

Turkey's Engagement in Energy Security Cooperation with South Caucasus Countries

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Abstract

This article analyzes Turkey's cooperation with South Caucasus countries in the field of energy security and examines the key energy projects implemented within this framework. Turkey's geostrategic position, its role in energy transit, and its priorities in energy policy are explored. The study particularly focuses on the Baku-Tbilisi-Ceyhan (BTC) oil pipeline and the Southern Gas Corridor (SGC) projects. The realization of the BTC project has strengthened Turkey's geopolitical position in the region and reinforced its strategic partnership with Azerbaijan and Georgia. Moreover, this project has facilitated Western countries' access to Caspian oil reserves, thereby contributing to Europe's energy security.

The Southern Gas Corridor project plays a crucial role in ensuring energy supply for both Turkey and Europe. Through the Trans-Anatolian Natural Gas Pipeline (TANAP) and the Trans Adriatic Pipeline (TAP), Azerbaijani gas is transported to Turkey and Europe. This development represents a significant step in Turkey's ambition to become an "Energy Hub". The article also examines the evolution of energy cooperation between Turkey and Azerbaijan, as well as the challenges encountered and their potential solutions. Additionally, the impact of Turkey's relations with Russia, Iran, and Western countries on its energy policy is highlighted.

At the same time, Turkey faces challenges in balancing its energy partnerships with Russia and Iran while maintaining strong ties with Western allies. This article also assesses the potential future prospects of Turkey's energy cooperation in light of regional political shifts and global energy demands. Ultimately, Turkey's proactive energy diplomacy in the South Caucasus underscores its ambition to solidify its position as a key player in international energy security.

In conclusion, Turkey's engagement in energy security in the South Caucasus region holds not only economic but also strategic significance. The BTC and SGC projects have shaped Turkey's energy strategy and strengthened its position both in the region and on the international stage. Furthermore, these projects have deepened Turkey-Azerbaijan-Georgia cooperation, enhancing the South Caucasus' role as a vital energy corridor.

Keywords: Energy Security, South Caucasus, Baku-Tbilisi-Ceyhan (BTC), Southern Gas Corridor (SGC), Geopolitical Cooperation

Участь Туреччини у співпраці з країнами Південного Кавказу у сфері енергетичної безпеки

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Анотація

У цій статті аналізується співробітництво Туреччини з країнами Південного Кавказу у сфері енергетичної безпеки та розглядаються ключові енергетичні проекти, які реалізуються в рамках цього. Досліджено геостратегічне положення Туреччини, її роль у транзиті енергоносіїв та пріоритети в енергетичній політиці. Дослідження особливо зосереджено на проектах нафтопроводу Баку-Тбілісі-Джейхан (BTC) і Південного газового коридору (SGC). Реалізація проекту BTC зміцнила геополітичні позиції Туреччини в регіоні та зміцнила її стратегічне партнерство з Азербайджаном і Грузією. Крім того, цей проект полегшив доступ західних країн до запасів каспійської нафти, тим самим сприяючи енергетичній безпеці Європи. Проект «Південний газовий коридор» відіграє вирішальну роль у забезпеченні енергопостачання Туреччини та Європи. Через Трансанатолійський газопровід (TANAP) і Трансадриатичний газопровід (TAP) азербайджанський газ транспортується до Туреччини та Європи. Ця подія є значним кроком у прагненні Туреччини стати «енергетичним центром». У статті також розглядається еволюція енергетичного співробітництва між Туреччиною та Азербайджаном, а також виклики, що виникли, та їх потенційні шляхи вирішення. Крім того, підкреслюється вплив відносин Туреччини з Росією, Іраном і західними країнами на її енергетичну політику. У той же час Туреччина стикається з проблемами в збалансуванні свого енергетичного партнерства з Росією та Іраном, зберігаючи міцні зв'язки із західними союзниками. У цій статті також оцінюються потенційні майбутні перспективи енергетичного співробітництва Туреччини в світлі регіональних політичних зрушень і глобального попиту на енергію. Зрештою, проактивна енергетична дипломатія Туреччини на Південному Кавказі підкреслює її прагнення зміцнити свої позиції як ключового гравця в міжнародній енергетичній безпеці. Підсумовуючи, залучення Туреччини до енергетичної безпеки в регіоні Південного Кавказу має не лише економічне, а й стратегічне значення. Проекти BTC і SGC сформували енергетичну стратегію Туреччини та зміцнили її позиції як у регіоні, так і на міжнародній арені. Крім того, ці проекти поглибили співпрацю між Туреччиною, Азербайджаном і Грузією, підвищивши роль Південного Кавказу як життєво важливого енергетичного коридору.

