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# Turkish-Iranian Relations in a Changing Middle East

F. Stephen Larrabee, Alireza Nader



NATIONAL DEFENSE RESEARCH INSTITUTE

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F. Stephen Larrabee, Alireza Nader

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## Preface

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The Arab Spring has intensified the historic rivalry between Turkey and Iran, two of the Middle East's most powerful nation-states. Although economic cooperation between the two countries has improved in the past decade, Turkey and Iran are increasingly at odds on a number of issues in the Middle East, particularly Syria. The relationship between these two important countries presents some opportunities, as well as challenges, for U.S. interests in the region.

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## Summary

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In the past decade, Turkish-Iranian cooperation visibly intensified. Turkish energy needs and Iran's vast oil and natural gas resources have been an important driver of the increasing Turkish-Iranian cooperation. Iran is the second-largest supplier of natural gas to Turkey, behind Russia. Iran is also an important source of crude oil.

However, the degree of cooperation between the two countries should not be exaggerated. Turkey and Iran have historically been, and continue to be, rivals rather than close partners. While they may share certain economic and security interests, their interests are at odds in many areas across the Middle East. The two states have fundamentally different political identities and ideologies.

The Arab Spring has given the political and ideological rivalry between Turkey and Iran greater impetus. The fall of authoritarian regimes in Tunisia, Libya, and Egypt, in addition to uprisings in Syria, Yemen, and Bahrain, has undermined the political order in the Middle East. Turkey and Iran both have sought to exploit the emerging "new order" in the region to achieve their respective interests in the Middle East.

Relations have been strained by a number of issues. The most important factor contributing to the growing strains in relations has been Turkey's support for the opposition to Syrian President Bashar al-Assad. Syria is Iran's only true state ally in the Middle East. Since 1979, the secular, Alawite-dominated, Baathist Syrian regime and Iran's Shi'a theocracy have strongly supported each other. Assad's downfall would be a serious strategic blow to Iran and could result in the growth of Turkey's influence. It could also have a demonstration effect on Iran, strengthening internal opposition to the Iranian regime and deepening the current divisions within the Iranian leadership.

Iraq has also become a field of growing competition between Turkey and Iran. The withdrawal of U.S. troops from Iraq has created a power vacuum that Iran has attempted to fill. The sectarian conflict between the Shi'a and Sunni has drawn Turkey and Iran into the Iraqi conflict on opposing sides. While the Turkish-Iranian competition in Iraq is not as significant as the tensions over Syria, it could gain new strength with Assad's downfall, leading to widespread sectarian violence that could be highly destabilizing.

The Kurdish issue has also emerged as a source of tension between Ankara and Tehran. The Turkish government suspects Syria and Iran of providing support to the main Kurdish insurgent group, the Kurdistan Workers' Party. As the unrest in Syria has spread, the Assad regime's control over the Kurdish areas along the Turkish-Syrian border has eroded, deepening Turkish anxieties that this will strengthen calls for greater autonomy among Turkey's own Kurdish population and that Syria and, to some extent, Iran may use Turkey's vulnerabilities on the Kurdish issue in an attempt to reshape Turkey's policy toward the Syrian regime.

The Palestinian issue provides yet another area of rivalry between the two countries. Iran views its opposition to Israel as enhancing its popularity in the Arab world. But Turkish Prime Minister Recep Tayyip Erdoğan's assertive support for the Palestinians has stolen Iran's thunder and has been an important factor contributing to the deterioration of Ankara's relations with Israel.

Turkey and Iran are also potential rivals for influence in Central Asia and the Caucasus. However, competition between Turkey and Iran in these regions has been muted. Iranian influence has been constrained in Central Asia and the Caucasus due to a number of factors, including Russia's dominant role as a regional power broker.

Iran's nuclear program has been a source of strain and divergence in U.S.-Turkish relations, especially as Turkey has attempted to play the role of mediator between Iran and P5+1 (the United Nations Security Council plus Germany). However, the differences between the United States and Turkey regarding Iran's nuclear program are largely over tactics, not strategic goals. Turkey's main fear is that Iran's acquisition of nuclear arms could lead to a nuclear arms race in the Middle East. This, in turn, could increase pressure on the Turkish government to consider developing its own nuclear weapon capability.

Turkey's approach to the nuclear issue will heavily depend on U.S. policy and the credibility of the commitment of North Atlantic Treaty Organization (NATO) members to Article V of the Washington Treaty on collective defense. As long as Turkey feels that NATO takes seriously Turkish security concerns, Ankara is unlikely to rethink its nuclear policy. However, if Turkish confidence in the U.S. and NATO commitment to its security weakens, Ankara could begin to explore other options for ensuring its security, including the possible acquisition of its own nuclear deterrent. Thus, maintaining the credibility of the commitment of alliance members to Article V remains critical.

Given its dependence on Iranian energy, especially natural gas, Turkey has a strong stake in preventing relations with Iran from deteriorating too badly and in not taking actions that could give Tehran an excuse to step up support for the Kurdistan Worker's Party. U.S. officials should thus not expect Ankara automatically to fall in line with all U.S. policy initiatives directed against Iran. Ankara will seek to retain a degree of flexibility regarding its policy toward Iran and may be hesitant to support some U.S. initiatives if they are seen to conflict with broader Turkish national interests vis-à-vis Iran.

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## Abbreviations

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AKP	Adalet ve Kalkınma Partisi [Justice and Development Party]
CENTO	Central Treaty Organization
KRG	Kurdistan Regional Government
NATO	North Atlantic Treaty Organization
P5+1	the United Nations Security Council plus Germany
PJAK	Party of Free Life of Kurdistan
PKK	Kurdistan Workers' Party
UN	United Nations



## Introduction

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The political destiny of the Middle East has been significantly shaped by the rivalry for regional power and influence between Turkey and Iran. While dormant for much of modern times, this rivalry has led to great conflict and bloodshed throughout history. But Turkey and Iran are more than just historical and strategic rivals. They are also the source of each other's deep-seated fears and anxieties.

The Iranian national epic, the *Shahname*, depicted the ancient kingdom of Turan (associated with the Turkic people in Central Asia) as Iran's ultimate nemesis.<sup>1</sup> Iran was often at the mercy of Turkic tribes from Central Asia, many of which not only invaded Iran as they migrated southward but also came to appreciate and absorb Persian culture as Iran's rulers. The Persian Safavid dynasty blunted the Ottoman Empire's eastward expansion in the 16th and 17th centuries. Subsequently, Iran's ruling Qajar dynasty, of Turkic origin, saw the Ottoman Empire as a model of European-style modernization. Reza Shah Pahlavi, the founder of Iran's last ruling dynasty (and first non-Turkic dynasty in hundreds of years), admired Kemal Ataturk, the founder of the Turkish Republic, for his determined effort to secularize and modernize Turkey. The shah's modernization efforts were inspired by Ataturk's policies but were ultimately less successful and facilitated the overthrow of his son, Mohammad Reza Shah Pahlavi, and the rise of the Islamic Republic.

Iran's 1979 Islamic revolution sent shock waves through Turkey's military-dominated political establishment. The Islamic Republic, a revolutionary theocracy, was the antithesis of Ataturk's secular republic. Not only did it seek to overturn the regional geopolitical order but, in the eyes of the Turkish elite, it threatened the identity and very existence of the Turkish state.

However, the two states were not direct geopolitical rivals in the way Iran and Saudi Arabia have been for decades. The Kemalist elite regularly accused the Islamic Republic of fomenting strife in Turkey through its alleged support of various terrorist and insurgent groups, while the Islamic Republic saw Turkish secularism—and Ankara's close ties to the United States—as a threat to its revolutionary Islamic ideology. But while the two states regarded each other warily after 1979, economic ties between the two countries visibly expanded. During the Iran-Iraq war, Turkey maintained strong economic ties to both states.

Until the assumption of power by the Justice and Development Party (Adalet ve Kalkınma Partisi, AKP) in November 2002, Turkey's attention and energies were primarily focused on the West, rather than the Muslim Middle East. Turkey's fundamental role as a North Atlantic Treaty Organization (NATO) member was to protect Europe's southwestern flank from Soviet

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<sup>1</sup> Emeri van Donzel, *Islamic Desk Reference*, Boston: Brill Academic Publishers, 1994.

aggression rather than to contain the threat of a revolutionary Iran. The Turkish elite focused its attention on strengthening ties to the West—especially gaining admission to the European Union—rather than on establishing closer ties to the Middle East.

Both Turkey and Iran regarded Baathist Iraq and the Soviet Union as the main threats. Turkey and Iran had been founding members of the Central Treaty Organization (CENTO), which was created in 1955 to counter Soviet influence in the Middle East.<sup>2</sup> Iran's revolution in 1979 spelled the end of CENTO, but CENTO's demise did not diminish the mutual threats Turkey and Iran had faced prior to the Iranian revolution.

Iran's eight-year war with Iraq absorbed most of Tehran's energies after the 1979 revolution; the Islamic Republic did not have the capability to export its revolution throughout the Middle East, including Turkey. Moreover, Iran's radical ideology united much of the region, especially the Arab nations of the Persian Gulf, against it. The Islamic Republic could hardly afford to antagonize Turkey as well.

Turkish-Iranian economic, political, and security ties improved significantly after the AKP's assumption of power in November 2002 and especially after the U.S. invasion of Iraq in March 2003. Though it is committed to secularism, AKP's core constituency consists of observant Muslims from the Anatolian heartland who are less inclined to view Islamic Iran as the dire threat that the Turkish secular elite often portrays it as. The AKP's broader attempt to improve relations with the Muslim Middle East also facilitated warmer ties with the Islamic Republic.

However, the growing ties between Turkey and Iran under the AKP were primarily motivated by common concerns about the Kurdish issue and shared economic interests, rather than religious and ideological affinity. Despite the rhetoric about Muslim solidarity and common political interests, beneath the surface, important ideological and strategic differences continued to exist that limited—and continue to limit—the degree of rapprochement between the two countries.

## The Winds of Change

The outbreak of the Arab Spring has given the historical rivalry between Turkey and Iran new impetus. As the unrest and pressures for change have spread, Turkish-Iranian relations have become increasingly strained. Turkey and Iran have clashed over a number of issues, most notably Syria.

Turkey's assertive policy in the Middle East poses a challenge to Iranian regional ambitions. Turkey views itself as an ascendant power in the Middle East. Indeed, many Arabs have regarded Turkey, with its high growth rate and relatively democratic political system, as a model for their own political evolution.

The Islamic Republic, however, regards itself as the only worthy counterweight to U.S. "imperialism" in the region. It may have actively ceased to export the Islamic revolution to neighboring countries, but the combination of its revolutionary ideology and Iranian nationalism conflicts with Turkish aspirations in the Middle East. Turkish activism in Arab affairs, especially on the Palestinian issue, poses a particular challenge for the Islamic Republic. And

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<sup>2</sup> John Calabrese, "Turkey and Iran: Limits of a Stable Relationship," *British Journal of Middle Eastern Studies*, Vol. 25, No. 1, May 1998, p. 76.

Turkey's opposition to the Bashar al-Assad regime in Syria, Iran's close ally, could seriously endanger the Iranian regime's influence and political objectives.

More dangerously for the Islamic Republic, Turkey's more dynamic and open society and political system could encourage Iran's own restive opposition movements to press harder for domestic political reform, especially if reform movements elsewhere in the Middle East gain greater momentum.

