

# TURKISH-IRANIAN COMPETITION IN THE SOUTH CAUCASUS AND CENTRAL ASIA

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## ABSTRACT

**T**urkey and Iran have maintained stable relations for decades and established cooperation by exploring their common interests despite many political disputes, ideological differences, or economic competition. But recently, many emerging disagreements of the two neighbors started to test the breaking point of this longtime balance. Today, Ankara and Tehran are trying to get a better hand against each other through diplomatic, military, and economic instruments. Starting by presenting an overview of Turkish-Iranian relations, this article focuses on the main points of friction be-

tween the two actors in the South Caucasus and Central Asia. The region is going through a critical juncture with crucial events such as the Nagorno-Karabakh War in 2020 and the aftermaths of the U.S. withdrawal from Afghanistan. So far, Turkey has increased its regional influence by strengthening its economic and diplomatic presence and establishing military cooperation. This target is pursued through the Turkic identity, which provides the ideological basis for Ankara's regional strategy. The Islamic Republic of Iran, on the other hand, is trying to defend the regional status quo to resist the

containment strategy and international isolation that it has been facing since the revolution. The “axis of resistance” idea that Iran pursues, especially in the Middle East, is almost nonexistent in the Central Asian and Caucasian region due to the Russian factor, lack of sympathy to such an approach on the part of the regional actors, and the Regime’s reluctance to change the status quo in its Northern and Eastern borders. In addition to Ankara and Tehran’s competing regional desires, several bilateral problems to solve

in energy, trade, security, and migration management put the actors on the opposing sides. The study claims that the incompatibility between the actors’ regional strategies increases to the point that their rivalry in the Middle East will expand to Central Asia and the Caucasian region. But in contrast to this slow process, there are imminent common issues that can only be solved by a joint effort by Turkey and Iran, and this necessity will restrain the damages of this incompatibility on bilateral relations.

**KEYWORDS:** *South Caucasian politics, Central Asian politics, Turkish-Iranian relations.*

## *Introduction*

Ankara and Tehran have managed to keep balanced and steady relations despite their disagreements for a long time. Even during the international sanctions against Iran, Turkey came up with a proposal to solve the nuclear issue. Although the international community did not accept this proposal, Turkish politicians applauded the similar Joint Comprehensive Plan of Action when it was agreed upon by the P5+1 countries in 2015. However, for the last decade, many new disputes have appeared. Especially in the Syrian Civil War, Turkey and Iran found themselves on opposing sides. In Iraq, some cooperation on the Kurdish issue was achieved, but Turkish military operations are opposed by Tehran while Ankara is raising its concern about the Iranian influence in Baghdad. Furthermore, the South Caucasus appeared as the center of the disagreements and made it more difficult for the actors to continue the balance that existed for decades. Starting by summarizing the Turkish-Iranian relations in general, this study examines the competition between Ankara and Tehran in the South Caucasus and Central Asia and tries to identify primary areas of rivalry and the possibility of cooperation.

## **Overview of Turkish-Iranian Relations**

Since the 1979 Islamic revolution, Turkey and Iran have managed to cooperate despite many areas of disagreement. Iran perceived Turkey’s alliance with the U.S. as a threat, while the Islamic Regime in Tehran caused suspicion in Ankara. But this milieu of distrust did not stop them from cooperating in a variety of issues. The two countries signed a long-term natural gas contract in 1996 for thirty years, a deal which, to this day, makes Turkey the biggest customer of Iranian gas. When the U.N. sanctions on Tehran’s nuclear program in 2006 hit the bilateral trade, Turkey even produced a plan to solve the issue in 2010.<sup>1</sup> Although the plan was not accepted by the international commu-

<sup>1</sup> See: P. Hafezi, “Turkey, Brazil Seal Deal on Iran Nuclear Fuel Swap,” Reuters, 16 May, 2010, available at [<https://www.reuters.com/article/us-iran-nuclear-deal-idUSTRE64F29P20100516>], 3 August, 2021.

nity, Ankara applauded a similar Joint Comprehensive Plan of Action (JCPOA). When the Kurdish Autonomous Region in Iraq held a referendum for independence in 2017, Turkey and Iran opposed the idea and coordinated with Baghdad on the situation.<sup>2</sup> And when the Donald Trump administration revoked the JCPOA and sanctioned the Islamic Republic again in 2018, Turkey sought waivers from the sanction. Turkish Ministry of Foreign Affairs vocally condemned the killings of Iranian general Qasem Soleimani and top nuclear scientist Mohsen Fakhrizadeh in 2020.<sup>3</sup> To sum up, the relations between the two regional powers have been a quest of cooperation among conflicting interests.