Ключові слова: енергетична безпека, Південний Кавказ, Баку-Тбілісі-Джейхан (BTC), Південний газовий коридор (SGC), геополітичне співробітництво

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Introduction.

Turkey holds significant geopolitical and strategic importance due to its proximity to regions containing 70% of the world's existing oil and natural gas reserves and the areas that have a high demand for these resources. Particularly, Turkey is characterized as a transit country or "Energy Corridor" in terms of natural gas. However, Turkey's goal is to transform into an "Energy Hub". The pipelines passing through Turkey are of great significance for both producer and consumer countries. Currently, due to its limited energy resources, Turkey meets approximately 30% of its total energy demand from its own resources, while the remaining portion is supplied from various sources. Turkey's energy demand is met by 35% from natural gas, 28.5% from coal, 27% from oil, 7% from hydroelectric energy, and 2.5% from other renewable sources. Alongside a high level of foreign dependence in the energy sector, Turkey ranks second after China in the growth of natural gas demand in recent years, and it imports nearly 99% of its natural gas consumption. In 2015, 58% of the 51 billion cubic meters of natural gas imported by Turkey came from Russia, 15% from Iran, 12% from Azerbaijan, 7.7% from Algeria (LNG), and 2.4% from Nigeria (LNG) (Ilter, & Kinik, 2017). The country participates in and supports many important projects to become a natural "Energy Hub" between energy-rich Central Asia, Caspian Sea, and Middle Eastern countries and the consumption markets in Europe.

On September 20, 1994, with the signing of the "Contract of the Century" between Azerbaijan and Western countries in the field of energy security, Turkey initiated its Caspian energy diplomacy. It should be noted that the idea of transforming Turkey into an "energy corridor" between the Middle East and Caspian Basin, where a significant portion of the world's oil and natural gas reserves are located, and Europe, dates back to the 1970s. The first international pipeline of Turkey, the "Kirkuk-Yumurtalik Crude Oil Pipeline", saw its first tanker loaded at the Yumurtalik terminal on May 25, 1977. The BTC Crude Oil Pipeline was the second project and was considered indispensable for Turkey, aiming to deliver Caspian oil to the world via the Ceyhan terminal (Baskin, 2013).

The Object and Subject of the Article. The object of this article is Turkey's cooperation with South Caucasus countries in the field of energy security, while its subject encompasses energy projects such as the BTC and SGC pipelines implemented within this framework, along with their geopolitical, economic, and strategic impacts. By analyzing Turkey's energy policy, the implementation process of these projects, and their role in the region, the article highlights the significance of energy cooperation between Turkey, Azerbaijan, and Georgia on both regional and international scales.

The aims and objectives of the article. The objective of this article is to analyze Turkey's cooperation

with the South Caucasus countries in the field of energy security and the key energy projects implemented within this framework. One of its primary aims is to examine the geopolitical, economic, and strategic impacts of the BTC and SGC projects. The article also evaluates Turkey's energy policy priorities, its role as a transit country, and its energy diplomacy, assessing their regional and international implications. Additionally, it investigates the dynamics of Turkey-Azerbaijan-Georgia energy cooperation and the challenges encountered in this sphere. Furthermore, the study explores the role of Turkey's relations with Russia, Iran, and Western countries in shaping its energy security strategy.

Research Methods. The article employs analytical and comparative approaches. Turkey's energy policy and projects in the South Caucasus are evaluated based on various sources, with a focus on their geopolitical and economic impacts.

Scientific novelty of the article. The scientific novelty of the article lies in the systematic analysis of Turkey's cooperation with the countries of the South Caucasus in the field of energy security. The geopolitical and economic impacts of strategic energy projects such as the BTC pipeline and the SGC are thoroughly examined. At the same time, the influence of Turkey's energy policy on its relations with regional powers—Russia, Iran, and Western countries—is evaluated from a new perspective.

The bibliographic foundation. The bibliographic foundation of the article is based on scientific research, official documents related to international and regional energy projects, statistical data, and analytical assessments of energy policies. Additionally, academic sources reflecting the energy strategies of Turkey, Azerbaijan, and other relevant stakeholders have been utilized.

The analysis of previous research and publications. In the article, previous research and publications are analyzed to investigate how Turkey's role and cooperation policy in energy security in the South Caucasus have been assessed within the framework of scientific approaches. While earlier studies primarily emphasized the economic and strategic significance of the BTC and SGC projects, this article specifically focuses on their geopolitical impacts and Turkey's position within its energy policy. Furthermore, the article identifies the gaps in existing research and attempts to explain energy security issues in a broader context. Thus, this research not only continues previous studies but also presents new analyses and approaches. A number of scholars' works have been utilized in this direction, with ideas and considerations presented in a comprehensive manner (Baskin, 2013; Shaban, 2023; Zekiye, 2019).