## **Purpose and Organization of the Study**

This report analyzes the evolution of Turkish-Iranian relations. It addresses three closely related issues:

- How are Turkish-Iranian relations likely to evolve in the coming decade?
- To what extent are Turkish-Iranian security interests convergent? To what extent are they divergent?
- What are the implications of the divergences for security in the Middle East and U.S. interests?

Chapter Two focuses on a number of specific issues where Turkish and Iranian policy have increasingly begun to diverge—Syria, Iraq, and the Kurdish issue. Chapter Three discusses Turkish and Iranian differences over the Palestinian issue. Chapters Four through Six examine relations with Central Asia and the Caucasus, the effects of Iran's nuclear policy on bilateral relations, and prospects for economic cooperation. Chapter Seven concludes by exploring the implications of current trends for Middle East security and U.S. interests.



## Turkey and Iran in a Changing Middle East

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### Turkey's New Geopolitics

After the end of World War II, Turkey concentrated its primary attention on improving ties to the West. Except for a brief period in the mid-1950s, relations with the Middle East were largely neglected. In the last decade, however, Turkey has rediscovered the Middle East and emerged as an increasingly important actor in the region.

The more-active Turkish engagement in the Middle East in recent years does not mean that Turkey is turning its back on the West or that its policy has become “Islamicized.” Rather, the opening to the Middle East represents an attempt to adapt Turkish policy to changes in Turkey’s strategic environment precipitated by the end of the Cold War.

The collapse of the Soviet Union removed the main rationale behind the U.S.-Turkish security partnership and reduced Ankara’s dependence on Washington for its security. At the same time, it opened up new opportunities and vistas in areas that had previously been neglected or had been off limits to Turkish foreign policy, particularly the Middle East, Central Asia, and the Caucasus. Turkey has sought to exploit the new diplomatic flexibility and room for maneuver by establishing new relationships in these areas.<sup>1</sup>

With the end of the Cold War, the locus of the threats and challenges to Turkish security shifted. During the Cold War, the main threat to Turkish security came from the north—from the Soviet Union. Today, Turkey faces a much more diverse set of security threats and challenges: increasing violence and sectarianism in Syria; rising Kurdish nationalism and separatism; sectarian violence in Iraq, which could spill over and draw in outside powers; the possible emergence of a nuclear-armed Iran on Turkey’s doorstep; and a weak, fragmented Lebanon dominated by groups with close ties to Iran and Syria. In short, Turkey has focused more heavily on the Middle East because that is where the main threats to its security are located.

Turkey’s new foreign policy outreach to the Middle East, however, has little to do with a revival of the imperial ambitions of the Ottoman period. Turkish officials specifically reject the term *Neo-Ottomanism* in describing Turkey’s foreign policy.<sup>2</sup> They seek to build on Turkey’s historical and cultural ties to the countries of the Middle East to promote a more peaceful and stable regional security environment in the region and to expand Turkish influence, not to create a new Ottoman empire.

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<sup>1</sup> For a detailed discussion, see F. Stephen Larrabee, “Turkey’s New Geopolitics,” *Survival*, Vol. 52, No. 2, April–May 2010b, pp. 157–189.

<sup>2</sup> See the article by Ibrahim Kalin, chief foreign policy advisor to Prime Minister Erdoğan, “A Neo-Ottomanism?” *The Majalla*, November 26, 2009.

The AKP's Islamic roots have influenced Turkish policy. But they are not the driving force behind it. Turkey's relations with Iran should be seen in this larger strategic context. While Turkey's relations with Iran have visibly improved in the last decade, especially in the economic field, the depth of the rapprochement between the two countries should not be exaggerated. Despite rhetoric about Islamic solidarity, important political, ideological, and religious differences exist beneath the surface that limit any far-reaching improvement.

## Iran's Geopolitics

The Islamic Republic is at heart a revolutionary state that has sought to transform the regional order in its own image. Although it has largely failed to achieve this objective, it has managed to make its power felt throughout the Middle East, whether in the Levant, Iraq, or the Persian Gulf. The removal of Saddam Hussein, the rise of Hezbollah and Hamas, America's preoccupation with Afghanistan, and the pressures unleashed by the Arab Spring at one point emboldened Iran's top leadership to the point that they may have regarded the United States as a receding power. But Turkey's increasing influence posed a challenge to Iran's regional ambitions.

The Islamic Revolution of 1979 fundamentally changed Iran's role as a pillar of stability and protector of U.S. interests in the Middle East. Mohammad Reza Shah Pahlavi had been brought to and maintained in power through large-scale U.S. political, military, and economic support. The Iranian revolutionaries who overthrew the Shah viewed the United States not only as the oppressor of the Iranian people but also as the guarantor of repressive Arab regimes in the Middle East. The Islamic Republic's early foreign policy was focused on liberating the Arabs from U.S. "domination." But Iranian attempts to undermine regional governments were not limited to the Arab world. Iran also sponsored the persistent but relatively low-level efforts of Islamist groups, such as Turkish Hezbollah, to undermine the Turkish government in the 1980s and 1990s.<sup>3</sup>

Turkey, however, was not Iran's primary target. The war with Iraq (1980–1988) sapped much of Iran's energies and led to its isolation in the Middle East. Iran also focused some of its energy and resources on combatting Israel in Lebanon. Turkey, although secular and pro-Western, did not pose an immediate threat to the Islamic Republic. Relations between the two countries were not particularly warm until the beginning of the 21st century, but neither did they reach the level of outright hostility.

Iran was mainly preoccupied with economic reconstruction after the end of its war with Iraq and did not have the capability to project great power beyond its borders. The U.S. policy of dual containment in the 1990s effectively checked both Iran and Iraq's influence in the Persian Gulf and the wider Middle East. Iran also began to moderate some of its own foreign policies to improve relations with neighboring countries and attract desperately needed investments and trade for its economy.

The U.S. defeat of Iraqi forces in the 1990–1991 Gulf War and the collapse of the Soviet Union left the United States as the region's undisputed preeminent power. Iran continued to challenge U.S. interests in the Middle East but was unable to effectively shape the region's security order as it may have wished.

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<sup>3</sup> Turkish Hezbollah is a predominantly Kurdish group based in southeastern Turkey and should not be confused with the pro-Iranian Hezbollah in Lebanon.

The 2001 U.S. invasion of Afghanistan and the 2003 invasion and occupation of Iraq were perceived as great threats to the Islamic Republic. The Iranian regime, which has always viewed the United States as the primary threat to its existence, perceived itself to be the next possible target for U.S. regime change. This may have contributed to Iran's decision to cease some aspects of its nuclear program, according to the 2007 U.S. National Intelligence Estimate.<sup>4</sup> Iran's precarious position may have also prompted Tehran's initial cooperation with the United States in Afghanistan; the Islamic Republic played an important role in defeating the Taliban and establishing the Karzai government.

However, President George W. Bush's branding of Iran as a member of the "Axis of Evil" and increasingly assertive Iranian policies under President Mahmoud Ahmadinejad put Iran and the United States on a collision course. While the threat of a U.S. attack on Iran declined after President Barack Obama's election in November 2008, the Iranian regime nevertheless fears that the United States seeks to overthrow the regime. Iran's continued development of its nuclear program appears to a large extent to be motivated by these fears.

The U.S. occupation of Iraq and Afghanistan, however, proved to be a boon for Iran's rulers. The fall of Saddam Hussein, in particular, provided an opportunity for Iran to significantly expand its power in the Middle East. The new Shi'a dominated Iraqi government was composed of parties and groups with close links to Iran, including the Islamic Supreme Council of Iraq and the Al Dawa party. Lebanese Hezbollah's perceived "victory" in its 2006 war with Israel and Hamas's takeover of the Gaza Strip in 2007 also fed regional perceptions of an ascendant Iran.

## The Influence of the Arab Spring

The Arab Spring has intensified the historical rivalry between Turkey and Iran. Ankara and Tehran have viewed the Arab Spring quite differently. Iranian leaders have sought to portray the Arab Spring as an "Islamic Awakening" inspired by Iran's own 1979 Islamic Revolution, which overthrew the Shah, while Turkey has seen the Arab Spring as the expression of widespread popular yearning for greater democracy and transparency and possibly an opportunity to enhance Turkey's regional influence. The Arab Spring appears to have reinforced the Iranian leadership's perception of the geopolitical order in the Middle East as being in Iran's favor. But the reality may be quite different; the Islamic Republic is vulnerable to the same social, political, and economic forces that led to the overthrow of authoritarian regimes.<sup>5</sup>

Iran's image in the Arab world has suffered a marked decline in the last five years. A June 2011 James Zogby poll showed a serious reversal of Iran's popularity in Arab countries in comparison to five years previously. In the earlier poll, large majorities in Morocco, Egypt, Saudi Arabia, Jordan, and the United Emirates said that Iran played a positive role in the region, but in the June 2011 poll, the figures were almost exactly reversed.<sup>6</sup>

<sup>4</sup> Office of the Director of National Intelligence, "Iran: Nuclear Intentions and Capabilities," *National Intelligence Estimate*, Washington, D.C., November 2007.

<sup>5</sup> Alireza Nader, "Iran's Human Rights Abuses," testimony presented before the House Foreign Affairs Committee, Subcommittee on the Middle East and South Asia, Washington, D.C., September 22, 2011.

<sup>6</sup> In Morocco, Iran dropped from an 82 percent positive rating in 2006 to an 85 percent negative rating in 2011. Egypt showed a similar decline. The rating dropped from 89 percent positive to 63 percent negative. In Saudi Arabia it went from

An updated and broadened Zogby poll, which included Turkey, Pakistan, and Azerbaijan, as well as the Gulf states, Egypt, and Sudan and other nations of the Maghreb, underscored that Iran's image had continued to decline. Majorities in every country polled, with the exception of Iraq and Lebanon, both of which have large Shiite populations, viewed Iran's policies with suspicion and said Iran was playing a negative role in the region.<sup>7</sup>

In contrast, Turkey's image has significantly improved in Arab states.<sup>8</sup> According to the 2011 Annual Arab Opinion Survey, 38 percent of Egyptians polled said they would like their next president to be like Turkish Prime Minister Erdoğan (31 percent polled across all five Arab countries gave the same answer). The Turkish political system was found to be even more popular than its current prime minister, with 44 percent of Egyptians polled preferring their country's political system to look like Turkey's, and 10 percent preferring France's. While public opinion surveys in the Middle East are not terribly accurate, the poll's results parallel anecdotal evidence on Iran's declining popularity.

However, the widespread protests at the end of May 2013 against Erdoğan's attempt to remodel Gezi Park, adjacent to Taksim Square in Istanbul—especially the brutal manner in which the Turkish police dealt with the protesters—have tarnished Erdoğan's image and could diminish the appeal of the “Turkish model.” Erdoğan's dismissal of the protesters as a bunch of “thugs” and “looters” and his harsh condemnation of the role of the foreign media raised a question in some quarters in the Middle East whether Erdoğan had a double standard regarding democracy: one concept for Turkey and quite another for the rest of the Arab world. This is particularly true in Egypt, where the AKP's close ties to the Muslim Brotherhood and Erdoğan's condemnation of the coup ousting President Mohamed Morsi have led to a sharp cooling of relations.

