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# Turkey Uses Gas Pipe As Leverage In EU Talks

By Celestine Bohlen  
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PARIS: Turkey is playing hardball in the geopolitical struggle over an \$8 billion pipeline at the center of Europe's efforts to cut dependence on Russian natural gas.

Turkey is trying to profit from its strategic location bridging Europe and Central Asia and to become a key part of Europe's energy plan. This might bolster its push to join the European Union - if its negotiating tactics don't exhaust Europe's patience.

Europe wants Turkey to be a transit corridor along the Nabucco pipeline's route, which is to run 3,300 kilometers, or nearly 2,100 miles, from the Caspian Sea region to Austria. Turkey wants more control: acting as a regional energy hub, collecting gas from the east, buying some domestically at below-market prices and passing on the rest to Europe for a variable fee.

"Nabucco is a demonstration project of Turkey's intent to join the European Union," said Brendan Devlin, assistant to Jozias van Aartsen, the EU's Nabucco negotiator. "By delivering on this project, Turkey would clearly underline its importance to the EU."

Named after a Verdi opera about the Babylonian king Nebuchadnezzar, Nabucco comprises energy companies from Turkey and five EU member states: Austria, Bulgaria, Romania, Hungary and Germany. From its inception in 2002, the project, based in Vienna, has been the focus of a political scrum over European energy security.

Gazprom, the government-controlled Russian energy company, has a monopoly on gas pipelines from Russia and Central Asia to Europe. Russia accounts for a quarter of the EU's gas consumption and more than 40 percent of gas imports. With gas demand rising 3 percent a year, the EU will consume 620 billion cubic meters in 2020, 500 billion of it imported, its figures show.

Nabucco has political backing from the European Union and the United States as an alternative to Gazprom. Meanwhile Gazprom and Eni, Italy's largest oil company, are promoting a new \$15 billion pipeline, named South Stream, to rival Nabucco.

In January 2006, Nabucco catapulted to the top of the EU's agenda after Russia briefly cut gas deliveries to Ukraine over a price dispute, blocking flows to Europe. Although Nabucco's annual capacity of 31 billion cubic meters would account for only 5 percent of the EU's 2020 gas needs, it would provide competition and may help lower prices, the EU said.

"The Nabucco pipeline is a clear economic and political necessity," the EU's energy commissioner, Andris Piebalgs, said in an interview at the time.

Turkey, a member of the North Atlantic Treaty Organization and an EU candidate since 2005, has long aspired to link the energy regions of Central Asia with Europe. Its port city of Ceyhan receives one million barrels of Azerbaijani oil daily through the Baku-Tbilisi-Ceyhan pipeline.

Turkey's push for more control over Nabucco, and more revenue, clashes with the EU's proposal that Turkey - like Bulgaria, Romania, Hungary and Austria - collect only transmission fees tied to costs.

"All Turkey is trying to do is get some of the gas for domestic consumption and its fair share of commercial transactions," said Mithat Balkan, who until six months ago was the Turkish Foreign Ministry's energy coordinator.

Turkey does not feel any obligation to abide by rules set by a 27-member club that has not accepted it as a member, Balkan said.

"Turkey's future in the EU is still not very clear, so to say Nabucco is a test has no logic," he said. Negotiations over Turkey's entry into the EU have stalled, partly because of opposition to letting a predominantly Muslim country into the group of historically Christian nations.

By seeking more power over Nabucco, Turkey is taking a page out of Russia's book, exerting national control over export pipelines, said Katinka Barysch, deputy director of the Center for European Reform, in London. "The Turks want it to be a Turkish pipeline," she said.

Turkey has already exerted influence over Nabucco, last year blocking Gaz de France from joining after the French Parliament made it a crime to deny that the mass killing of Armenians by Ottoman Turks during World War I was genocide.

Negotiations between the EU and Turkey over Nabucco are to end this summer, when the EU must decide on future gas contracts. Even if they can resolve their differences, Nabucco's future is not certain. The start of construction, set for this year, was put off until 2010, pending questions about gas sources.

The project has pledges from Azerbaijan and Turkmenistan for 18 billion cubic meters a year, or 58 percent of the pipeline's capacity. Other possible suppliers, Iran and Russia, are problematic.

"If you have a Nabucco that is largely dependent on Russian gas, that defeats the purpose," said Gareth Winrow, an expert on energy politics at Bilgi University in Istanbul.

Turkey has lobbied Europe to accept gas from Iran, on which the United Nations has imposed sanctions over its nuclear program. Turkey signed preliminary energy deals with Iran last year worth \$3.5 billion, earning it a scolding in March from Vice President Dick Cheney of the United States. Several European countries have suggested they would consider Iran as a gas supplier once it abides by UN demands to halt uranium enrichment.

As the summer deadline nears, both the EU and Turkey face pressure to find a compromise.

"Nabucco is the best commercial option for both Europe and the Caspian suppliers, but the participants need to conclude the necessary agreements if they want to stay competitive," said C. Boyden Gray, U.S. special envoy for Eurasian Energy Affairs.

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