Research results.

On October 29, 1998, in Ankara, the heads of state of Turkey, Azerbaijan, Georgia, Kazakhstan, Uzbekistan, and Kyrgyzstan signed a joint declaration, announcing their political support for the BTC project, which aimed to transport crude oil produced in countries such as

Kazakhstan, Uzbekistan, Kyrgyzstan, Turkmenistan, and Azerbaijan in the Caspian Basin via pipeline to the Mediterranean Sea and from there to world markets by tanker. On October 27, 1998, under the “Partial Advisory Services Agreement for the Baku-Ceyhan Crude Oil Pipeline and Other Pipelines of Interest to the Republic of Turkey” between the United States Trade and Development Agency (USTDA) and the Treasury Consultancy of the Republic of Turkey, a grant of 823,000 USD was allocated. On November 18, 1999, at the OSCE Summit in Istanbul, a declaration was signed regarding the construction of the main export pipeline of Baku-Tbilisi-Ceyhan. This laid the legal foundation for the realization of the project. Subsequently, efforts were made to finalize some details of the BTC main export pipeline project and to identify the necessary financial sources.

On September 18, 2002, the foundation of the Baku-Tbilisi-Ceyhan main export pipeline was laid at the Sangachal terminal. The Presidents of Azerbaijan, Turkey, and Georgia attended the groundbreaking ceremony. In his opening speech at the event, the President of the Republic of Azerbaijan, Heydar Aliyev, spoke about the project, stating: *“At the time of signing this agreement, we envisaged producing more than 50 million tons of oil annually from the Azeri-Chirag-Gunashli fields in the future. However, the oil needs to be delivered to world markets. There were various ways and routes for this. But as Azerbaijan, together with our friends: Turkey, Georgia, and the companies participating in this project, we decided to deliver the oil to the Ceyhan port in Turkey via the Baku-Tbilisi-Ceyhan main export pipeline”* (Shaban, 2023a).

It should be noted that the realization of the BTC project demonstrated that Turkey's relations with the two main countries of the South Caucasus, Azerbaijan and Georgia, had shifted from cooperation to strategic partnership. The operator of the sections of the pipeline located in Azerbaijan and Georgia on behalf of the shareholders of “BTC Co.” was BP, while the operator of the section in Turkey was the “BOTAŞ International Limited” company. Overall, the distribution of shares among the shareholders of “BTC Co.” was as follows: BP 30.1%, “AzBTC” 25%, MOL 8.9% (later Chevron), “Equinor” 8.71%, “TPAO” 6.53%, “Eni” 5%, “Total” 5%, “Itochu” 3.4%, “Inpex” 2.5%, “ExxonMobil” 2.5%, and “ONGC (BTC) Limited” 2.36%. The total length of the pipeline was calculated to be 1,768 kilometers. Of this, 443 kilometers were to pass through Azerbaijan, 249 kilometers through Georgia, and 1,076 kilometers through Turkey. The construction costs of the project alone amounted to 4.5 billion USD.

The construction of the BTC project was completed in 2005. The official opening of the section of the pipeline passing through Azerbaijan took place on May 25. The event held in Sangachal was also marked by significant events in terms of Trans-Caspian cooperation. The

statements made by Nursultan Nazarbayev during the event, the press conference held after his meeting with Ilham Aliyev, and the joint declaration made by officials from Turkey, Azerbaijan, and Kazakhstan during the event strengthened the impression that Kazakhstan would definitely join BTC. In his speech at the opening ceremony of BTC, the Chairman of SOCAR, Rovnag Abdullayev, stated that the work related to the “Trans-Caspian Project” had been completed and was submitted to the Presidents of Azerbaijan and Kazakhstan for approval. On September 14, 2005, by the decree of the President of Azerbaijan, Ilham Aliyev, a special commission was established to ensure the transportation of Kazakhstan oil via the Baku-Tbilisi-Ceyhan Main Export Pipeline (Abdullayev, 2009).

