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Working group «Iran in Regional and Global Perspective» at the Strategic Studies Summit,
Bangkok, Thailand
Feb. 23-25, 2014



Policy memo

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The interim nuclear deal signed in Geneva in November between Iran and the six world powers, is of crucial importance since it has mainly aimed to normalize Iran's relations with the outside world. Put differently, the ultimate goal of the deal is to normalize Iran's nuclear program within a fixed time frame but concurrently articulates the expressed intention of all parties to negotiate on long-term strategic objectives. Thus Obama's policy to initiate a serious dialogue with Iran so as to make the mullahs "unclench their fist" seems to have succeeded for now.

Implications for the Geneva agreement for Turkey

One important consequence of the Geneva agreement, from Turkey's perspective is the initiation of the normalization of Tehran's relations with the outside world. (http://www.mfa.gov.tr/no_-311_-24-november-2013_-press-release-concerning-the-agreement-on-iran_s-nuclear-program-reached-in-geneva.en.mfa) This normalization process will have multiple effects on Turkey's relations with Iran on many levels, economics, security and politics.

Sanctions/ Economics:

The most important effect of the Geneva agreement for Turkey is that it gave international recognition to Iran's right to continue uranium enrichment for peaceful purposes and Iran's economy earned a relief of \$ 7 billion. Thus, it is estimated that an end to the sanctions regime could open the way for exports of Turkish goods and services to Iran worth more than \$90 billion in the medium term. Additionally, the ability to import more of its energy from Iran would reduce some of the squeeze of Turkey's current dependence on Russia, especially in the gas sector.(Kirisci:2014) Ankara reluctantly complied with international sanctions by mid-2012. The ban on the economic sanctions will remove the pressure on currency which Turkey suffered very recently. Turkey was not able to pay for its gas and oil purchases from Iran in Euros or Dollars. Turkey's payments in Turkish Lira were deposited in Iran's account in a state-owned Turkish bank, Halkbank. In return for Iran's acceptance of Turkish lira, the AKP government tolerated the operations of converting Iran's export of revenues into gold. Turkey's direct and indirect gold exports to Iran rose sharply in 2012 and contributed to the large decline in Turkey's trade deficit with Iran. (Habibi: 2014) The ease of sanctions will also reshape Turkey's relations with the West specifically the United States. The latest "gold for gas" corruption scandal (17th December) is a striking example with respect to understanding the negative impact of sanctions on Turkey's relations with the United States because the above-mentioned scandal has been perceived by the AKP government as a plot of Washington (and Israel) who cooperated with the Gulen movement. (Taştekin: Al Monitor Dec. 20 2013).

Security

When it comes to Turkey's security concerns about Iran's being a nuclear power, Turkey, on official level, has never felt a sense of alarmism or urgency so far. In parallel with its increasing economic cooperation with Iran, Turkey has both spent efforts to develop necessary capabilities to defend itself from ballistic missiles and WMD and paired those efforts with calls for the universalization of non-proliferation norms and the establishment of a Middle East Zone Free of WMD. Here the crucial

issue is that from Ankara's perspective that any such zone would not include Turkey, because the "seventy or so American nuclear weapons deployed on Turkish soil, according to Ankara, are necessary for deterrence and help to ensure the NATO burden-sharing principle remains firmly in place." (Kibaroglu: 2010) Turkey is the only Muslim country which overtly station nuclear weapons on its soil and the only member of a credible collective security organization-NATO. Put differently, Turkey, having more credible security guarantees than those enjoyed by any Arab states can freely declare that a nuclear Iran is not threatening for Turkey.

Nevertheless, Turkey prepares for the worst scenario, for example, it was pursuing a ballistic missile- defence system which coincided with the Obama administration's announced plans for the development of the European Phased Adaptive Approach- a missile defence system that relies on SM-3 missile interceptors deployed on Aegis missile destroyers in the Mediterranean. However, to ensure complete territorial coverage, Turkey has opted to procure a Chinese ballistic missile-defence system and to develop its own low and medium-altitude air-defence systems.