## The Syrian Crisis

The main cause of strains in relations between Turkey and Iran has been differences over Syria. When the unrest in Syria initially broke out, Erdoğan advised al-Assad to introduce reforms that could defuse social tensions. Al-Assad promised to introduce reforms to Turkish envoys and interlocutors. However, he instead stepped up repressive measures aimed at stifling the unrest. In response, Turkey increased its criticism of Assad's policies and began to strengthen ties to the Syrian opposition, allowing it to organize and hold meetings on Turkish soil.

This support for the Syrian opposition sparked a sharp deterioration in relations with Damascus and created strains in relations with Tehran, which backed Syria. At the same time, it has exposed the limits of Turkey's Middle Eastern policy. Ankara has been forced to recognize that it needs American support more than it initially supposed. The swagger and exaggerated rhetoric about Turkey as a medium-sized power has been replaced by a much more sober and realistic appraisal of the difficulties Turkey faces in Syria. Internal discontent with Erdoğan's handling of the Syrian crisis has also increased.

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85 percent positive to 80 percent negative, and in the UAE, it went from 86 percent positive to 70 percent negative. See Dan Murphy, “A Stunning Shift in Iran's Image in the Arab World,” *Christian Science Monitor*, September 7, 2011. See also Palash Ghosh, “Iran's Popularity Sinks in Arab World, Turkey Rises,” *International Business Times*, July 27, 2011.

<sup>7</sup> Barbara Slavin, “Poll: Sectarianism, Syria Drive Negative Image of Iran,” *Al-Monitor*, March 5, 2013.

<sup>8</sup> “Turkey Most Popular Country Among Arab Nations, Poll Finds,” *Today's Zaman*, July 27, 2011.

Iran's support of the al-Assad regime's brutal suppression of the Syrian insurgency contradicts the Islamic Republic's stance as a force of resistance against repression. Turkey, on the other hand, has aligned itself with the mostly Sunni insurgents, winning it more popularity among the Arab world's Sunni population but also giving Turkish policy a less balanced, more-sectarian character.

The growing tensions between Turkey and the Assad regime have created deep anxiety in Tehran. Assad's regime is Iran's closest ally in the Middle East; the partnership between the two countries dates to the beginning of Iran's revolution. Although ideologically and religiously different, Syria and Iran have shared many geopolitical interests, from opposing Saddam Hussein's Iraq to resisting Israeli and U.S. influence and power in the Middle East. Both countries are patrons of Hezbollah, Lebanon's most powerful political and military actor. Syria and Iran also share concerns about Turkey's ambitions and policies in the Middle East. A post-Assad Syria, potentially ruled by its Sunni majority, could adopt an openly hostile attitude toward Iran and join the long list of Sunni Arab states opposed to Iranian power in the Middle East.

Assad's fall would also endanger Iran's ties to Hezbollah. The Islamic Republic relies on Syria as a conduit of weapons and funds to its Shi'a ally. Turkey's interdiction of Iranian arms shipments to Syria is particularly worrisome for the Iranian regime because Assad's downfall could hinder Iranian arms supplies to Hezbollah.<sup>9</sup>

Finally, the toppling of the Syrian regime could lead to increased internal instability in Iran. If the Syrian political system can be changed through popular demonstration, Iranians may come to believe that sustained mass public demonstrations and even active violence can achieve similar results in their own country.

Thus, Turkey's opposition to Assad is a direct threat to the Iranian regime's most vital interests. Unsurprisingly, Iran's media and senior Iranian officials have reacted with scorn and hostility toward Turkey's Syrian policies. One of the Revolutionary Guards' most influential papers, *Sobhe-Sadegh*, declared that Iran's relationship is so important that it would choose Assad's Syria over Turkey, especially given the latter's support of the Syrian opposition.<sup>10</sup>

The Iranian government's most influential mouthpiece, the daily *Kayhan* newspaper, has condemned Turkey's hosting of Syrian opposition conferences. In an article titled, "Why Has Turkey Been Tricked?" *Kayhan* finds Turkey's position toward Syria to be puzzling, especially given its "anti-Zionist activities," meaning the rupture of relations with Israel.<sup>11</sup> Iran's official English-language TV channel, Press TV, has even gone as far to insinuate that Turkey plotted the Syrian uprising.<sup>12</sup>

Far from being viewed as a Muslim partner, Turkey is increasingly depicted by Iran as a proxy for U.S. and European interests in the Middle East, particularly in light of the Arab Spring. Iranian officials, such as former judiciary chief and Khamenei advisor, Ayatollah Hashemi Shahroudi, have called Turkish Islam "liberal" or "American" Islam, a far cry from former Iranian depictions of the AKP as a "true" Islamist party. Shahroudi has specifically claimed

<sup>9</sup> "Turkiye dobare yek havapeymay e Irani ra majbour be farood kard" [Turkey Forces yet Another Iranian Plane to Land], *Asr-e Iran*, April 1, 2011.

<sup>10</sup> "Organ e Sepah: Iran miyan e Turkiye ve Suriye, Assad ra entekhab mikonad" [Iran Will Choose Syria Over Turkey], *Asr-e Iran*, June 27, 2012.

<sup>11</sup> "Turkiye chera farib khorde hast? [Why Has Turkey Been Tricked?]," *Kayhan News*, May 1, 2011.

<sup>12</sup> "Turkey Behind Syria Unrest," Press TV, June 9, 2011.

that Turkey's role in the Middle East benefits "liberal" Islam as opposed to the "real" Islam Iran propagates.<sup>13</sup>

Iran's support for Assad, however, has not been limited to verbal attacks on Turkey. The Islamic Republic has not only delivered weapons to Syria, but Iranian combatants are also reportedly fighting on the side of the Syrian government forces.<sup>14</sup>

In early August 2012, 48 Iranians were seized by the Syrian opposition forces. Iran claimed that the hostages were pilgrims who were visiting the sanctuary of Sayeda Zeinab. However, a number of the hostages turned out to be members of the Revolutionary Guards and of the specialized al-Quds Force. According to Iranian opposition sources, Al-Quds uses a cultural and religious travel agency, Samen al-Amen (the 8th Imam), as a cover for sending forces clandestinely to Syria. The flights from Tehran to Damascus are organized by Air Mahan, which is reportedly controlled by the Revolutionary Guards.<sup>15</sup>

In September 2012, Mohammad Ali Jafari, Commander of the Iranian Revolutionary Guards, acknowledged that members of the Revolutionary Guards' elite Al-Quds Force were present in Syria and providing nonmilitary assistance.<sup>16</sup> While Western officials had long suspected that Iranian military units were in Syria, this was the first acknowledgement by an Iranian senior military commander that Iran had a military presence in Syria.

It appears that the Iranian regime has dedicated itself to the preservation of its ally despite some opposition from the Iranian political elite. Some Iranians are concerned that the Islamic Republic may end up on the wrong side of the Syrian uprising if Assad falls and may lose all the influence it has gained in Syria and the Arab world in the last three decades. Iranian Member of Parliament Ahmad Ayavi has warned the Iranian government not to provide "absolute" support to the Assad regime because the Syrian demonstrations have been staged by "pious people."<sup>17</sup> Other reports have indicated that the Iranian government is actively courting members of the Syrian opposition.<sup>18</sup>

Even former president Ahmadinejad has expressed some discomfort with Iran's policy, at one point stating that violence was not the solution to the crisis. A populist attuned to public opinion in Iran and the Arab world, Ahmadinejad may have felt that Turkish leaders, such as Erdoğan, were stealing his thunder; after all, Ahmadinejad was once considered to be one of the most popular figures in the Muslim Middle East.<sup>19</sup>

It remains to be seen whether the new president, the moderate Hassan Rouhani, will significantly change Iran's policy toward Syria. Nevertheless, Supreme Leader Ayatollah Ali Khamenei, Iran's highest authority, appears to believe that Syria is the central player in the

<sup>13</sup> "Ayatollah Shahroudi: Turkiye dar tahavolat e mantagh e be naf e Islam liberal naghsh afarini mikonad [Ayatollah Sharoudi: Turkey's Plans in Light of the Region's Transformation Benefit Liberal Islam]," Fars News Agency, undated.

<sup>14</sup> Christophe Ayad, "La Légion Étrangère de l'Armée de Bachar Al-Assad," *Le Monde*, August 18, 2012. See also Farnaz Fassihi, "Iran Said to Send Troops to Bolster Syria," *Wall Street Journal*, August 27, 2012.

<sup>15</sup> Fassihi, 2012.

<sup>16</sup> "Iran's Revolutionary Guards Commander Says Its Troops in Syria," *Today's Zaman*, September 16, 2012. See also Babak Dehghanpisheh, "Elite Iranian Forces Are in Syria," *Washington Post*, September 17, 2012.

<sup>17</sup> Ahmad Ayavi, "Iranian MP Warns against 'Absolute' Support for Syria," *Radio Zamaneh*, August 31, 2011.

<sup>18</sup> Barbara Slavin, "Iran Hedges Its Bets on Syria," *IPS News*, December 15, 2011.

<sup>19</sup> Ahmadinejad's stance on Syria, which contradicts Khamenei's position, may have also been influenced by the rivalry between the two Iranian leaders. See Farhad Alavi, "Playing with Khamenei in Syria's Field," *Rooz Online*, September 12, 2011.

“Axis of Resistance” against Israel and is Iran’s front line in its struggle with the United States. Therefore, Iran is unlikely to provide anything but full support for the Assad regime as it fights for its survival. Iran’s inflexible approach, and Turkey’s continued opposition to Assad, may very well lead to a sharp deterioration in Iranian-Turkish relations.

## The Kurdish Issue

Tensions between Turkey and Iran have been exacerbated by differences over the Kurdish issue. Turkey and Iran have some convergent interests on the Kurdish question. Both countries have large Kurdish minorities on their soil and do not want to see the emergence of an independent Kurdish state. Iran has fought a low-level insurgency by the Free Life Party of Kurdistan (PJAK), an offshoot of the Kurdistan Workers’ Party (PKK). But recent tensions over Syria have made cooperation on the Kurdish issue more difficult.

The shared interest in preventing the emergence of an independent Kurdish state has led the two countries to share intelligence regarding the PKK and, on occasion, to coordinate attempts to combat PKK and PJK attacks. In summer 2010, Turkey and Iran intensified cooperation to protect their borders and increased coordination of intelligence and other activities against the PKK.<sup>20</sup> However, as a result of the growing strains over Syria, intelligence cooperation has been significantly cut back since the end of 2011.<sup>21</sup>

The cutback in intelligence cooperation with Iran has complicated Turkey’s ability to combat PKK attacks. The PKK attack in the Semdinli district of Hakkari at the end of July 2012, which resulted in the deaths of 20 Turkish soldiers, involved the transport of heavy weaponry to the city and the deployment of significant logistical equipment to the area. In the view of Turkish experts, such a large operation could not have been carried out without the knowledge of Iran.

Turkish officials believe that Iran is connected to the upsurge of PKK violence since the end of 2011. Shortly after the explosion of a bomb in the town of Gaziantep on the Turkish-Syrian border, which killed nine people, Hussein Naqavi, the spokesman of Iran’s parliamentary Affairs Commission, issued a statement warning Turkey that it should keep out of Syria when it was unable to deal with its own internal affairs.<sup>22</sup> Naqavi’s statement was seen in Ankara as a veiled warning that if Turkey continued its support for the Syrian opposition, it could face further threats to its internal order.