On October 12 of the same year, the completion of the Georgian section of the BTC pipeline was marked by the commissioning of Pump Station No. 1 in the Gardabani district of Georgia. A grand opening ceremony was held, with the participation of Turkish President Ahmet Necdet Sezer, Azerbaijani President Ilham Aliyev, and Georgian President Mikheil Saakashvili. From the Turkish side, the Minister of Energy and Natural Resources, Hilmi Guler, the Head of the Presidential Office, Kamal Nehrozoglu, and a limited number of other guests were also present. During his speech at the ceremony, President Sezer stated that this significant step, taken to ensure stability, peace, and prosperity in the South Caucasus, which connects Europe and Asia and holds strategic importance, had been understood by everyone. He emphasized that the projects forming the East-West energy corridor were vital steps toward enhancing security and peace in the region, as well as ensuring economic development. President Sezer also noted that these projects would strengthen the relationships between the countries in the region, as well as their ties with the Western world. Later, President Sezer remarked: *“In terms of achieving and sustainably maintaining economic and social development in the region, this project holds special significance. Within this framework, we have reached the final stage of the Baku-Tbilisi-Ceyhan crude oil pipeline project as a result of the joint efforts carried out by our countries with trust and determination. This project, which will bring new dynamics to Europe and Asia and bring peoples closer together, is advancing towards its ultimate goal with confident steps. I wholeheartedly congratulate everyone who contributed to the realization of the Baku-Tbilisi-Ceyhan idea and express my gratitude”* (A ceremony was held, 2005).

The final stage of the project was completed on May 28, 2006. Thus, Azerbaijani oil transported through the BTC pipeline was delivered to Turkey's Ceyhan terminal. The opening ceremony of the “Project of the Century” or “Silk Road of the 21st Century” was hosted by President Ahmet Necdet Sezer and Prime Minister Recep Tayyip Erdogan, with the participation of Azerbaijani President Ilham Aliyev, Georgian President Mikheil Saakashvili,

the Prime Minister of the Turkish Republic of Northern Cyprus, Ferdi Sabit Soyer, the Deputy Prime Minister of the United Kingdom, John Prescott, and ministers and deputy ministers from 32 countries, including Turkey. The financial cost of the Turkish section of the project amounted to 1.7 billion USD. However, this cost was not covered by Turkey but by the companies participating in the project, with the 300 million USD difference arising from cost increases being covered by "BTC Co." Thus, despite the increase in project costs, the pipeline began operations without the need for additional support that Turkey had committed to through the "Government Guarantee Agreement". If additional revenues were set aside, Turkey was expected to earn between 140 million and 200 million USD annually, based on the capacity transported, during the 1st to 16th years, and approximately 300 million USD during the 17th to 40th years, in return for "transit fees and management services". Alongside the revenues from transit fees and shares in the fields, the implementation of the pipeline allowed for cheaper oil due to reduced transportation costs. During the construction phase, approximately 21,000 new jobs were created along the pipeline route. With the construction of the Ceyhan terminal, the Mersin and Iskenderun ports also began to flourish. The realization of this project, which constituted the most critical part of the East-West Energy Corridor, not only increased Turkey's geopolitical significance but also contributed to the political and economic stability of Azerbaijan and Georgia. Thanks to the project, Azerbaijan became one of the major oil producers, and Georgia became a crucial transit country. As mentioned, the BTC crude oil pipeline was of great significance for Turkey, both economically and politically. The advantages BTC would provide to Turkey were as follows:

1. With BTC, Turkey's geopolitical significance increased, and it became a key country in the Eurasian energy corridor.
2. The reduction of oil transportation by tankers helped prevent the overloading of Turkey's Black Sea straits.
3. Ceyhan transformed into an oil terminal.
4. With the pipeline operating at full capacity, Turkey's revenue from oil transportation and loading reached 250 million USD.
5. The pipeline provided Europe with an alternative source of Caspian crude oil, independent of the Middle East region, thereby helping the EU member states achieve their goals of source and route diversification.
6. The pipeline played a crucial role in successfully completing the East-West energy corridor, linking the South Caucasus and Central Asia to Turkey and from there to Western markets.

Starting from 2006, in addition to Azerbaijani oil, oil from Turkmenistan and Kazakhstan began to be exported to Turkey. After long discussions and technical processes, on June 16, 2006, an agreement was signed between

Azerbaijani President Ilham Aliyev and Kazakh President Nursultan Nazarbayev on Kazakhstan's participation in BTC. On August 8, 2007, during an official visit to Kazakhstan by Azerbaijani President Ilham Aliyev, a memorandum was signed between SOCAR and KazMunayGas companies regarding the "Kazakhstan Caspian Transportation System" project. This system was intended to transport Kazakhstan's oil, extracted from the "Kashagan" and "Tengiz" fields, through Azerbaijan and BTC to global markets (Abdullayev, 2009).