Tahiroglu and Taleblu describe this relation as a simultaneous “enmity and amity” that keeps a balance “between the extremes, allowing bonds to often bend but never break,” and in this context, they refer to Turkey and Iran as “frenemies.”<sup>4</sup> Çevik, similarly, describes the model of relation between them as a “pendulum between limited cooperation and controlled rivalry.”<sup>5</sup> The necessity for the two neighbors to keep economic partnership, shared political concerns such as Kurdish issue, hesitance on provoking the neighbor with a similar power (either economic or political) that holds many levers against the other, and avoidance of any additional disorder in the region lie behind the positive side of this ambivalent relation and prevent these actors from burning the bridges altogether. On the other hand, the factors such as the international pressure on the Islamic Republic, Turkey’s NATO membership, incompatible stances on regional political issues, cultural-ideological differences, and both parties’ aim at regional leadership constrain the level of cooperation between them.

But recently, the balance between rivalry and partnership seems to be disrupted by emerging frictions. The list of frictions between Turkey and Iran can be summarized as

- (1) being on the opposing sides of the Syrian Civil War since 2011;
- (2) competing interests in Iraq;
- (3) Turkey’s recent attempt to soften her relations with the Gulf countries;
- (4) Turkey’s increased influence in the South Caucasus;
- (5) increasing irregular migration through Iran to Turkey;
- (6) competing regional energy and infrastructure projects of Ankara and Tehran.

Especially after the Nagorno-Karabakh War in 2020, many analysts argued that a conflict between two countries is imminent. According to Çevik, the unprecedented level of cooperation during the Rouhani era ended, and a limited rivalry is unavoidable.<sup>6</sup> Vali Nasr is not positive about the limited nature of the upcoming rivalry and claims that the “Middle East’s next conflict will be between Ankara and Tehran.”<sup>7</sup> Arguing that the main cause of this division is not religion or ideology but “old-fashioned realpolitik,” he highlights the contradictory position of the actors in the Middle East

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<sup>2</sup> See: “Turkey, Iran, Iraq Consider Counter-Measures Over Kurdish Referendum,” Reuters, 21 September, 2017, available at [<https://www.reuters.com/article/us-mideast-crisis-kurds-referendum-minis-idUSKCN1BW1EA>], 3 July, 2021.

<sup>3</sup> See: B. Dag, J. Aliyev, “Turkey Condemns Killing of Iranian Nuclear Scientist,” Anadolu Agency, 29 November, 2020, available at [<https://www.aa.com.tr/en/middle-east/turkey-condemns-killing-of-iranian-nuclear-scientist/2059329>], 3 August, 2021.

<sup>4</sup> M. Tahiroglu, B.B. Taleblu, “Turkey and Iran: The Best of Frenemies,” *Turkish Policy Quarterly*, Vol. 14, Issue 1, 2015.

<sup>5</sup> S. Çevik, “The End of a Détente: Turkish-Iranian Relations after the Iranian Presidential Elections,” *FES*, 10 June, 2021, available at [<https://www.fes.de/en/referat-naheer-mittlerer-osten-und-nordafrika/iran-elections/artikelseite-iranelections-das-ende-der-entspannung-die-tuerkisch-iranischen-beziehungen-nach-den-iranischen-praesidentschaftswahlen>], 17 August, 2021.

<sup>6</sup> See: Ibidem.