These incidents suggest that the nature of the PKK threat may be changing. Many Turks feel that Turkey is not simply facing an upsurge of Kurdish nationalism but that the PKK has become an instrument in a wider struggle with Syria and Iran.<sup>23</sup> In response to Turkey’s support of the Syrian opposition, Iran may have begun to actively step up support for the PKK and turned a blind eye to PKK activity along the Turkish-Iranian border.

<sup>20</sup> See the statement by General Necdet Özel, chief of the Turkish General Staff, “Turkey, Iran to Share Real-Time Intelligence on PKK,” *Today’s Zaman*, July 30, 2010.

<sup>21</sup> According to reports in the Turkish press, the Turkish Intelligence Service (MIT) and Iranian intelligence have “minimized relations” since the end of 2011. See Emre Uslu, “MIT Betrays CIA; Deceived by SAVAK,” *Today’s Zaman*, August 17, 2012.

<sup>22</sup> See H. Akin Unver, “Turkey’s ‘Free Syrian Army’ Troubles,” *Fikra Forum*, September 6, 2012.

<sup>23</sup> Discussions in Istanbul, September 4–7, 2012.

The Erdoğan government's decision at the end of 2012 to open discussions with imprisoned PKK leader Abdullah Ocalan on ending the PKK insurgency casts the Kurdish issue in a new light and has raised hopes in Turkey that the nearly three-decade-long insurgency may be nearing an end. Achieving a peace accord ending the insurgency, however, would not be easy. Ocalan's support would be essential for such an accord. But the PKK is not a monolith. It has become a transnational organization, with networks and operations in three countries: Turkey, Iraq, and Syria. Not all these networks are under Ocalan's control. Even if he can persuade large parts of the PKK to support a peace agreement, some hard-core nationalist groups may be unwilling to lay down their arms.

For Iran, the prospect of a possible end to the PKK insurgency raises difficulties. Iran has no interest in seeing an end to the PKK insurgency because this would deprive Iran of an important means of putting pressure on Turkey. Thus, the Islamic Republic may step up its support for die-hard splinter groups in Turkey and in Syria in an effort to keep the PKK insurgency alive and maintaining pressure on Turkey.

### Turkish-Iranian Competition in Iraq

The competition and rivalry between Turkey and Iran has intensified in Iraq. The U.S. withdrawal from Iraq has created a power vacuum and could eventually shift the regional balance of power, especially if Iraq backs Iranian policies toward Saudi Arabia and the Gulf Cooperation Council. Iraq's foreign policies are currently more aligned with Iran than any other regional country. Iraqi Prime Minister Nouri al-Maliki has expressed support for the Assad regime and has allowed Iran to use Iraqi territory and airspace to ship weapons to the Syrian regime.<sup>24</sup> Iraq also remains antagonistic toward Saudi Arabia, Iran's archfoe in the Persian Gulf.

Iran views Iraq as critical to the realization of its national security ambitions. From the Iranian perspective, it is vital that Iraq remain a friendly and pliant state that supports Iranian national security interests. Religious factors also influence Iranian policy. Two of Shi'a Islam's holiest sites are located in Najaf and Karbala in southern Iraq. Iran's Shi'a theocracy would like to ensure that Iraq and its clerical establishment do not emerge as a threat to Iran's concept of religious rule, or *velayat-e faghih* [rule of the supreme jurist].

Turkey is an obstacle to Iran's ability to achieve its political ambitions in Iraq. Ankara has a strong interest in the emergence of a politically stable, independent, and economically prosperous Iraq aligned with Turkish interests. It does not want Iraq to become an Iranian client state. However, Turkey lacks Iran's close ties to key Shi'a political actors and parties, such as Islamic Supreme Council of Iraq and the Sadrist block. It also does not have as active an intelligence and paramilitary presence as Iran.

However, Turkey has established strong economic and political ties to the Kurdish Regional Government (KRG) in northern Iraq. Iran also maintains close political and economic relations with the KRG; two-way trade stood at around \$4.5 billion in 2011.<sup>25</sup> But Iran's relations with the KRG are not as close as those of Turkey and have been marred by peri-

<sup>24</sup> Michael S. Schmidt, and Yasir Ghazi, "Iraqi Leader Backs Syria, with a Nudge from Iran," *New York Times*, August 12, 2011; Michael R. Gordon, "Iran Flying Aid to Syria over Iraq," *New York Times*, September 6, 2012.

<sup>25</sup> "Iran-KRG Trade Ties Improve," *The Kurdish Globe*, June 25, 2011.

odic tensions. Iranian officials have accused the KRG of facilitating PJAK attacks on Iranian territory.<sup>26</sup>

Political competition between Turkey and Iran in Iraq has intensified in the last several years. The two countries backed opposing political blocs during Iraq's last parliamentary elections, with Iran supporting Shi'a parties, and Turkey backing the secular and Al-Iraqiya coalition.<sup>27</sup> But while many Iraqis view Iranian policies as being sectarian, Turkey has tried to portray itself in a nonsectarian light. On his visit to Iraq in March 2011, Prime Minister Erdoğan met with Iraq's most esteemed Shi'a religious leader, Ayatollah Ali Sistani. He also made a point to visit Shi'a shrines in Baghdad, as well as Sunni holy places.<sup>28</sup> Both visits were designed to underscore Ankara's support for a stable, nonsectarian approach to Iraq's future.

Turkey's relations with the central government in Iraq, however, have significantly deteriorated since then. Iraqi Prime Minister Nouri al-Maliki strengthened ties with Iran after the U.S. withdrawal. At the same time, Maliki has sought to steadily consolidate his control over Iraq's political institutions, especially the security services, and to circumscribe the influence of the Sunnis and Kurds.<sup>29</sup>

Maliki's attempt to curtail the influence of the Kurds and the Sunnis has strained relations with Ankara. His decision to issue a warrant in December 2011 for the arrest of Sunni Vice President Tariq al-Hashimi, who was charged with abetting terrorism the day after the last American troops had left Iraq, particularly alarmed Turkey. Turkish officials saw the arrest warrant for Hashimi as part of a broader effort by Maliki to reduce the power of the Kurds and Sunnis. The Turks fear that Maliki's attempt to curtail Sunni and Kurdish influence could increase the risk of a return to the type of sectarian violence that occurred in 2006 and 2007 and could lead to the breakup of Iraq, with the Kurds in the north gaining full independence.

## Turkish-KRG Rapprochement

The changing dynamics in Turkey's immediate neighborhood—especially the Syrian crisis and the growing strains in relations with Iran and the Maliki government in Iraq—have strengthened Turkey's interest in promoting closer cooperation with the KRG in northern Iraq. Both sides have come to see mutual benefits in improved relations, especially in closer economic ties. The economies of the two entities are closely linked and increasingly interdependent. Approximately 80 percent of the goods sold in the KRG are made in Turkey. Some 1,200 Turkish companies are currently operating in northern Iraq (mostly in construction but also in oil exploration).<sup>30</sup>

<sup>26</sup> "Iran Criticizes Iraqi Kurdistan for Giving Land to PJAK," *Iranian Students News Agency*, July 11, 2011.

<sup>27</sup> Sean Kane, "The Coming Turkish-Iranian Competition in Iraq," *Special Report*, Washington, D.C.: United States Institute of Peace, June 2011.

<sup>28</sup> "Turkish PM Meets Sistani, Visits Northern Iraq," *Hürriyet Daily News*, March 29, 2011; discussions with former Turkish official, October–November 2011.

<sup>29</sup> Murat Yetkin, "Turkey Moves Back in Iraq as U.S. Withdraws," *Hürriyet Daily News and Economic Report*, October 25, 2011. Arango, Tim, "Vacuum Is Feared as U.S. Quits Iraq, but Iran's Deep Influence May Not Fill It," *New York Times*, October 9, 2011, p. A6.

<sup>30</sup> See F. Stephen Larrabee, *Troubled Partnership: U.S.-Turkish Relations in an Era of Global Geopolitical Change*, Santa Monica, Calif.: RAND Corporation, MG-899-AF, 2010.

The KRG's future—particularly its economic future—will depend heavily on its relationship with Turkey. Although the KRG is rich in oil, it needs to be able to extract the oil and transport it to Western markets. Oil pipelines from northern Iraq already flow into Turkish ports on the Mediterranean and provide the most efficient and cost-effective means of getting Iraqi oil to European markets. Thus, both sides have strong incentives to find a political accommodation.

The Erdoğan government's decision in 2012 to import crude oil directly from the KRG despite the objection of the central government in Baghdad should be seen against this broader strategic background. The decision represents a significant reversal of previous Turkish policy, which had sought to prevent the KRG from obtaining direct control over the energy resources in the region, for fear that this would strengthen the KRG's drive for the creation of an independent state.<sup>31</sup>

Rather than blocking the KRG's attempt to gain control over energy resources in the region, Turkey is now seeking to develop an expanded energy partnership with the KRG. In March 2013, the KRG signed a landmark agreement with Turkey to supply Ankara directly with gas and oil without seeking Baghdad's approval.<sup>32</sup> While the details of the agreement have not been published, it is believed to grant Turkey substantial concessions to explore new oil and gas fields in northern Iraq, as well as preferential rates for energy exports to Turkey. In return, Turkey is to help the KRG build pipeline infrastructure that will allow oil and gas to be exported to Turkey without relying on Iraq's national pipeline, which is controlled by the central government in Baghdad.<sup>33</sup>

Ankara's increasing energy cooperation with the KRG has raised concerns in Washington and has put Ankara at odds with U.S. policy. American officials fear that Ankara is laying the groundwork for Iraq's disintegration by building up ties with the KRG at the expense of alienating Baghdad, which could drive Baghdad more firmly into Iran's embrace. Stronger Turkish-Iraqi ties, they argue, would give Turkey access to 100 percent of Iraq's natural resources, rather than just the 20 percent located in northern Iraq.

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<sup>31</sup> Barçın Yinanç, "Seeing in Barzani a Reliable Partner for Turkey," *Hürriyet Daily News and Economic Review*, July 31, 2012.

<sup>32</sup> Ercan Ersoy and Chris V. Nicholson, "Turkey Said to Sign Oil Deal with Kurds, Defying Baghdad," Bloomberg, April 17, 2013.

<sup>33</sup> Sinan Ulgen, "Erdoğan's Kurdish Gambit," Project Syndicat, 2013.

## Israel and the Palestinian Issue

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Turkey's past close military and intelligence ties with Israel were a consistent concern for Iran's decisionmakers. The Israeli-Turkish rapprochement in the 1990s placed Iran's chief regional ally, Syria, in a delicate position. Syria's economic and military capabilities were inferior to those of Israel and Turkey individually; their combined weight could spell disaster for Syrian interests and perhaps even present a threat to the survival of the Assad regime.<sup>1</sup>

Turkey's close defense ties to Israel also presented a direct threat to Iran's national security. Iran feared that Israel could use Turkey to launch military attacks against Iran. Israeli jet fighters' use of Turkish airspace exacerbated Iran's anxiety, as have Israeli military ties to Azerbaijan.<sup>2</sup> Iran also feared that Israel might use Turkish and/or Azerbaijani territory to aid ethnic insurgents: After all, Israel and the Shah's Iran had jointly aided Kurdish insurgents against Iraq in the 1970s.