Due to Russia's firm stance, the Aktau-Baku oil pipeline (Trans-Caspian) has not yet been realized. However, currently, Kazakh oil is transported to Azerbaijan via tankers within the "Trans-Caspian project" framework, and from there, it is carried to international markets via BTC and rail. Additionally, Kazakhstan and Azerbaijan's shared position on the Caspian Sea's legal status is beneficial for both Trans-Caspian cooperation and the continuation of strong relations among Turkic-speaking countries. Another aspect of Trans-Caspian oil cooperation involves the transportation of Turkmenistan oil to international markets through Azerbaijan. The agreement for transporting Turkmenistan oil via BTC was signed in June 2010. Although not to the extent of Kazakhstan, Turkmenistan also transports a significant portion of its produced oil via BTC. As Turkmenistan's oil production continues to rise, the country has even acquired new ships in recent years to transport its oil and petroleum products. However, there have been periods of significant disagreements between Turkmenistan and Azerbaijan regarding the status of the Caspian Sea, which negatively impacted the deepening of their Trans-Caspian energy cooperation. As is well known, disputes between the two countries over oil fields in the Caspian in the 1990s escalated their relations. In fact, Turkmenistan closed its embassy in Azerbaijan in 2001, citing financial reasons. However, especially after the death of Turkmenistan's former president Saparmurat Niyazov (Türkmenbaşy) and with Turkey's initiative, the process of normalizing Turkmenistan-Azerbaijan relations began, and in 2008, Turkmenistan's embassy in Azerbaijan reopened. This led to the development of Azerbaijan-Turkmenistan relations in both bilateral and multilateral formats. The most important example of this is the trilateral summit meetings between the heads of state and foreign ministers of Azerbaijan, Turkey, and Turkmenistan.

The first trilateral meeting of the Foreign Ministers of Azerbaijan, Turkey, and Turkmenistan was held on May 26, 2014, in Baku, the second on January 29, 2015, in Ashgabat, the third on August 28, 2015, in Antalya, and the fourth on July 18-19, 2017, in Baku. The first trilateral summit of the Presidents of Azerbaijan, Turkey, and Turkmenistan was planned to take place on October 12, 2015, in Turkmenistan's Avaza city. However, due to the terror attack that took place in Ankara on October 10, 2015, President Recep Tayyip Erdogan postponed his visit to Turkmenistan. This summit was eventually

held on December 14, 2022, where a joint declaration consisting of 25 articles was signed (Ferdi Turk, 2022).

Turkey imports 666,000 barrels of oil daily via the BTC pipeline, and 243 million barrels annually. In 2022, operational expenses for the pipeline amounted to approximately 100 million USD, while capital expenditures reached 27 million USD. On March 23, 2021, the 5000th tanker loaded with oil was dispatched from the Sangachal terminal, passing through Azerbaijan, Georgia, and Turkey to the Ceyhan terminal. Since the BTC pipeline became operational in June 2006, more than 531 million tons (3.99 billion barrels) of crude oil have been transported via this pipeline until the end of 2022. After completing the BTC-related works, the implementation of two more projects was planned:

1. The “Southern Gas Corridor” (SGC) project, which will deliver Azerbaijani gas to Turkey and Europe;
2. The “Trans-Caspian Gas Pipeline” project, which will transport Turkmen gas to Turkey and European markets.

The Southern Gas Corridor consists of the integration of three different main gas pipelines. The first part of the “Southern Gas Corridor” starts from the South Caucasus Pipeline (SCP) and connects the section from the Caspian coast to the Georgia-Turkey border. Starting from the Turkey-Georgia border, crossing Turkey from east to west, the main gas pipeline constructed at the Turkey-Greece border is called the Trans-Anatolian Natural Gas Pipeline (TANAP). The main gas pipeline, constructed from the Turkey-Greece border, passing through Albania and reaching the southern part of Italy, is called the Trans Adriatic Pipeline (TAP).

On March 12, 2001, an agreement was signed between Azerbaijan and Turkey, as well as between BOTAS and SOCAR, for the import of 6.6 billion cubic meters of natural gas. The agreement on the sale and purchase of gas exported from the “Shah Deniz” (SD) field under the “Stage-1” project was also supported by the European Union. On September 29 of the same year, the Presidents of Azerbaijan and Georgia signed the “Agreement between the Republic of Azerbaijan and Georgia on the Transit, Transport, and Sale of Natural Gas through the South Caucasus Pipeline System in the Territories of the Republic of Azerbaijan and Georgia and beyond these territories”. This document, known as the Baku Declaration, marked the first step towards the future transportation of Azerbaijani gas to European countries.

