road transport of 3 June, 1994 signed in Chisinau.
- Treaty on avoiding double taxation. This treaty was signed during the visit of Turkey's 9th president, Süleyman Demirel, to Moldova, but has not gone into effect yet.
- Treaty on industrial cooperation and treaty on scientific and technological cooperation, May 1996.

Turkish investments have started to grow in recent years. The following factors are facilitating Turkish investments in Moldova:

<sup>15</sup> [<http://www.turksam.org/tr/yazilar.asp?yazi=203&kat=4>].

<sup>16</sup> See: *State Report for Moldova* (Prepared by the Turkish Prime Minister), available at [[http://66.102.9.104/search?q=cache:pNM6ggvblusJ:bilgiekonomisi.googlepages.com/Moldova\\_UlkeRaporu.pdf+t%C3%BCrkiye+moldova+iliskiler+-goal+-gol+-soccer+-youtube+-hakem+-mac+-maci+filetype:pdf&hl=en&ct=clnk&cd=1&gl=tr](http://66.102.9.104/search?q=cache:pNM6ggvblusJ:bilgiekonomisi.googlepages.com/Moldova_UlkeRaporu.pdf+t%C3%BCrkiye+moldova+iliskiler+-goal+-gol+-soccer+-youtube+-hakem+-mac+-maci+filetype:pdf&hl=en&ct=clnk&cd=1&gl=tr)].

- Moldova's geographical proximity to Turkey and its advantageous position in the trans-European transport networks.
- Cheap and qualified employees. 97% of the population is literate and the number of university graduates has increased to 50% in the last 10 years.
- Advanced scientific and technological potential.
- Macroeconomic stability in the country.
- Free trade treaties with the Commonwealth of Independent States (CIS) and Rumania.
- Moldova's membership in the WTO and Stability Pact for Southeast Europe.

Although Turkish investments are limited at the moment, their volume is growing due to the above-mentioned advantages.

In addition, there is a population of 160,000 Gagavuz Turks in South Moldova. "Gagavuz Yeri" (Place of Gagavuz) became an autonomous region in the country. This status has been protected by the Moldovan Constitution since 2003. Gagavuz's existence in Moldova is one of the factors which deepens and enriches the relations between Moldova and Turkey.<sup>17</sup>

As was noted, the trade volume between these two countries has almost doubled and reached the 120-million-dollar mark in the last three years. This increase is certainly due to Minister of State Kürşat Tüzmen's visit to Moldova in 2005, the enforcement of mixed economic commission decisions, and the permanent establishment of our Foreign Trade Office in Moldova. The high frequency of tourist and business trips between these two countries in 2005 and 2006 should be considered an indicator of the deepening relations.<sup>18</sup>

Moreover, the air route between Chisinau and Istanbul has become a number one destination for Moldova. There are 14 flights on this route every week. Considering that this constitutes more than double the remaining flights to and from Moldova, the extent of the trade potential between the two countries can easily be seen. We hope that the reform efforts exerted by Moldova to improve the investment environment in order to attract foreign companies will enforce our relations in this field even more.

Several treaties concerning coastal trade, visa exemption, trade and economic cooperation, and cooperation in tourism were signed and came into effect. A treaty on the mutual support and protection of investments was also signed in 1994. Free trade treaties are expected to be the next agreements. Furthermore, the treaty on industrial cooperation and the treaty on scientific and technological cooperation signed in May 2006 offer a basis for subsequent agreements.

The companies in question are active in nutrition, beverages, telecommunications, textiles, confectionary, tourism, construction, ceramics, drugs, catering, school management, and transport. If this dynamic process continues, there is no doubt that Turkish investments in Moldova will extend their operations into other branches.

## *C o n c l u s i o n*

Geopolitical theories define the priorities of the states' foreign policy goals based on geography by categorizing the territories and seas all over the world. The globalization of economic actions,

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<sup>17</sup> See: *Dialogue Avrasya*, available at [<http://www.da.com.tr/dergi/indextr.cfm?menuno=38&textno=244>].