Thus, Iranian leaders initially viewed the deterioration of close ties between Turkey and Israel in the last several years with some satisfaction. Iran's leaders and conservative Iranian media outlets welcomed Turkey's position regarding the Gaza strip, which Turkish Prime Minister Erdoğan articulated in an angry exchange with Israeli President Shimon Peres in Davos in January 2009. In his October 2009 meeting with Erdoğan, Supreme Leader Khomeini praised Turkey's position on Palestine and claimed it strengthened Turkey's place in the Muslim world.<sup>3</sup> Some Iranian decision makers may have even believed that Turkey, an important Muslim country, was finally in sync with Iran's brand of "resistance" politics. From Iran's viewpoint, an Islamist Turkey that opposed Israel and U.S. interests could firmly buttress Iran's ascending power in the Middle East.

Turkey's foreign policy toward Israel, however, has proven to a big disappointment for the Islamic Republic. Turkey has not followed Iran's lead on the Palestinian issue but has staked out an independent policy that has helped diminish the Islamic Republic's importance in the Arab Middle East and perhaps even across the Muslim world.

The Islamic Republic prides itself on its hostility and opposition to Israel, or as the Iranian regime often calls it, the "Zionist entity." One of the key reasons for this outlook is the regime's ideological hostility toward Israel. But, for Iran, opposition to Israel has also offered

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<sup>1</sup> See Efraim Inbar, "Regional Implications of the Israeli-Turkish Strategic Partnership," *Middle East Review of International Affairs*, Vol. 5, No. 2, Summer 2001, p. 55.

<sup>2</sup> Hasan Kosebalaban, "The Crisis in Turkish-Israeli Relations: What is Its Strategic Significance?" *Middle East Policy*, Vol. 17, No. 3, Fall 2010, p. 46.

<sup>3</sup> "Noskhe gharbi baray e hal e masael e mantaghe aadelan e va kaar aamaad neest [The West's Prescription for Solving the Region's Problems Is Not Just or Effective]," Fars News Agency, October 28, 2009.

many geopolitical advantages. Iran's isolation in the Arab world, caused by past (and from the Gulf Cooperation Council's viewpoint, current) efforts to undermine Sunni governments, was to a certain extent alleviated by the Islamic Republic's popularity among the Arab public due to its anti-Israeli policies. Many Arabs, especially in such countries as Egypt, resent what they perceive to be their respective governments' "servile" behavior toward Israel. The Islamic Republic not only has attacked Israel rhetorically but has provided support for Arab groups that have fought Israel, including Hamas and Hezbollah. Iranian President Mahmoud Ahmadinejad's past popularity in the Arab world can be explained in large part by his denunciation of and opposition to Israel.

The sharp deterioration of Turkish-Israeli ties, however, has significantly undercut the Islamic Republic's ability to exploit the Palestinian issue to its political advantage. Turkey's strong reaction to the *Mavi Marmara* incident in May 2010, during which Israeli commandos killed several Turkish activists trying to break through the Gaza blockade, boosted its standing in the Arab world. Iran's subsequent pledge to send its own flotilla to Gaza failed to materialize, demonstrating its own relative lack of action on the Palestinian issue.<sup>4</sup>

Prime Minister Benjamin Netanyahu's apology for the deaths of the nine Turkish citizens who had been killed in the commando raid, which President Obama brokered at the tail end of his visit to Israel in March 2013, opens the possibility of halting the deterioration of Turkish-Israeli relations and putting bilateral ties on firmer footing.

However, while Turkish-Israeli relations may slowly improve, they are unlikely to return to the Halcyon days of the late 1990s. The strategic context that fostered the close defense relationship between Turkey and Israel in the late 1990s has radically changed. At that time, Turkey's relations with the Arab world were poor. Turkey needed Israel as a bulwark against Syria. Today the situation is quite different. Turkey is more popular in the Middle East, and some Arabs see the Turkish political-economic system as a potential model. Thus, Turkey needs Israel less than it did in the 1990s.

The domestic context in Turkey has also changed. The Turkish military was the main driver of the close defense and intelligence ties with Israel in the 1990s. At that time, the military's influence on Turkish foreign policy was quite strong, especially policy toward Israel. Since then, the military's influence on Turkish policy has visibly declined. Today, Erdoğan, not the military, has the key say on policy toward Israel. This change is likely to limit the degree of rapprochement that will occur in relations with Israel.

As long as Turkish-Israeli relations remain cool and Erdoğan continues to pursue a pro-Palestinian policy, it will be difficult for Iran to demonize Ankara and exploit the Palestinian issue to its advantage. Turkey now has an important stake in maintaining good ties to the Arab world and is likely to continue to see the Palestinian issue as an important trump card in its rivalry for regional influence with Iran.

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<sup>4</sup> Scott Peterson, "Why Iran's Revolutionary Guard Wants to Escort New Gaza Flotilla," *Christian Science Monitor*, June 8, 2010.

## Central Asia and the Caucasus

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Turkish-Iranian competition is not solely focused on the Middle East. The two countries also vie for influence in the Caucasus and Central Asia and, increasingly, across the developing and Muslim worlds. However, the competition between the two beyond the Middle East is not as intense and consequential. Iran has maintained a relatively low profile in Central Asia and the Caucasus; its brand of revolutionary Islam has constrained its ability to influence the Caucasus and Central Asia. More importantly, Russia is the region's premier power. Moscow's influence is more extensive in Central Asia and the Caucasus than that of Turkey or Iran.

Rather than trying to export its revolution, Tehran has concentrated on providing technical and financial assistance and expanding cultural ties.<sup>1</sup> With the exception of Tajikistan and Armenia, its influence in Central Asia and the Caucasus has been limited. Azerbaijan, Kazakhstan, Kyrgyzstan, and Turkmenistan are all Turkic-speaking nations. Their cultural and historic ties to Turkey are much stronger than Iran's ties to these Central Asian states.<sup>2</sup>

Iran's brand of religious politics is also anathema to many of these post-Soviet secular and autocratic rulers. President Ilham Aliyev of Azerbaijan and Islam Karimov of Uzbekistan, in particular, are wary of Iran's theocracy and past attempts to undermine neighboring Muslim governments in the Middle East. Iran and Azerbaijan have particularly tense relations. Up to 25 percent of Iran's population is composed of Turkish Azeris, many of whom resent the Islamic Republic's heavy-handed cultural and political policies.<sup>3</sup>

Although most Iranian Azeris are not separatists, a tiny minority favor the integration of Iranian Azerbaijan with independent Azerbaijan to the north.<sup>4</sup> The Iranian regime thus views the secular Azerbaijani regime as pro-Western and un-Islamic. This has caused serious tension between Azerbaijan and Iran in recent years. Azerbaijan accuses the Islamic Republic of supporting Azeri Islamists that seek to undermine the Aliyev regime. The Islamic Republic has made no secret of its desire to see the overthrow of the Aliyev regime; Iran's chief of the armed forces general staff, Major General Hasan Firuzabadi, stated in October 2011 that

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<sup>1</sup> See Edmund Herzig, *Iran and the Former Soviet South*, London: Royal Institute of International Affairs, 1995.

<sup>2</sup> For more on Turkey's role in Central Asia, particularly after the Soviet breakup, see Aswini K. Mohapatra, "Turkey's Quest for a Regional Role in Central Asia," *International Studies*, Vol. 38, No. 1, 2001, pp. 29–52.

<sup>3</sup> Golnaz Esfandiari, "Dying Lake Gives New Life to Iran's Antigovernment Protests," Radio Free Europe/Radio Liberty, September 1, 2011.

<sup>4</sup> Ex-Soviet Azerbaijan was part of Iran before being annexed by Russia in the 19th century.

Ilham Aliyev, like Arab rulers facing popular uprisings, would face a “grim fate” for “not following Islamic principles.”<sup>5</sup>

Iran and Azerbaijan also disagree on the division of the Caspian Sea’s sizeable energy resources—estimated at nearly \$3 trillion.<sup>6</sup> The five Caspian littoral states—Russia, Iran, Azerbaijan, Kazakhstan, and Turkmenistan—have conducted a running dispute for years over the demarcation of the Caspian seabed. In recent years, bilateral agreements between Russia and Kazakhstan and between Russia and Azerbaijan have effectively settled the division of the northern Caspian energy reserves. However, Iran insists that the Caspian be divided according to the 1921 and 1940 treaties between the Soviet Union and Iran, while Russia maintains that the seabed should be divided according to each of the five states’ maritime boundaries. Iran’s portion of the seabed is not as resource rich as those of the other state, and has used the dispute to slow down development of the promising oil and gas fields Azerbaijan and Turkmenistan claim.<sup>7</sup>

Iran has also claimed that the Alborz/Alove oil fields, which are currently operated by Azerbaijan, are within its territory. Territorial disputes between Iran and Azerbaijan resulted in a confrontation between an Iranian gunboat and an Azeri research vessel in 2001.<sup>8</sup> Iranian gunboats appear to have harassed British Petroleum ships working for Azerbaijan as recently as 2011.<sup>9</sup> The Azeri government has been particularly anxious about Iran’s buildup of naval forces in the Caspian, especially given Azerbaijan’s relatively small armed forces. In response to the Iranian naval buildup (and Russia’s overwhelming naval power), Azerbaijan has received 30 patrol boats from Turkey and three boats from the United States.<sup>10</sup>

Iran has backed Christian Armenia in the dispute with Shi’a Azerbaijan over Nagorno-Karabakh. Religious and cultural affinity would have suggested that Iran would side with Azerbaijan. However, geostrategic considerations have driven Iran to support Armenia to keep Azerbaijan weak and ensure that Baku would not be in a position to stir up trouble among Iran’s Azeri population.

Azerbaijan’s increasing defense and intelligence ties to Israel have been another source of animosity. Tensions were given new impetus by the conclusion of a \$1.6 billion arms deal between Azerbaijan and Israel in February 2012. Iran has accused Azerbaijan of becoming a Trojan horse for terrorist attacks against Iran. However, the Azerbaijani-Israeli arms deal seems more likely to be aimed at strengthening Azerbaijan’s military capabilities against Armenia rather than being directed against Iran. Nevertheless, the strong Iranian reaction illustrates the way in which Iranian-Israeli security rivalry has begun to spill over into the Caucasus and exacerbate tensions there.

<sup>5</sup> Robert Tait, “Iran, Azerbaijan, and Turkey: Zero Problems? Zero Chance,” Radio Free Europe/Radio Liberty, August 19, 2011.

<sup>6</sup> Hossein Aryan, “Caspian Sea States on Course for Naval Arms Race,” Radio Free Europe/Radio Liberty, July 28, 2011.

<sup>7</sup> Ali Granmayeh, “Legal History of the Caspian Sea,” in Shirin Akiner, ed., *The Caspian: Politics, Energy and Security*, New York, N.Y.: RoutledgeCurzon, 2004, pp. 20–21.

<sup>8</sup> Elaheh Koolae and Mohammad Hossein Hafezian, “The Islamic Republic of Iran and the South Caucasus Republics,” *Iranian Studies*, Vol. 43, No. 3, June 2010, p. 400.

<sup>9</sup> Michael Lelyveld, “Azerbaijan: Tension Subsiding in Iranian Gunboat Incident,” Radio Free Europe/Radio Liberty, December 8, 2011.

<sup>10</sup> Lelyveld, 2011.