Thus, the SCP, which began construction in 2004 along the Baku-Tbilisi-Erzurum route, was completed by the end of 2006. The SCP was the first major gas project aimed at ensuring the energy security of Europe and the region. This strengthened the strategic energy cooperation between Azerbaijan, Georgia, and Turkey. The pipeline contributed to the economic development of the districts and cities along its route and the creation of job opportunities. To make the project more commercially attractive, BP decided to implement the SCP project along

the same corridor after completing the construction of the Baku-Tbilisi-Ceyhan pipeline at the Georgia-Turkey border, which had started in 2003. The construction of the SCP was accelerated by utilizing the experience and infrastructure gained from the construction of the BTC pipeline. On May 21, 2006, the process of filling the SCP with gas began. At that time, since gas production under the SD project had not yet started, gas obtained from SOCAR was pumped into the pipeline. Finally, in July 2007, commercial gas produced under the SD contract was delivered to Turkey. This marked the official transition of the SCP to the operational phase (Shaban, 2023b).

The projects implemented in the South Caucasus region faced significant challenges in the early years, which had a negative impact on Turkey. Russia's military intervention in Georgia posed a threat not only to Turkey's but also to Europe's energy security. The events occurring on the other side of the border inevitably affected Turkey. The economic consequences of the crisis were quite noticeable. Georgia's infrastructure suffered major damage. Azerbaijan's trade relations were disrupted. The operations of the BTC oil pipeline and the Baku-Tbilisi-Erzurum natural gas pipeline were temporarily suspended for security reasons. Meanwhile, the rapid advance of Russian troops through the Georgian section of the BTC pipeline, stopping there without damaging the pipeline but bombing the surrounding area, sent a clear message to Turkey and the West. As a result of these events, the future of the BTC and Baku-Tbilisi-Erzurum pipelines was put in question. However, the outcome of the war, which led to Russia achieving its goals, contributed to the revival of the energy projects. However, on April 22, 2009, when an official statement was made regarding the establishment of diplomatic relations between Turkey and Armenia, Azerbaijan's reaction became even more severe. The distrust towards Turkey grew so much that, even after the BTC pipeline, one of the most significant projects, the Nabucco agreement, was signed in Turkey on July 13, 2009, President Ilham Aliyev decided not to attend the ceremony, citing his meeting with BP representatives in London as the reason.

At a time when the issue of Armenia was making relations extremely sensitive, Azerbaijan brought up the amount paid by Turkey for the oil it received from the BTC pipeline and the natural gas it received from the Baku-Tbilisi-Erzurum pipeline. President Ilham Aliyev, noting that Azerbaijan had been selling natural gas to Turkey for a third of the market price for many years, expressed his dissatisfaction by stating, “Which country would agree to this? This is an issue that makes no sense”. He also mentioned that the obstacle to Azerbaijan's natural gas export to the EU market was the negotiations with Turkey. Aliyev stated, “Our resources are exhausted, the offer given to us will never be accepted by Azerbaijan. In this situation, we must seek alternative routes. These routes are available”, pointing to Russia (Final speech of

the President of Azerbaijan, 2009). In fact, the President of Azerbaijan was right to be concerned. Turkey's purchase of Azerbaijani gas at \$120-130 per 1,000 cubic meters, while buying Russian gas at \$280, was troubling for Azerbaijan and led to demands for price increases. The main reason for the emergence of the price issue at this time was the geopolitical and geo-economic factors raised by the intensifying discussions over the Nabucco project. On one hand, statements from European partners regarding the failure to sign the agreement due to Turkey's insistence on adding a margin to the "cheap" Azerbaijani gas and selling it to Europe, and on the other hand, Russia's efforts to prevent Nabucco and pressuring to buy the Azerbaijani gas for this project through Gazprom and increase the price, had a significant impact on Azerbaijan. Additionally, after the war in August 2008, Russia's political pressure on the South Caucasus countries had noticeably increased. When we also consider that Turkey did not adequately inform Azerbaijan about the content of the discussions with Armenia, a crisis between the two countries became inevitable.

On June 29, 2009, a large-scale natural gas purchase and sale agreement was signed between Azerbaijan's national oil company SOCAR and Russia's Gazprom. Under this agreement, Russia began purchasing 500 million cubic meters of natural gas from Azerbaijan annually starting January 1, 2010. While the volume was small, the agreement was not of great economic significance, but it played an important role politically. On one hand, it demonstrated that Azerbaijan could turn to alternatives other than Turkey for exporting its energy resources. On the other hand, it pointed to Russia's increasing influence in the South Caucasus and the weakening influence of the United States following the war in August 2008. Azerbaijan's "balance policy" prevented Turkey from assuming that Azerbaijan was completely under its influence.