<sup>7</sup> V. Nasr, “The Middle East’s Next Conflicts Won’t Be Between Arab States and Iran,” *Foreign Policy*, 2 March, 2021, available at [<https://foreignpolicy.com/2021/03/02/the-middle-east-s-next-conflicts-wont-be-between-arab-states-and-iran>], 4 August, 2021.

and the South Caucasus. According to Sinan Ciddi, this change is also related to Ankara's decision to seeking its interest in the region by closely cooperating with Russia to "rein in Iran's influence."<sup>8</sup> The hope for a Moscow-Ankara-Tehran triangle that appeared during the Astana Process faded away when Iran was left out of the table after the Azeri-Armenian War in 2020. According to Kamran Bokhari, for Tehran, Ankara is the only power that can threaten its interests since it is the sole actor "with both the intent and capacity to confront Iran."<sup>9</sup>

## Turkey's Interests in the South Caucasus and Central Asia

For Turkey, one of the priorities in the region is diversifying its energy suppliers by reaching the Caspian and Central Asian resources. In December 2020, the European countries received the Azeri gas through Turkey for the first time in history.<sup>10</sup> The agreement with Azerbaijan does not have a destination clause that would serve Turkey's goal of becoming an energy hub, unlike the previous long-term contracts with Iran and Russia that prevented Turkey from reexporting the excess gas it purchases.<sup>11</sup> Although Ankara has reduced the dependency on Russia and Iran by increasing the LNG import capacity and dealing with Azerbaijan through the TANAP project, the Central Asian hydrocarbon resources are yet to be connected to the Turkish market. The agreement between Azerbaijan and Turkmenistan to end the Kepez/Serdar natural gas basin dispute to establish a shared Dostlug (friendship) facility has been applauded in Ankara.<sup>12</sup> A possible Turkmen-Azeri pipeline would serve as a starting point for connecting to Kazakh resources as well.<sup>13</sup>

Ankara's another goal is making it easier for Turkish companies to reach the Central Asian market. ~~Although the region has a significant share in Turkish foreign trade, logistics is still an issue.~~ Turkey had a pricing crisis with Iran in 2014 which resulted in a substantial increase in truck transit fees from \$307 to \$614.<sup>14</sup> A similar dispute happened with regards to Turkish trucks that could not buy fuel while they were transiting through Iran.<sup>15</sup> The difficulties pushed Ankara to seek alternative

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<sup>8</sup> S. Ciddi, "Opportunities for the United States in the Turkish-Iranian Rivalry," *Newlines Institute*, 16 March, 2021, available at [<https://newlinesinstitute.org/turkey/opportunities-for-the-united-states-in-the-turkish-iranian-rivalry/>], 3 April, 2021.

<sup>9</sup> K. Bokhari, "The Coming Turkish-Iranian Competition," *Newlines*, 24 February, 2021, available at [<https://newlinesmag.com/argument/the-coming-turkish-iranian-confrontation/>], 18 April, 2021.

<sup>10</sup> See: N. Erkul, "TAP Opens Commercial Gas Flow from Azerbaijan to Europe," *Anadolu Agency*, 31 December, 2020, available at [<https://www.aa.com.tr/en/energy/natural-gas/tap-opens-commercial-gas-flow-from-azerbaijan-to-europe/31469>], 30 July, 2021.

<sup>11</sup> See: G. Rzaeva, "Gas Supply Changes in Turkey," *The Oxford Institute for Energy Studies*, January 2018, available at [<https://www.oxfordenergy.org/publications/gas-supply-changes-turkey/>], 30 July, 2021.

<sup>12</sup> See: O. Jalilov "Turkey Expresses Readiness to Deliver Gas from Turkmenistan to Europe," *Caspian News*, 27 February, 2021, available at [<https://caspiannews.com/news-detail/turkey-expresses-readiness-to-deliver-gas-from-turkmenistan-to-europe-2021-2-27-0/>], 27 June, 2021.

<sup>13</sup> See: F. Indeo, "Settling the Caspian Issue and Realizing the Trans-Caspian Energy Corridor," *The Diplomat*, 7 October, 2018, available at [<https://thediplomat.com/2018/07/settling-the-caspian-issue-and-realizing-the-trans-caspian-energy-corridor/>], 29 June, 2021.

<sup>14</sup> See: "Turkey and Iran Agree on Transit Truck Fee," *Anadolu Agency*, 17 November, 2014, available at [<https://www.aa.com.tr/en/economy/turkey-and-iran-agree-on-transit-truck-fee/100649>], 13 June, 2021.