While Iran's revolutionary identity has limited its influence in the post-Soviet world, perhaps the biggest obstacle to Iran's ability to expand its influence in the Caucasus and Central Asia has been its sputtering economy. Armenia, which is landlocked and resource poor, relies on Iran for trade and energy supplies. Iran also maintains important energy and economic ties with neighboring Turkmenistan, which exports large quantities of natural gas to Iran.<sup>11</sup>

The rest of the Caucasus and Central Asia, however, maintain negligible economic ties with Iran.<sup>12</sup> Azerbaijan and Kazakhstan are both energy rich and have little need for Iran economically. Turkmenistan, overall, enjoys closer economic ties with Russia.

Ankara's engagement in Central Asia and the Caucasus is more extensive than Iran's, but Turkey has faced its share of problems. The collapse of the Soviet Union opened new vistas and possibilities for Turkish foreign policy.<sup>13</sup> Turkish politicians, especially former President Turgut Özal, saw Central Asia as a new field for expanding Turkish influence and enhancing Turkey's strategic importance to the West.

In the first few years after the collapse of the Soviet Union, Turkey launched a concerted campaign to expand relations with the newly independent states of Central Asia. However, Ankara found it more difficult to expand its influence in Central Asia than it had expected for several reasons.

First, rulers in Central Asia did not view the "Turkish model," with its emphasis on democracy and the creation of a viable market economy, with great enthusiasm. Most of these rulers were Soviet-era autocrats more interested in maintaining their own personal power than in expanding political democracy.

Second, Russian influence in the region proved to be stronger and more durable than many Turks had anticipated. Moreover, culturally, the elites of Central Asia remain highly russified. With the exception of Azerbaijan, most of the Central Asian elites use Russian as the common language of communication with their neighbors. These factors limited Turkey's ability to make political inroads in Central Asia.

Central Asia—particularly the Caspian region—remains an important focal point of Turkish policy. However, the initial euphoria that Central Asia would become an El Dorado for Turkey has been replaced by a much more sober and realistic attitude regarding the prospects for expanding Turkish influence in the region.

Turkey's influence has proven stronger in the Caucasus. But here, too, there have been difficulties. Turkey's strong support for Azerbaijan in the Nagorno-Karabakh dispute has been a major obstacle to improving relations with Armenia. In 2008–2009, Ankara launched an initiative to normalize relations with Yerevan. However, the attempt created serious strains in relations with Azerbaijan, and the initiative collapsed after Turkey, under strong pressure from

<sup>11</sup> "Iran Likely to Start Oil-for-Gas Bartering with Turkmenistan," Fars News Agency, October 20, 2011.

<sup>12</sup> Iran's often cordial ties with Georgia were strained by the U.S. arrest of an Iranian citizen in Tbilisi for smuggling military parts to Iran. See "Comprehensive Piece on Iranian Military Equipment Smuggler and U.S. Sting Operation," *ISIS Reports*, Institute for Strategic and International Studies, October 5, 2010.

<sup>13</sup> See F. Stephen Larrabee, "Turkey's Eurasian Agenda," *The Washington Quarterly*, Vol. 34, No. 1, Winter 2011, pp. 103–120.

Azerbaijan, established a linkage between normalization of Turkish-Armenian relations and a settlement of the Nagorno-Karabakh conflict.<sup>14</sup>

The process of normalization of ties between Turkey and Armenia appears to be dead, at least in the short term. If anything, mistrust has increased, especially on the Armenian side. The Armenians see Turkey's attempt to link normalization of relations with a settlement of the Nagorno-Karabakh dispute as proof of Turkey's insincerity and a conscious ploy to undermine the normalization process. Consequently, Armenian domestic support for the rapprochement with Ankara, which was never strong, has declined.

Since the collapse of the negotiations with Armenia, Turkey has made a visible effort to strengthen ties to Azerbaijan. The two countries signed an agreement on strategic partnership in August 2010. Cooperation has also increased in the energy sphere. During President Aliyev's visit to Turkey in October 2011, Turkey and Azerbaijan signed important agreements on the transit of Azerbaijani gas to European markets through Turkish territory.<sup>15</sup> The agreements included details on the volume and price of gas to be sold to Turkey before and after 2017, as well as the transit fees for the gas and the means of delivery.

Military cooperation has also been strengthened. Joint military exercises between Turkey and Azerbaijan have increased both in frequency and scope in recent years.<sup>16</sup> In 2011–2012, the armed forces of the two countries conducted both counterterrorism and tactical exercises in Turkey. Also in 2012, Azerbaijani and Turkish special operations forces—with Georgian participation—held “Caucasus Eagle” exercises.

On July 15–17, 2013, Turkey and Azerbaijan conducted joint military exercises in Baku and its autonomous enclave of Nakhchivan. The July exercises are the largest exercises these countries have held in two decades. Local media suggested that the July 2013 exercises might be linked to the naval exercise Iran held on the Caspian Sea on July 8–12.<sup>17</sup> This seems unlikely. The July exercises were limited to ground forces and did not test the naval capabilities of either country.

Rather, the exercises appear designed to neutralize Armenia's military cooperation with Russia. Baku and Ankara signed the 2010 “Agreement on Strategic Partnership and Mutual Assistance” just before Armenia and Russia signed an agreement to extend Russia's lease of military bases in Armenia to 2044. Azerbaijan sees military cooperation with Turkey as a means of counterbalancing Russian-Armenian military ties, while Turkey sees the military cooperation as a means of bolstering its ties to a critical source of Caspian energy.

The real obstacle to an expansion of Turkish influence in Central Asia and the Caucasus is not Iran but Russia. In the competition for influence, Moscow enjoys a number of important advantages: geographic proximity, established trade patterns and energy routes, and close cultural ties. Moreover, Turkey's support for the Syrian opposition's attempt to overthrow President Assad has created friction with Moscow and resulted in a cooling of relations with Russia.

<sup>14</sup> Emrullah Uslu, “Ankara-Yerevan Rapprochement Strains Turkey's Relations with Azerbaijan,” *Eurasia Daily Monitor*, Vol. 6, No. 68, April 9, 2009; also see Barçın Yinanç, “Outreach to Armenia Prompts Azeri Threat,” *Hürriyet Daily News and Economic Review*, April 2, 2009.

<sup>15</sup> Fariz Ismailzade, “Azerbaijan-Turkey Energy Cooperation: Back to a Strategic Agenda,” *On Turkey*, Washington, D.C.: German Marshall Fund of the United States, November 16, 2011.

<sup>16</sup> “Azerbaijan and Turkey's Evolving Military Ties,” STRATFOR, July 19, 2013.

<sup>17</sup> Zaur Shinyev, “The Puzzle of Regional Tensions: Media Perceptions of Turkish-Azerbaijani Joint Military Exercises,” *Eurasian Daily Monitor*, Vol. 10, No. 139, July 29, 2013.

Thus, Ankara's ability to expand its influence in Central Asia in the next decade is likely to remain limited.

In sum, Turkish-Iranian competition in the post-Soviet world is likely to remain muted. Central Asia is not a region of paramount concern to Iran, especially considering the turmoil in surrounding countries, such as Syria. The Caucasus is of greater geopolitical concern, but Russia's influence and activities in that region eclipse Iran's and Turkey's sense of competition. The same is true for Central Asia. In both regions, Russia remains the paramount power, and its political influence far surpasses Iranian and Turkish influence.



## The Nuclear Issue

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The Iranian nuclear program is one of the most sensitive and controversial issues in Turkish-Iranian relations. The outcome of Iran's nuclear drive will have significant implications not only for bilateral relations between Turkey and Iran but also for the two countries' relations with their neighbors, allies, and adversaries. A nuclear Iran could have a significant effect on the regional military balance in the Middle East and could force Turkey to rethink aspects of its military posture.

### Iranian Perspectives

Iran's nuclear program is largely motivated by a sense of fear and vulnerability. The U.S. defeat of the Taliban and Saddam Hussein demonstrated America's far superior conventional military capabilities. Iran's relatively antiquated military would be no match for U.S. forces in a conventional conflict. Hence, Iran sees a nuclear weapon capability as a deterrent against U.S. military threat. In addition, the Iranian leadership believes that the United States seeks to overthrow the Islamic Republic through other means, including support for opposition groups, such as the Green Movement and Kurdish and Baluchi ethnic insurgents. From Iran's perspective, a nuclear weapon capability can also serve as a deterrent against such perceived U.S. machinations.<sup>1</sup>

Regional rivalries with Israel and Saudi Arabia also influence Iranian nuclear policy. The Islamic Republic has traditionally viewed Israel as an ideological yet distant enemy. But the overthrow of Saddam Hussein, Hezbollah's 2006 "success" in its war against Israel, and Iran's burgeoning military capabilities have made the two countries direct rivals in recent years.

An Israeli military strike against Iran's nuclear facilities is a real possibility. Ironically, Iran may perceive a nuclear weapon capability, which is driving Israel's sense of anxiety regarding Iran, as necessary to deter Israeli military strikes against its facilities.

From the Iranian perspective, Saudi Arabia—not Turkey—presents the most serious geopolitical military threat to Iran in the Persian Gulf, an area of vital importance to Iran's economic and national security interests. Saudi Arabia and Iran were rivals long before Iran's Islamic revolution; the Saudis and the shah's Iran viewed each other warily, despite their close ties to the United States.

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<sup>1</sup> For a more thorough discussion of Iranian motivations, see Lynn E. Davis, Jeff Martini, Alireza Nader, Dalia Dassa Kaye, James T. Quinlivan, and Paul Steinberg, *Iran's Nuclear Future: Critical U.S. Policy Choices*, Santa Monica, Calif.: RAND Corporation, MG-1087-AF, 2011.

The Islamic revolution, however, introduced a new ideological dimension into the Saudi-Iranian rivalry. Sunni Saudi Arabia and Shi'a Iran view themselves as the rightful leaders of the Muslim world. The rivalry between the two powers has played itself out across the Middle East, from the Palestinian territories to Lebanon, Syria, Iraq, and even Afghanistan.<sup>2</sup>

The Arab Spring has substantially increased tensions between the two countries. The largely Shi'a revolt in Bahrain against that country's ruling Sunni regime and Saudi Arabia's subsequent armed intervention in Bahrain deepened the rifts between Iran and Saudi Arabia. The alleged Iranian plot to assassinate the Saudi ambassador in Washington, D.C., may have brought the Saudi-Iranian rivalry to new heights. Iran may thus view a nuclear weapon capability as enhancing its power vis-à-vis Saudi Arabia. Iranian nuclear weapons could also offset Saudi Arabia's growing military capabilities, especially in light of the massive U.S. arms sales to the kingdom.<sup>3</sup>

Iran's nuclear ambitions are also driven by a desire to be seen as a great power by Muslims across the world. Iranian leaders may believe that a nuclear Iran may be viewed as an advanced nation, on par with Western countries. After all, much of the Arab world depends on the United States for its military and technological needs. From Iran's viewpoint, it is the only Muslim nation in the Middle East that has developed self-sufficient scientific and military capabilities.

Some analysts argue that Iran is an irrational actor. But Iran's pursuit of a nuclear weapon capability and its possible future use is based on a cost-benefit calculation. Although Iran's foreign policy was driven by ideology in the beginning years of the revolution, the Islamic Republic has nevertheless demonstrated a real capacity for pragmatism.<sup>4</sup>

For example, Iranian foreign policy under Presidents Hashemi Rafsanjani (1989–1997) and Mohammad Khatami (1997–2005) was moderated to attract foreign investments and trade from Europe and neighboring Arab nations. Iran did not support Muslim Chechens in the face of Russian forces because of the importance of its relationship with the latter. Iran has also consistently supported Christian Armenia over Shi'a Azerbaijan, demonstrating that religion and ideology are not the main drivers of Iranian foreign policy. Even Iran's foreign policy under Ahmadinejad has been characterized by some degree of pragmatism and continuation of past policies.