The crisis over natural gas prices between the two countries was resolved only in June 2010 with an agreement reached. The agreement, signed between President Ilham Aliyev and Prime Minister Recep Tayyip Erdogan during the CICA meeting held in Istanbul, resolved the price crisis. In addition to the agreement that re-adjusted the price of natural gas between Turkey and Azerbaijan, the meeting also included an agreement on the price and volume of the Shah Deniz-2 project, which was planned to start after 2016-2017, as well as an initial agreement on transit passage. After the resolution of the price crisis, discussions on the TANAP, which aims to deliver Shah Deniz gas to European markets via Turkey, accelerated. On October 25, 2011, an "Intergovernmental Agreement" was signed, allowing the transit transportation of Azerbaijani gas through Turkey. With the memorandum of understanding signed on December 26, 2011, it was agreed that this transportation would be carried out via a special pipeline named Trans-Anatolian. It was decided that the pipeline would be constructed by a consortium

formed in collaboration between SOCAR, BOTAŞ and Turkish Petroleum Corporation (TPAO) in the initial phase, with the possibility for other international oil and gas companies to join the consortium as the project progressed. As a logical continuation of this, on May 26, 2014, SOCAR and BOTAŞ signed a sales contract for the transfer of 30% of the shares in TANAP to BOTAŞ. After BOTAŞ acquired shares in TANAP, a contract was signed for the financing of BOTAŞ's 5% shares in TANAP. According to the agreement, until TANAP operations commenced, SGC CJSC and its subsidiaries were obligated to provide BOTAŞ with an interest-free loan to finance BOTAŞ's 5% share in future payment claims of TANAP JSC. On July 23, 2014, SGC CJSC signed a contract with SOCAR for the acquisition of 100% shares in TANAP JSC the project company established for the implementation of the TANAP project in the Republic of Turkey. On April 13, 2015, SGC CJSC sold its 30% shares in TANAP JSC to BOTAŞ.

Turkey was evaluating its opportunities in terms of its geostrategic position and potential to become a center for energy security. Concrete steps were being taken in the direction of becoming an energy hub. With the signing of the Turkish Stream natural gas project, accelerating work on the TANAP project, and important roles being played in Eastern Mediterranean natural gas projects in the context of improving relations with Israel, Turkey made significant progress. In terms of ensuring energy supply and security, TANAP was undoubtedly an important milestone. On March 17, 2015, a significant phase of the TANAP project was completed. An official ceremony was held in the Selim district of Kars to mark the beginning of the construction work for TANAP. The ceremony was attended by Turkish President Recep Tayyip Erdogan, Azerbaijani President Ilham Aliyev, and other high-ranking officials, who emphasized the significance of the project. The pipeline that would carry gas from Shah Deniz to Europe was laid on the ground. This ceremony is considered the start of the initial phase of the TANAP project, marking the completion of the necessary preparations for the construction of the project at that time.

In his speech at the ceremony, Turkish President Erdogan reminded that Turkey was preparing for its centennial goals in 2023. "Our goal is to become one of the top 10 economies in the world with 500 billion dollars in exports, a 2 trillion dollar national income, and single-digit unemployment rates", Erdogan stated, adding that within this framework, Turkey planned to transform itself into the region's energy distribution hub. Erdoğan continued: *"The Baku-Tbilisi-Ceyhan pipeline has already become one of the most important oil distribution centers in the world. With the normalization of the situation in Iraq and Syria, Ceyhan's role will be further strengthened. Likewise, our natural gas and oil pipeline projects with other countries are continuing. TANAP holds special significance and place among all*

these projects, with its route and goals. Just as there is no alternative to this project, there is no alternative to TANAP. In this regard, when the South Gas Corridor, which is truly an independent project, is fully realized in all its stages, we will establish strong ties between Europe and the Caspian region. This project is needed by the entire Eurasian geography, in addition to Azerbaijan, Georgia, and Turkey. Alongside its economic function, its contribution to peace and stability will also be highly appreciated. TANAP, with a length of 1850 km and a financial cost of 10 billion dollars, truly deserves this mission. Starting from 16 billion cubic meters, with gradual increases to 22 billion cubic meters and 31 billion cubic meters, we hope to see the flow of natural gas from this project begin in the target year of 2018" (The Foundation Was Laid, 2015).