<sup>15</sup> See: İ. Yezdani, "Iran Will Not Sell Fuel to Turkish Trucks Upon Turkey's New Plan, Says Iranian Envoy," *Hurriyet Daily News*, 29 October, 2014, available at [<https://www.hurriyetdailynews.com/iran-will-not-sell-fuel-to-turkish-trucks-upon-turkeys-new-plan-says-iranian-envoy--73592>], 8 July, 2021.

routes such as cargo ships from Turkmenistan through Azerbaijan.<sup>16</sup> Turkish Foreign Ministry also focuses on the Middle Corridor project as part of the Chinese Belt and Road initiative to strengthen these alternative routes.<sup>17</sup> As part of this project, the Aktau port of Kazakhstan sent the first commercial goods to Turkey through the Caspian Sea in 2021.<sup>18</sup> Establishing such an alternative is crucial for Turkey to negotiate transit prices with Iran and Russia in the future. The 2020 Karabagh War caused another hope for Turkey's logistics difficulties. Art 9 of the ceasefire agreement includes a transit route from Azeri exclave Nakhchivan to Azerbaijan proper, which would make it easier for Turkey to reach Azeri and Central Asian markets.<sup>19</sup> Nevertheless, there has been no development on the realization of the project since the agreement.<sup>20</sup>

Until recent years, Ankara focused on soft power instruments and economic cooperation with the regional countries. The lack of a defense partnership with the regional countries presented Turkey as a “shy guy” in the military sector.<sup>21</sup> Nevertheless, the cooperation seems to have extended towards the military sector too. The intensive use of Turkish drones in the Karabagh war by the Azerbaijani side and the establishment of the Turkish-Russian observation post in Azerbaijan as part of the ceasefire agreement showed that Ankara's military exposure in the region has already started to change the existing power balance. The security cooperation in Central Asia is also increasing. Prominent Turkish defense company ASELSAN established KAE (Kazakhstan and Aselsan Engineering) in partnership with the Kazakh government in 2011 to reach to Central Asian market directly.<sup>22</sup> Turkmenistan, one of the regional countries with sour relations with Turkey in the 1990s and early 2000s, became the second-biggest customer of Turkish arms exports by 2020.<sup>23</sup> Uzbekistan also signed a military cooperation agreement with Ankara in December 2020.<sup>24</sup>

## Iran's Interests in the South Caucasus and Central Asia

Iran seeks a different foreign policy in the South Caucasus and Central Asia than other parts of the world, which even gives the impression that the Islamic Republic “has neglected” the region.<sup>25</sup>

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<sup>16</sup> See: G.S. Gul, “Türkmenistan’a TIR’lar artık İran’dan değil, Hazar’dan gidiyor (Trucks to Turkmenistan are No Longer Going from Iran, but from the Caspian),” *Dünya*, 25 January, 2015, available at [<https://www.dunya.com/gundem/turkmenistana-tirlar-artik-irandan-degil-hazardan-gidiyor-haberi-269418>], 11 September, 2021.

<sup>17</sup> See: “Turkey’s Multilateral Transportation Policy,” Ministry of Foreign Affairs of Turkey, available at [[https://www.mfa.gov.tr/turkey\\_s-multilateral-transportation-policy.en.mfa](https://www.mfa.gov.tr/turkey_s-multilateral-transportation-policy.en.mfa)], 12 June, 2021.

<sup>18</sup> See: N. Butyrina, “Port Aktau: vektor otpravki gruzov—Turtsia,” *Kaspiiskiy Vestnik*, 8 February, 2021, available at [[http://casp-geo.ru/port-aktau-vektor-otpravki-gruzov-turtsiya/?mc\\_cid=9baa454575](http://casp-geo.ru/port-aktau-vektor-otpravki-gruzov-turtsiya/?mc_cid=9baa454575)], 23 July, 2021.

<sup>19</sup> See: “Statement by President of the Republic of Azerbaijan, Prime Minister of the Republic of Armenia and President of the Russian Federation,” Kremlin, 10 November, 2020, available at [<http://en.kremlin.ru/events/president/news/64384>], 29 March, 2021.