The Islamic Republic's extensive nuclear infrastructure and development of various technologies suggest that it remains committed to developing the capacity for nuclear weaponization. Nevertheless, it is not clear whether Iran's leadership has made the political decision to assemble actual nuclear weapons.

In principle, there are three possible Iranian nuclear postures: (1) A "virtual" capability, in which Iran possesses the know-how and infrastructure to assemble nuclear weapons; (2) an ambiguous capability, in which Iran assembles nuclear weapons but does not admit to having

<sup>2</sup> See Frederic Wehrey, Theodore W. Karasik, Alireza Nader, Jeremy Ghez, Lydia Hansell, and Robert A. Guffey, *Saudi-Iranian Relations Since the Fall of Saddam: Rivalry, Cooperation, and Implications for U.S. Policy*, Santa Monica, Calif.: RAND Corporation, MG-840-SRF, 2009.

<sup>3</sup> Anna Mulrine, "Blockbuster U.S. Arms Sale to Saudi Arabia: Will it Deter Iran?" *Christian Science Monitor*, September 21, 2010.

<sup>4</sup> Davis et al., 2011.

them; and (3) a declared capability, in which Iran assembles nuclear weapons and admits to having them through tests or its withdrawal from the Nuclear Non-Proliferation Treaty.<sup>5</sup>

Each posture has benefits and drawbacks: a virtual program allows Iran to maintain diplomatic relations with key commercial partners, like Turkey, while maintaining a minimum deterrence vis-à-vis adversaries. But it also leaves Iran's nuclear facilities open to attack if it does not possess actual nuclear weapons. A declared nuclear weapon capability, while strengthening Iranian deterrence vis-à-vis the United States and regional rivals, could leave Iran even more economically and diplomatically isolated.

Iran's ultimate decision will be shaped by external and internal factors. The external factors, discussed above, are Iran's threat perceptions and the state of its rivalries with the United States, Israel, and Saudi Arabia. Internal factors, including Iran's domestic politics, will also play a large role in shaping the Islamic Republic's nuclear decisions.

The Iranian population and political elite broadly supported the civilian nuclear program prior to the imposition of the harshest sanctions against Iran, including those targeting the Iranian Central Bank. A RAND Corporation survey on Iran's nuclear program also demonstrated significant support for the development of nuclear weapons. However, various political actors and constituents may have divergent interests regarding Iran's ultimate nuclear posture.<sup>6</sup>

The reformists, including the Green Movement, are opposed to the current system of politics under the authority of Iran's Supreme Leader and the Revolutionary Guards. They desire an Iran that is more open politically, culturally, and economically, which in turn requires a relatively moderate foreign policy that does not isolate Iran from the international community. The Green Movement's leadership supports the nuclear program—Mir Hussein Mousavi was Iran's prime minister when it received centrifuge designs from AQ Khan—but it is less likely to pursue more-assertive nuclear policies, including weaponization, if it comes to rule Iran one day.

The conservatives and principlists (fundamentalists) under Khamenei and the Revolutionary Guards, however, may favor a more-radical nuclear policy. In particular, they view the nuclear program as a symbol of the Islamic Republic's progress in the face of U.S. sanctions and pressures. In their eyes, the culmination of the program, i.e., the assembly and possible test of nuclear weapons, could burnish the regime's legitimacy among the Iranian population, especially considering Iran's various socioeconomic ills. However, the election of Hassan Rouhani could reshape Iran's view on the nuclear program, particularly as he has promised to pursue a policy of "moderation and transparency."

Turkey appears to have been an afterthought in Iran's nuclear policy, although the Erdoğan government's past position on the nuclear program has benefitted the Iranian nuclear program in some important ways. Erdoğan's mediation efforts between Iran and the P5+1 (the United Nations Security Council plus Germany) may have reinforced Iran's claims that it was open to engagement and negotiation on the nuclear program while continuing to develop it. Turkey has also been critical of sanctions against Iran. Turkey, arguably, has not received much from Iran in return for its mediation efforts.

However, Iran's progressing nuclear program, the changing geopolitical environment in the Middle East, and the increasing competition with Turkey may make Iran's nuclear program

<sup>5</sup> Davis et al., 2011.

<sup>6</sup> Sara Beth Elson and Alireza Nader, *What Do Iranians Think: A Survey of Attitudes on the United States, the Nuclear Program, and the Economy*, Santa Monica, Calif.: RAND Corporation, TR-910-OSD, 2011.

into a greater point of contention between the two countries. Despite Turkey's official stance on the Iranian nuclear program, the Turkish political and military elite are concerned about a potentially nuclear armed Iran.<sup>7</sup> Public attitudes have also hardened. A growing number of Turks see a nuclear Iran as a threat to Turkey.<sup>8</sup>

The International Atomic Energy Agency claims that Iran has been developing the knowledge and technology to assemble and explode a nuclear weapon. Iran's once-secret nuclear facility near Qom, built beneath a mountain and protected by the Revolutionary Guards, is slowly nearing completion.<sup>9</sup> Iran has expanded its production of uranium enriched to 20 percent, which would bring it closer to developing a nuclear bomb if it chooses to do so.

Iranian officials have been highly critical of Ankara's agreement to host a phased-array radar on its soil, which could potentially help target Iranian nuclear-armed missiles. Iran's ruling conservatives charge that Turkey, even though it is ruled by the Islamic AKP, is acting as a U.S. "proxy" in the region by hosting the radar.<sup>10</sup> General Yahya Safavi, former chief of the Revolutionary Guards and a trusted military advisor to the Supreme Leader, has charged that Turkey's decision to host the radar was a "strategic mistake." According to Safavi, "This issue can have a clear message both for Iran and Russia; however, the message is clearer for Iran than for Russia." Safavi also stated that Turkey's secular government is not appropriate for the Muslim Middle East.<sup>11</sup>

Deputy Head of Iran's Joint Chiefs of Staff Brigadier General Massoud Jazayeri warned that

Turkey should rethink its long-term strategic interests and draw lessons from "bitter historical experiences" of other countries. . . . Ankara should rely more on the strength of its Muslim nation as well as the potency of Muslims elsewhere and assume a role geared towards improving security in the region.<sup>12</sup>

The commander of the Revolutionary Guards' Space and Air Command has even threatened to retaliate against the Turkish-based radars in case of an attack against Iran.<sup>13</sup>

Iran's nuclear program is likely to become a greater source of friction between the two countries if Iran moves toward developing a nuclear weapon capability. Turkey's position on the nuclear program and its trade relations with Iran have benefited Tehran's nuclear policy

<sup>7</sup> Mustafa Kibaroglu and Baris Caglar, "Implications of a Nuclear Iran for Turkey," *Middle East Policy*, Vol. 15, No. 4, Winter 2008, p. 65.

<sup>8</sup> In a MetroPOLL survey conducted in September 2012 in 27 provinces across Turkey, 60.8 percent of those polled said that Iran's possession of nuclear weapons was a threat to Turkey, up from 56.7 percent in January 2010. See "Nuclear Iran Increasingly Seen as Threat by Turkey," *Today's Zaman*, April 24, 2013.

<sup>9</sup> Fredrik Dahl, "Iran Ready to Start Nuclear Work in Bunker: Sources," Reuters, December 14, 2011.

<sup>10</sup> Other Iranian officials, such as Foreign Minister Ali Akbar Salehi, have claimed that threats against Turkey do not represent official Iranian policy. There appears to be a real divide in the Iranian government regarding its Turkey policy. See Mohammad Reza Yazdanpanah, "IRGC and the Administration Disagree on Threatening Turkey," *Rooz Online*, December 16, 2011.

<sup>11</sup> "Sardar Safavi: Esteghrar separ e moushaki khatay e strategic Turkiy e hast [Establishment of Ballistic Missile Defense Shield Is Turkey's Big Strategy Mistake]," *Asr-e Iran*, October 10, 2011.

<sup>12</sup> "Iran Warns Turkey on NATO Missile Plan," Press TV, October 10, 2011.

<sup>13</sup> Shargh Newspaper, "Baray e barkhordi ba separ e moushaki Turkiye barnam e darim [We Have Plans to Retaliate Against the Missile Shield in Turkey]," December 8, 2011.

to some extent. However, it is not clear whether Turkey would be as much use to Iran if the Islamic Republic acquired a nuclear capability. Iran would no longer need Turkey's mediation efforts. Turkey's economic influence would provide it some leverage with Iran, but perhaps not enough to shape its most important national security policies.

It is highly unlikely that Iran will use nuclear weapons against Turkey, or even conduct conventional attacks against Turkish territory. The price of such actions would simply be too high. Nevertheless, Turkey's membership in NATO and its expanding regional influence will cause a nuclearizing Iran to cast a wary eye on its Turkish neighbor.

Much depends on the future shape of Iran's political system; more moderate elements, such as Hassan Rouhani, may view warmer ties with Turkey more favorably. But for now, Iran's deteriorating economy, waning influence in the Middle East, and the potential collapse of its closest ally, Syria, could force Tehran to rely more heavily on its nuclear capabilities to position itself as a great power in the Middle East. Turkish-Iranian relations have not reached such a low point yet, but future events may precipitate a reevaluation of Iranian policies toward Turkey, especially if it seeks to obtain a nuclear weapon capability.

### The View from Ankara

Iran's nuclear program is an important concern in Ankara, especially within the Turkish military. Turkey does not want Iran to acquire nuclear weapons. Ankara does not think there is a major danger that Iran would launch a premeditated nuclear attack on Turkey—few Turks consider this as likely. Ankara's fear is that Iran's acquisition of nuclear weapons could unleash a highly destabilizing regional nuclear arms race and prompt other states in the region, particularly Egypt and Saudi Arabia, to try to acquire a nuclear arsenal of their own. Such a development would have far-reaching implications for Turkish security and could force Ankara to rethink its strategic options, including possibly acquiring its own nuclear capability.

Publicly, Turkey has downplayed the dangers of Iran's nuclear program, stressing that Iran has the right to develop a peaceful program. This low-key approach has put it at odds with the United States and its key NATO allies, which have been more vocal in their concerns regarding the dangers of Iran's nuclear policy. However, the differences between the United States and Turkey on the Iranian nuclear issue are largely over *tactics*, not strategic goals. Both countries want to prevent Iran from becoming a nuclear power. They differ, however, on how best to achieve that goal.

In principle, Turkey opposes sanctions against Iran, although it has grudgingly carried out UN-imposed sanctions against the Islamic Republic. Its opposition is heavily influenced by its bitter experience with sanctions during the 1990–1991 Gulf War. Iraq was one of Turkey's most important trading partners, and Turkey suffered substantial economic losses as a result of its support of sanctions against Iraq. Turkish officials argue that quiet diplomacy is likely to have more effect in moderating Iranian behavior in the long run than overt efforts to isolate or punish the regime.