Finally, dreams became reality. On June 12, 2018, one of the most significant symbols of the ongoing successful cooperation between Azerbaijan and Turkey in the energy sector, the TANAP with an investment value of 8 billion dollars, was officially launched in a magnificent ceremony attended by the presidents of the three countries. The event took place at the facilities in the Seyidgazi district of Eskisehir, Turkey, where the MS-2 Measurement and CS-5 Compressor Stations are located, marking a major milestone in the delivery of natural gas to Turkey (The section of TANAP, 2018). Azerbaijani gas began to be transferred to Turkey via TANAP. This project, realized through the close cooperation of Azerbaijan, Georgia, and Turkey, included the following technical parameters:

1. The pipeline, with a length of 1,793 km extending from the east to the west of Turkey, consisted of the following sections: 1,339 km from the Georgia-Turkey border to Eskisehir, and 454 km from Eskisehir to the Turkey-Greece border;
2. The diameter of the pipeline was 56 and 48 inches, while the section passing over the Marmara Sea and through the Dardanelles Strait had a diameter of 36 inches, totaling 37.6 km;
3. The maximum elevation of the pipeline above sea level was 2,700 meters;
4. Two branches were separated from the TANAP pipeline to the Turkish gas distribution system;
5. The annual maximum transmission capacity of the TANAP pipeline was calculated at 30.7 billion cubic meters, with the initial phase having an annual transmission capacity of 16.2 billion cubic meters of gas;
6. TANAP passed through 20 provinces of Turkey: Ardahan, Kars, Erzurum, Erzincan, Bayburt, Gumushane, Giresun, Sivas, Yozgat, Kirsehir, Kirikkale, Ankara, Eskisehir, Bilecik, Kutahya, Bursa, Balikesir, Chanakkale, Tekirdag and Edirne.

After the signing of the intergovernmental agreement on TANAP, on June 28, 2013, the Shah Deniz consortium selected the Trans Adriatic Pipeline (TAP) as the main route for the transportation of Caspian gas to Europe. This decision was based on the commercial advantage

of selling gas primarily in Southern European countries. As a result, the TAP pipeline was decided to cover the route through Greece, Albania, and Italy. Azerbaijan also decided to sell gas to Bulgaria, a country not located along the route. However, according to the agreement on TAP, Bulgaria had to independently build the infrastructure connecting to the TAP pipeline in Greek territory in order to receive the gas. As a result, the Nabucco project lost its significance for both producers and consumers and became unnecessary. In November 2013, the project was terminated, and it faded into history.

On September 19, 2013, a 25-year agreement for the purchase and sale of natural gas was signed in Baku between the participants of the Shah Deniz consortium and the buyers of the gas to be transported to Europe, including "Shell", "Bulgargas", DEPA, "Gas Natural Fenosa", EON, "Gaz de France", "Hera", "Enel", "Axpo". According to Azerbaijan's 2020 statistics, the TAP project exported 10 billion cubic meters of natural gas to Europe. Turkey, through the TANAP and TAP projects, earned approximately 1.5 billion dollars annually from transporting Azerbaijani gas to Europe. The European Commission's "RePowerEU" plan, announced in 2022, aimed to reduce gas dependency. In this regard, the most important alternative for Europe was the TAP project, which is an extension of TANAP. The project, which exports 28 million cubic meters of natural gas to Europe daily, planned to double its annual export capacity to reach 20 billion cubic meters.

Conclusions.

The "Baku-Tbilisi-Ceyhan" and "Southern Gas Corridor" projects were energy initiatives of strategic importance for both Turkey and the region. To intensively implement the operational principles of these projects, a Consultative Council consisting of energy ministers was established. It should be noted that the initiative to create the Consultative Council was proposed by the President of the Republic of Azerbaijan, Ilham Aliyev. The BTC project transformed Turkey into an energy transit hub, strengthening its geopolitical position. Furthermore, through this project, Turkey further strengthened its strategic partnership with Azerbaijan and Georgia.

The realization of the SGC strengthened the strategic positions of both Turkey and the South Caucasus region. It played a crucial role in meeting the energy demands of Turkey and Europe. This project marked the beginning of a new era in energy policy. The Southern Gas Corridor, consisting of three pipelines – TAP, TANAP, and the South Caucasus Pipeline – was designed to transport 16 billion cubic meters of gas annually. Of this gas, 10 billion cubic meters were to be delivered to Europe, and 6 billion cubic meters to Turkey. This figure represented approximately 8% of Turkey's natural gas imports in 2018, when the country consumed 47.3 billion cubic meters of natural gas. The idea of connecting Israeli natural gas to TANAP via a pipeline was also on the agenda. Since the discovery

of hydrocarbon reserves in Israel, discussions about this potential project with Turkey have continued. The reason for this is the significantly lower financial cost of the existing pipeline that would be integrated into TANAP compared to other projects (Zekiye, 2019).

On December 31, 2020, Azerbaijani gas was delivered to Europe for the first time via TANAP. The launch of TAP was a victory for the "Southern Gas Corridor."

Through this pipeline, the final segment of the project, the "Southern Gas Corridor" became fully operational as a system. The project, in particular, helped diversify the energy demands of South European countries (Greece, Albania, and Italy). TAP further increased Turkey's strategic importance in reducing dependence on Russian gas and in the direction of diversifying Europe's energy sources.

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