<sup>20</sup> See: “Baku, Yerevan, Moscow Not Discussing Opening of Zangezur Corridor, Armenian PM Insists,” TASS, 15 July, 2021, available at [<https://tass.com/world/1314275>], 29 March, 2021.

<sup>21</sup> See: A. Balcer, “Between Appeasement and Rivalry: Turkey and Russia and their Neighborhoods,” in: *Global Turkey in Europe*, Edizioni Nuova Cultura, Rome, 2015, p. 49.

<sup>22</sup> See: “About KAE,” KAE, available at [<https://www.kae.com.kz/en/about-company.html>], 5 May, 2021.

<sup>23</sup> See: “Emerging Suppliers in the Global Arms Trade,” SIPRI, available at [[https://www.sipri.org/sites/default/files/2020-12/sipriinsight2013\\_emerging\\_suppliers.pdf](https://www.sipri.org/sites/default/files/2020-12/sipriinsight2013_emerging_suppliers.pdf)], 18 April, 2021.

<sup>24</sup> See: “Turkish, Uzbek Defense Ministers Sign Military Agreement, Underline Further Defense Cooperation,” *Daily Sabah*, 27 October, 2020, available at, [<https://www.dailysabah.com/politics/diplomacy/turkish-uzbek-defense-ministers-sign-military-agreement-underline-further-defense-cooperation>], 1 June, 2021.

<sup>25</sup> See: F. Atai, H. Azizi, “The Energy Factor in Iran-Turkmenistan Relations,” *Iranian Studies*, Vol. 45, Issue 6, 2021.

This becomes more apparent in comparison with Tehran's assertive Middle East policy. Edward Wastnidge describes the Iranian foreign policy in the post-Soviet space as "rational and reliable" in contrast with the "misadventure" in the Middle East.<sup>26</sup> The reasons for this difference are reluctance to open another front of friction with the U.S. in its northern and eastern borders, avoiding any dispute with Russia, which would worsen the international isolation, and the secular ideology of post-Soviet republics that is not compatible with the Islamic revolutionary ideas.

Having been involved in many conflicts in the Middle East, such as Yemen, Lebanon, Syria and Iraq, the Islamic Republic tries to maintain the status quo in Central Asia and the South Caucasus. Iran has been against fundamental changes in the region; the most obvious example of this was the Nagorno-Karabakh issue, which was considered as a "frozen conflict" until the balance crucially changed in late 2020. This policy relates to Tehran's desire to prevent Western powers, especially the U.S. and Israel, from acquiring another foothold to pressure Iran. Therefore, the strengthening of military ties between Azerbaijan and Israel is a source of concern among Iranian decision-makers. Instead of disrupting the existing situation, Iran prefers to follow the lead of the Russian Federation in the region. According to the former Iranian ambassador to Russia Mehdi Sanaei, this position makes sense since Tehran and Russia have analogous interests in the Caspian basin and Central Asia.<sup>27</sup> Bandwagoning Moscow is also compatible with Iran's desire to keep Russia on the same side in its struggle with the Western powers.

Another pillar of Iran's Caucasian and Central Asian policy is the Regime's quest for overcoming international isolation through regional organizations. In this context, Tehran pushed for more integration in regional organizations such as the Economic Cooperation Organization (ECO), Shanghai Cooperation Organization (SCO), and Eurasian Economic Union (EAEU). American pressure on Iran limits this effort as well, since the regional republics are reluctant to harm their relations with the U.S. on behalf of Tehran's ongoing disputes with the West.<sup>28</sup> Iran became an observing member of SCO in 2005, but since then, the organization has kept Iran waiting because of the U.N. sanctions. Recently, Tehran's hope for joining the SCO has revived with newly elected Iranian president Raisi's diplomatic push for the membership.<sup>29</sup> The partnership with EAEU, on the other hand, is already ~~working within the framework of an interim free trade agreement, and the negotiations for a full-scale FTA are planned to be completed in 2021.~~<sup>30</sup> Integration in regional organizations will not only strengthen Iran's political position in its conflict with the U.S. but also help to overcome the burden of the protracted economic difficulties.