Long story short, although Turkey spends effort to launch indigenous nuclear capability, it sees "NATO as a suitable vehicle for its long-term security, even where this comes at a cost to the country's broader diplomacy." (<http://www.rusi.org/irannuclear/turkey/>) Turkey's stance towards the Syrian crisis indicates that it favors involvement of NATO to appease any threat at its border. Turkey's treatment of NATO as the ultimate backstop to its security shows that it will adopt the similar stance in the face of Iranian nuclearisation.

It should be borne in mind, however, that according to 2012 public opinion poll held in 27 provinces across Turkey, 60.8 percent of those polled believed that Iran's possession of nuclear weapons was a threat to Turkey, and 54 percent of the Turks favored Turkey's acquisition of nuclear arms in the event of a threat from a nuclear-armed Iran. Today's Zaman: 2013 Economic Review: 2012). Although Ankara

officially declares that a nuclear Iran is not threatening to Turkey, the feelings on public level towards a nuclear Iran are quite negative.

In addition, Turkey might not want to be the only remaining country, other than Italy, to host NATO nuclear weapons if Germany and Netherlands no longer do so. (Perkovich: Carnegie) The uncertainty over NATO's tactical nuclear weapons reflects a broader and deeper uncertainty over the dependability of the Alliance as a whole. As many analysts agree that "the only circumstance where Turkish nuclear weapons would acquire a degree of likelihood is a breakdown of Turkey's security relationship with the United States". (Ülgen: 2012) Therefore, keeping Turkey firmly anchored in NATO remains important.

The two important developments-Turkey's current border security issue after the Syrian crisis has erupted and the creation of Rojava in the northern part of Syria so as to aggravate separatist feelings of the Kurds in Turkey- push Ankara not to burn bridges with Tehran. Ankara who believes that further sanctions will isolate Iran more and more, seems quite content with the interim Geneva agreement. However, this does not mean that Turkey won't be uneasy in the face of Iran's having a formal status as a nuclear break-out state with a final agreement following the general contours of the Geneva Accord (i.e. one allowing for Iranian uranium enrichment up to 3.5%).

Put differently, with the de facto recognition of Iran's right to the full nuclear fuel cycle, Iran will be placed by the international community in the company of responsible nuclear states like Germany, Japan, the Netherlands and Brazil, as well as the nuclear-weapons states. "This would be a significant boost for Iran's international prestige and could be seen as out-doing Turkey, a G20 and NATO member and EU candidate whose own nuclear energy program is still in its early infancy". (Kirişçi:2014) Such a scenario will probably push Turkey to focus more on level of Iran's nuclearisation and Iran's weapon intention.

Given the current mistrust between Turkey and Iran due to the deployment of the missile defense system under NATO's command on entire Turkish territory and of the early warning radar system in Malatya Kürecik, it is not a prophecy to say that Turkey and Iran will continue to be rival to each other on security level in the near future. This may lead to a further rapprochement between Turkey and Israel who are allegedly (by Iran) sharing knowledge owing to the US radar system in Turkey which is similar to the one in Israel, Negev Desert.

Politics

There have been some important reasons for Ankara's becoming very cautious about its relations with Iran. Turkey's strained relations with the United States and Israel, its energy dependency on Iran, current uneasiness about the security of border with Syria and Ankara's urgency to cooperate with Iran in dealing with its own Kurdish issue are among the reasons for keeping the relations with Tehran at a stable level.

However, there can be some drastic changes in Turkey's attitude towards Iran depending on Iran's gaining supremacy as being a nuclear power. In addition, future domestic developments in Turkey will be of crucial importance for the future of Turkish-Iranian relations. The local elections of March 2014 will determine the future of Erdogan's political career after Gezi park protests and corruption probe (17th December) as it will be a litmus test for Erdogan's popularity and Turkey's international showcase. The coming elections in 2014 will absolutely lead to some radical changes in Turkey's foreign policy. A probable replacement of the AKP government with another one, a more liberal or pro American or a coalition government might lead to Turkey's seeking cooperation with Israel in utilizing the Eastern Mediterranean natural gas after a probable solution to Cyprus. Needless to say, Turkey will start a new period in its relations with the EU so as to revive the negotiation process.

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In sum, it can be said that Iran's integration to international society will precipitate Turkey's policies restoring the relations with the West and its institutions.