<sup>18</sup> See: *State Report of Deik* (Turkish Foreign Economic Relations Board), available at [<http://66.102.9.104/search?q=cache:B2Lh3p3v1Vsj:www.adana-to.org.tr/TR/UiKeRaporlari/Raporlar/MD.pdf+t%C3%BCrkiye+moldova+iliskiler+deik+-goal+-gol+-soccer+-youtube+-hakem+-mac+-maci+filetype:pdf&hl=en&ct=clnk&cd=1&gl=tr>].

discovery of more supplies of oil and natural gas, which are in short supply, and the increasing importance of their delivery to the West are the reasons underlying the states' geopolitical significance. The most important factor directing today's international policy and social, economic, and scientific development, energy is the fundamental dynamics that affects the international system and security to a great extent. The Greater Black Sea Region is the area most affected by energy dynamics after the Cold War. This is an area where the Caucasus, Central Asia, Southeast Asia and Russia are located. In the last ten years, the Greater Black Sea Region has become the most promising region of the world in terms of oil investment and production, while it has also become the focus of intense international rivalry aimed at reaching the regional resources through pipelines. The ethnic tension, political instability, slow development of democracy, and geopolitical rivalry in the region are still worrying the regional states, large powers, and investors. The manufacturers in the Caspian Sea, which has no connection to the high seas, differ from others since they encounter difficulties with transporting their oil and natural gas to the world markets. Regional energy transportation routes were planned and built just to meet the energy needs of the U.S.S.R. Hence all the routes that remain from the Soviet era go through Russia, and the Russian pipeline operators have managed to limit export from the region by claiming various tariff problems and capacity limitations. Other pipeline alternatives will gain importance since they will become transit energy routes for the GUAM states. For that reason, it is vital for the development of Caspian energy resources that the GUAM states reach markets such as the EU states, Turkey, and Eastern Europe.

Setting fighting terrorism as its priority after 9/11, the U.S. sees the solution as democratization of the regional states under the Greater Middle East Project. The U.S. sees the Greater Black Sea Region as a bridge to the Euro-Atlantic community and the Greater Middle East and supports pro-Western movements and the establishment of democratic regimes by means of civil society organizations and multilateral cooperation in the region. These attempts came to fruition in the outbreak of the Rose Revolution in Georgia and the Orange Revolution in Ukraine. Recently, the pro-Western states in the region have become members of multilateral organizations such as the Black Sea Trust, the Community of Democratic Choice (CDC), the Vilnius Group and GUAM with support of the U.S. The U.S. aims to make the region a free, wealthy, peaceful and safe union by setting up democracies and free market economies in the region.

One of the most important obstacles preventing the region from becoming democratized and safe are the unresolved conflicts. They are hindering the regional states' full control over their own borders and domestic clashes are making bribery, smuggling, drug and other crimes, especially international terrorism, easier. Due to these clashes, the regional states cannot carry out the necessary democratic reforms and cannot attract foreign investments. And they need large amounts because of regional security troubles.

The U.S. wants to direct NATO's regional actions toward the Black Sea by means of its new members, Bulgaria and Rumania, in order to resolve the security problems.

Russia is pursuing a harsh policy in order to preserve its position in the region, prevent the spread of external players' influence, be included in the energy consortiums, and be able to protect its monopoly control over the energy pipelines.

Turkey's energy policy is aimed at becoming a transportation corridor between the Caspian Region and the Euro-Atlantic Region. As its energy needs rise, the EU thinks that Turkey should have the role of this strategic state. It is unclear at the moment whether, by giving all the projects the green light for the time being, Turkey, as a transit state, will set Russian projects or Western projects as its priority. Turkey is following a policy aimed at supporting regional stability since its doubts about the increasing influence of foreign powers in the region are not less than Russia's. Turkey also has doubts about America's efforts to activate NATO in the Black Sea since it might revitalize the Montreux Convention regime organizing transit through the straits.

An increasing rapprochement has been noted in Turkish-Russian relations. Western states are worried that they have close relations and that Turkey is becoming more and more dependent on Russia in energy issues. In this respect, Turkey never disregards its cooperation with Moscow during its relations with GUAM. To increase its leverage in the region, Turkey is exerting efforts to revitalize the most institutional and multilateral organization in the region of Black Sea Economic Cooperation, the founder of which is Turkey.