## Conflicting Interests Between Turkey and Iran

Increasing the Turkish influence in the South Caucasus is one of the biggest concerns for Tehran. In addition to tight Turkish-Azerbaijani military cooperation, a direct land route between Nakh-

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<sup>26</sup> See: E. Wastnidge, "Central Asia in the Iranian Geopolitical Imagination," *Cambridge Journal of Eurasian Studies*, Vol. 1, Issue 1, 2017.

<sup>27</sup> See: M. Sanaei, *Vzaimootnoshenia Irana i Tsentralnoi Azii*, Veche, Moscow, 2020, p. 103.

<sup>28</sup> See: S. Akbarzadeh, "Iran and the Shanghai Cooperation Organization," *Australian Journal of International Affairs*, Vol. 69, Issue 1, 2014, p. 33.

<sup>29</sup> See: N. Grajewski, "Iranian Membership in the Shanghai Cooperation Organization: Motivations and Implications," Washington Institute, 15 September, 2021, available at [<https://www.washingtoninstitute.org/policy-analysis/iranian-membership-shanghai-cooperation-organization-motivations-and-implications>], 17 September, 2021.

<sup>30</sup> See: N. Smagin, "EAEU-Iran Trade and its Prospects," *Russian International Affairs Council*, 6 April, 2021, available at [<https://russiancouncil.ru/en/analytics-and-comments/analytics/eaeu-iran-trade-and-its-prospects/>], 12 September, 2021.



chivan and Baku would lessen Azerbaijan and Turkey's dependency on Iran. Turkey and Azerbaijan's pipeline project to Nakhchivan also will serve the same purpose. Isolation of Iran after the Karabagh War and Turkish participation already caused discontent among Iranian decision-makers. This point would force Iran to take balancing measures in the Caucasian region. Ankara's increasing influence is also enhancing the nationalist sentiment among Turkic peoples, which is another cause of concern for Iran. Since the collapse of the Soviet Union, Turkey tried to establish its regional policy with nationalist rhetoric which alarmed Iranian decision-makers due to the significant Azeri minority in Iran. This came to the surface during the so-called "poem crisis" after the war between Armenia and Azerbaijan in 2020. When the Turkish president read a poem that mentioned how Azerbaijani people were cut off by the Aras River, the Iranian minister of foreign affairs, Javad Zarif, condemned it as a provocation<sup>31</sup>. The tension continued when a photograph of the Azerbaijani president and his wife through the lenses of an Iranian sniper was released to the Internet.<sup>32</sup>

The identity-driven foreign policy of Turkey is also expanding towards Central Asia, especially with the activities within the framework of the Turkic Council. With the membership of Uzbekistan, the organization is serving as a platform for more cooperation.

Azerbaijan's close cooperation with Israel is another concern for Iran. Iranian politicians have been vocal about their discontent with Israeli influence in Baku. Although Turkish-Israeli relations have been also sour for the last decade, both parts have been giving signals of detente in their relations.<sup>33</sup> Azerbaijani decision-makers also expressed their readiness to act as a mediator to bring the two parties together.<sup>34</sup> The emergence of an Israel-Turkey-Azerbaijan triangle would cause even stronger pressure in Iran which would detriment its relations with Ankara. Turkish analyst Omer Ozkizilcik posits that the increasing Turkish influence in the region is contributing to "contain Iran."<sup>35</sup> Furthermore, Ankara desires to solve regional issues without the involvement of Tehran. The Astana process, which aims to solve the disagreements in the Syrian Civil War between Turkey, Russia, and Iran, was considered as a new model of interrelations for these three actors to solve regional issues in the future. However, so far, Turkey is keen on handling the issues with Russia and tries to push Iran out of this equilibrium instead of advancing the trilateral mechanism. The most obvious example of this was after the Karabakh war when Iranian calls for being a mediator in the conflict were mostly ignored. At the same time, Russia "legitimized" Turkey's role as an actor in the South Caucasus by establishing the common military observation post.<sup>36</sup>

The two regional powers have also been contesting in international infrastructure projects. For example, a prospective Trans Caspian pipeline from Turkmenistan to Turkey through Azerbaijan and Georgia would hinder Iran's TAPI project to connect Turkmen gas to India and Pakistan. Cooperation

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<sup>31</sup> See: "Turkish, Uzbek Defense Ministers Sign Military Agreement, Underline Further Defense Cooperation," Al Jazeera, 11 December, 2020, available at [<https://www.aljazeera.com/news/2020/12/11/iran-protests-to-turkey-over-meddling-poem-recited-by-erdogan>], 19 March, 2021.

<sup>32</sup> See: "Azerbaijani President Seen through Iranian Sniper's Scope on Karabakh Border: Photos," Al Masdar News, 17 November, 2020, available at [<https://www.almasdarnews.com/article/azerbaijani-president-seen-through-iranian-snipers-scope-on-karabakh-border-photos/>], 19 March, 2021.

<sup>33</sup> See: T. Gumrukcu, D. Butler, "Turkey and Israel Want to Improve Ties After Presidents' Call," Reuters, 14 June, 2021, available at [<https://www.reuters.com/world/middle-east/turkey-israel-want-improve-ties-after-presidents-call-turkish-ruling-party-2021-07-14/>], 30 August, 2021.

<sup>34</sup> See: "Azerbaijan Ready to Host Trilateral Summit with Turkey, Israel," *Daily Sabah*, 26 April, 2021, available at [<https://www.dailysabah.com/politics/diplomacy/azerbaijan-ready-to-host-trilateral-summit-with-turkey-israel>], 19 August, 2021.

<sup>35</sup> O. Ozkizilcik, "Turkey is Helping Contain Iran by Encircling its Sphere of Influence," TRT World, 23 June, 2021, available at [<https://www.trtworld.com/opinion/turkey-is-helping-contain-iran-by-encircling-its-sphere-of-influence-47771>], 1 September, 2021.

<sup>36</sup> See: D. Trenin, "Moscow's New Rules," *Carnegie Center Moscow*, 12 November, 2020, available at [<https://carnegie-moscow.org/commentary/83208>], 10 September, 2021.

on such projects to achieve mutual gains during the 1990s was undermined by the U.S. opposition when Iran wanted to connect the Turkmen natural gas resources to Turkey. Instead, Iran could only buy Turkmen gas for its domestic needs.<sup>37</sup> In addition to the regional competition, bilateral energy trade is also turbulent. Turkey has a long-term contract for Iranian natural gas, which makes it the biggest customer for Tehran. Turkish part is dissatisfied with the contract due to the high price, destination clause, and the quality of the gas. The disagreements went to the international court, which resulted in Iran paying Turkey \$1.9 billion compensation.<sup>38</sup> Iranian officials, on the other hand, have been accusing Ankara of being an “irresponsible partner” for not fulfilling its requirements.<sup>39</sup> The contract will end in 2026, and the two countries will try to use above mentioned issues as leverage to get a better deal for themselves. The U.S. sanctions already caused a decrease in Iranian exports to Turkey, and if the natural gas contract expires without a renewal, it will harm the Islamic Republic’s economy significantly by creating a deficit in bilateral trade. This would hinder the hopes for a commercial recovery in the prospect of the U.S. to lift the sanctions. Studies show that Turkey would significantly benefit from lifting the sanctions thanks to the preferential trade agreement of 2015.<sup>40</sup>

International migration seems to be one of the possible points of friction between the two countries, especially after the Taliban takeover of Afghanistan. Hosting more than three million Syrian and almost half a million Afghan refugees, Turkey is already struggling with irregular migration. The pressure from the opposition is forcing the government to present itself more actively in preventing future migration.<sup>41</sup> Most recently, one of the newspapers close to the government published a full front-page report that accused Iranian government officials of helping Afghans to move to Turkey.<sup>42</sup> The mountainous border between the two countries pushed Turkey to take more serious precautions such as building a wall, which, for now, seems to be unable to prevent migrant influx.<sup>43</sup> The Islamic Republic is already hosting around three million Afghan migrants, and the worsening economic situation due to the sanctions is pushing them westwards for seeking jobs either in Turkey or in Europe<sup>44</sup>. The emerging Taliban rule in the country will only add to this flow and create another question between Tehran and Ankara due to the lack of a common institutionalized migration management mechanism.

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## Conclusion

Turkey is pushing for a gateway to Central Asia and the South Caucasus with military, economic, and cultural instruments to change the regional balance of power in favor of its interests. This policy is already bearing fruits such as the increased influence in the South Caucasus, cooperation

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<sup>37</sup> See: F. Atai, H. Azizi, op. cit.

<sup>38</sup> See: “Turkey to Receive \$1.9b from Iran Over Gas Dispute,” *Financial Tribune*, 24 January, 2017, available at [<https://financialtribune.com/articles/energy/58155/turkey-to-receive-19b-from-iran-over-gas-dispute>], 14 September, 2021.

<sup>39</sup> See: A. Vatanka, “Iran and Turkey: Power Dynamics in the South Caucasus,” *Middle East Institute*, 8 February, 2021, available at [<https://www.mei.edu/publications/iran-and-turkey-power-dynamics-south-caucasus>], 12 September, 2021.

<sup>40</sup> See: S. Ay, “Removal of Iran Sanctions: Is It Opportunity or Threat for Turkey?” *Bilgi*, No. 89, Spring, 2019.

<sup>41</sup> See: A.J. Yackley, “Turkey Will Not Act as EU ‘Warehouse’ for Afghan Refugees, Says Erdoğan,” *Financial Times*, 26 August, 2021, available at [<https://www.ft.com/content/09abc27e-607c-4d83-8e39-84eaa179565e>], 4 September, 2021.

<sup>42</sup> See: “Devlet göçmen kaçakçılığı yaparsa (If the Government Smuggles Immigrants),” *YeniŞafak*, 22 August, 2021, available at [<https://www.yenisafak.com/infografik/devlet-gocmen-kacakligi-yaparsa-16809>], 3 September, 2021.

<sup>43</sup> See: A. Küçükgöçmen, “Turkey Reinforces Border to Block Any Afghan Migrant Wave,” *Reuters*, 23 August, 2021, available at [<https://www.reuters.com/world/middle-east/turkey-reinforces-border-block-any-afghan-migrant-wave-2021-08-22/>], 1 September, 2021.

<sup>44</sup> See: T. Miles, “More than 700,000 Afghans Leave Iran as Economy Slows,” *Reuters*, 05 December, 2018, available at [<https://www.reuters.com/article/us-afghanistan-iran-migrants-idUSKBN1O4145>], 1 September, 2021.



within the Turkic Council, and significant growth in trade with regional countries. On the other hand, Iran is facing wearisome sanctions and isolation led by the U.S. and trying to limit the damage of this pressure through a pro-status quo approach in the region. Unlike its assertive Middle East strategy, Tehran seeks to strengthen its position by striving for regional integration, easing the American pressure by partnering with Russia and China, and balancing the increasing Turkish impact. The difference between Turkey and Iran's regional policies did not undermine the bilateral relations until very recently. But crucial developments such as the changing balance of power in the South Caucasus after the 2020 Nagorno-Karabakh War, Turkey's determination on becoming less reliant on Iranian hydrocarbon reserves, Tehran's concern on soaring nationalist discourse in Baku and Ankara, and the fear of regional instability after the Taliban takeover of Afghanistan have already shaken the delicate balance between rivalry and cooperation in bilateral relations of the two neighbors. So far, Turkey is striving for more regional impact through the intergovernmental organizations and bilateral partnerships that are mostly set up around the Turkic identity. Turkey's sour relations with the Western powers, especially with the U.S. and Israel, limit the damage of this development for the Islamic Republic since a combined effect of the American policy to contain the Islamic Regime with the Turkish regional advance would be severe for Tehran. Iran is trying to balance the containment by holding on to its quest for membership in regional organizations such as SCO and EAEU. Newly elected Iranian president Ebrahim Raisi is already going after the SCO membership and a final Free Trade Agreement to relieve Tehran from isolation. Both the Turkish effort to create its area of influence by identity-driven regional policy and the Iranian pursuit to find itself room for a maneuver within the Eurasian intergovernmental organizations are significant. Yet, it is unlikely that a conflict between the actors would arise because of these slow processes in the short-term. Therefore, more imminent issues such as bilateral trade, migration management, and energy partnership will define to what extent Turkey and Iran would keep up the regional rivalry at the cost of bilateral relations.

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