Ankara has sought to exploit its good ties with Iran to promote a diplomatic solution to the nuclear issue. Turkey thought it had achieved an important breakthrough in May 2010 when, together with Brazil, it signed a fuel-swap agreement with Iran. Under the terms of the accord, Iran agreed to ship 1,200 kg of low-enriched uranium to Turkey to be reprocessed in

return for fuel for the Tehran research reactor.<sup>14</sup> The Turkish-Brazilian agreement was nearly identical to one that the Obama administration had initiated nine months earlier. However, the Obama administration dismissed the Turkish-Brazilian deal as a last minute Iranian delaying tactic to avoid a new round of sanctions.

The Turks were stunned by the quick U.S. rejection of the deal, especially since Turkish-Brazilian deal closely resembled the deal the United States had initiated in October 2009. However, there was an important difference between the two agreements. When the U.S.-backed deal was proposed in October 2009, Iran had only 1,500 kg of low-enriched uranium. Sending 1,200 kg to Russia would have meant reprocessing four-fifths of Iran's uranium stockpile.

Since the 2009 proposal, however, the centrifuges had kept spinning. By the time of the signing of the Turkish-Brazil agreement in May 2010, Iran had 2,300 kg of low-enriched uranium. The U.S.-Russia deal in October 2009 would have allowed Iran to keep only one-fifth of its uranium stockpile. However, because the Iranian uranium stockpile had grown in the interval, the Turkish-Brazilian deal would have allowed Iran to keep nearly one-half of its stockpile. It also allowed Iran to continue enriching the uranium it had kept to a higher level.<sup>15</sup> Consequently Washington rejected the deal.

By the time the Turkish-Brazilian deal was floated, the Obama administration had initiated a major diplomatic campaign to gain allied support for the sanctions track in the face of Iranian intransigence. As Barbara Slavin has noted, there was little interest within the Obama administration to return to seemingly fruitless Turkish-Brazilian mediation in the midst of a nearly completed push to build consensus in the United Nations (UN) Security Council for a new set of sanctions.<sup>16</sup> Accepting the Turkish-Brazilian proposal—or trying to refine it—would have halted the diplomatic momentum behind the imposition of the new sanctions in the UN. If the Iranians decided to pull back from the agreement at the last minute, as they had done in the October 2009 deal, reviving the diplomatic momentum for a new round of sanctions would have been difficult.

In short, rather than resulting in an important diplomatic breakthrough, as it was intended to do, the agreement raised suspicions regarding the goals of Turkish policy. The Turkish vote in the UN Security Council in June opposing the imposition of sanctions against Iran reinforced these concerns. Ankara's opposition to the imposition of sanctions against Iran badly damaged Turkey's image, especially in the U.S. Congress.

However, as the security environment in the Middle East has deteriorated, Turkish public attitudes toward Iran and Turkey's acquisition of nuclear weapons have hardened. A growing number of Turks now think Turkey should consider a nuclear option if Iran acquires one.<sup>17</sup>

This does not mean that Turkey is likely to go nuclear. The arguments against Turkey acquiring nuclear weapons are strong—a least for now. First, Turkey is a firm supporter of the Non-Proliferation Treaty. A decision to develop nuclear weapons would require Turkey to abrogate the treaty or withdraw from it.

<sup>14</sup> "Iran Signs Nuclear Fuel-Swap Deal with Turkey," *BBC News*, May 17, 2010.

<sup>15</sup> Fred Kaplan, "Are Brazil and Turkey Delusional or Deceptive?" *Slate*, June 11, 2010.

<sup>16</sup> National Iranian American Council, "The Turkey-Brazil-Iran Deal, One Year Later," June 22, 2011.

<sup>17</sup> In a survey conducted by the Economy and Foreign policy Research Center, more than one-half of the Turkish citizens polled (54 percent) favored Turkey's acquisition of nuclear arms in the event of a threat from a nuclear-armed Iran. See "54 Pct of Turks Support Nukes If Iran Has Them," *Hürriyet Daily News and Economic Review*, March 29, 2012.

Second, any attempt to acquire nuclear weapons would put Turkey on a collision course with its NATO allies, particularly the United States, and have a very negative effect on Ankara's aspirations to join the European Union. Thus, the political costs of openly seeking to acquire a nuclear capability would be very high.

Ultimately, Turkey's reaction to Iran's acquisition of nuclear weapons will depend heavily on the strength and vitality of Turkey's ties to the United States and the Turkish perception of the credibility of the U.S. commitment to Turkish security. If U.S.-Turkish security ties seriously deteriorate, support for Turkey developing its own nuclear capability could grow.

A second and closely related factor will be Turkish perceptions of the credibility of NATO's security guarantee (Article V of the NATO treaty). If Ankara feels confident that it can rely on NATO's security guarantee, Turkey would be less likely to consider developing a nuclear option. Thus, keeping Turkey firmly anchored in NATO remains important.



## The Economic Dimension

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Turkey and Iran may be divided on a number of regional issues, but economic relations between the two have been strong and offset some of the tensions over geopolitical differences. Economic relations between Turkey and Iran have undergone a significant expansion in the last decade. Trade between Turkey and Iran rose from \$1 billion in 2000 to \$10 billion in 2010. The two sides plan to triple the volume of trade to \$30 billion.<sup>1</sup> Energy has been an important driver of the expansion of economic ties with Tehran. Iran is the second-largest supplier of natural gas to Turkey, behind Russia. Iran also provides close to 40 percent of Turkey's imports for crude oil.

Ankara imports nearly 60 percent of its natural gas from Russia. Along with Azerbaijan, Iran represents one of the few alternatives available for reducing this dependence. The desire to reduce this dependence on Russian energy and diversify supply sources has been an important driver behind the close economic ties that have developed with Iran in the last decade.

However, Turkey's energy ties to Iran have been a serious irritant in U.S.-Turkish relations. In November 2008, Ankara concluded an agreement with Iran regarding the export of Iranian gas to Europe and the joint exploitation of Iran's gas reserves. The agreement called for Turkey to invest \$5.5 billion in the South Pars field in Iran to produce 20–35 billion cubic meters of gas annually. Ankara was to receive operation rights from three off-shore gas fields in South Pars.<sup>2</sup> However, the United States strongly objected to the deal, and under U.S. pressure, Turkey shelved the agreement.

Interest in the agreement was rekindled during Erdoğan's visit to Tehran in October 2009, despite continued U.S. objections.<sup>3</sup> Ankara argued that the deal was essential to meet its energy needs and that the agreement could help to bolster European energy security. In July 2010, after failing to find common ground on the production and marketing of the gas, Turkey cancelled its plan to invest in the South Pars project.<sup>4</sup>

However, Iran has proven to be a difficult and unpredictable partner. On a number of occasions it has abruptly cut off gas to Turkey for several weeks in the winter. These cutoffs appear to have been the result of the weakness of Iran's internal distribution system, rather than having been politically motivated. However, they have caused significant disruptions and have damaged Iran's reputation as a reliable partner.

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<sup>1</sup> See "Iran, Turkey Trade Should Reach \$30 Billion: Minister," *Hurriyet Daily News*, July 29, 2013.

<sup>2</sup> Saban Kardas, "Turkish-Iranian Energy Cooperation in the Shadow of U.S. Sanctions on Iran," *Eurasia Daily Monitor*, Vol. 7, Issue 144, July 27, 2010.

<sup>3</sup> "Turkey, Iran Sign Strategic Deal to Carry Gas to Europe," *Today's Zaman*, October 29, 2009.

<sup>4</sup> Kardas, 2010.

Nonenergy trade between Iran and Turkey is also substantial. In addition to oil and gas, Iran exports industrial products to Turkey. According to Iran's Trade Promotion Organization, Turkey is the fifth biggest destination for Iran's nonoil exports.<sup>5</sup> Turkey, in return, exports up to \$3 billion of goods to Iran, including agricultural products, automobiles, and machine parts. Turkish companies have also made substantial investments in nonenergy sectors of the Iranian economy, including real estate.<sup>6</sup>

However, Iran's closed economy poses significant difficulties for Turkish exporters. These problems include high tariffs on consumer goods, frequent changes in tariff rates, delays in import permits, overpriced fuel during transport, and prolonged delays at customs gates. These obstacles have caused many exporters to curtail business with Iran and seek more hospitable markets for their products.<sup>7</sup>

Political factors have also posed problems. In 2004, Turkcell, Turkey's largest mobile phone operator, signed a \$3 billion contract with Iran to extend its network into Iran. However, the deal was blocked by the Iranian parliament because of Turkey's "Zionist links." The real reason appears to have been related to efforts by conservative members of the parliament to weaken reformist President Mohammed Khatami's government.<sup>8</sup>

In another important venture, the Turkish-Austrian consortium TAV was chosen to build and run Tehran's new Imam Khomeini airport. But the Revolutionary Guards closed the airport just hours after it opened in May 2004 over suspicions of Israeli involvement in the project. Many suspected that the real reason was that a company close to the Revolutionary Guards had lost the bid for construction of the airport.<sup>9</sup>

Iran's energy industry is facing a serious crisis due to international and unilateral sanctions imposed on Iran's Central Bank. These sanctions present one of the most serious challenges to Iran's economy. Iran is finding it increasingly difficult to obtain credit for its business dealings. In addition, foreign countries and companies are having an increasingly difficult time making payments for oil purchases made from Iran. Iran's oil exports have declined by 40 percent according to some reports.<sup>10</sup>

Hence, Turkish imports of Iranian natural gas may not substantially increase in the near future. Although subsidy reforms in Iran have cut down on energy consumption, Iran's ability to export greater amounts of natural gas to Turkey is limited. Its infrastructure is aging and is a target of regular sabotage by Kurdish insurgents. In addition, international sanctions have prevented Iran from exploiting its sources of natural gas. Although there have been some significant Turkish investments, Turkish companies have been reluctant to invest in Iran's energy sector on a wide scale.

Under pressure from the Obama administration, Turkey reduced its imports of oil from Iran in 2012. At the same time, Ankara began selling gold to Iran to circumvent the difficulties

<sup>5</sup> "Iran Boosts Non-Oil Exports to Neighbors," Fars News Agency, May 18, 2010.

<sup>6</sup> "Özal Daughter Investing \$400m in Iran," *Tehran Times*, June 22, 2011.

<sup>7</sup> Discussions with U.S. embassy officials in Ankara, October 24, 2011.

<sup>8</sup> Daphne McCurdy, "Turkish-Iranian Relations: When Opposites Attract," *Turkish Policy Quarterly*, Vol. 7, No. 2, 2008, p. 92.

<sup>9</sup> McCurdy, 2008.

<sup>10</sup> Karyn Peterson and Mark Shenk, "OPEC Output Falls as Iran Pumps Least in 22 Years, Survey," *Businessweek*, July 31, 2012.

associated with payments in dollars. According to data from the Turkish Statistical Institute (TurkStat), Turkish gold exports to Iran skyrocketed to \$6 billion in the first seven months of 2012, making up 75 percent of the total value of Turkish exports to Tehran.<sup>11</sup> When news of the sales attracted media attention, Iran switched to front companies set up in the United Arab Emirates (UAE) to procure gold from Turkey. However, the United States has also targeted the gold trade.

These limitations do not necessarily mean that Iranian-Turkish ties will cease. Both countries will continue economic cooperation despite challenges posed by U.S. interests and policy. However, Iranian-Turkish ties will face considerable challenges in the future. Given these obstacles, many Turkish businessmen are likely to decide to limit their risks and look for investment and trade opportunities where the economic climate is more attractive and predictable.

Over the longer term, Turkey's relative economic success may give it an advantage over Iran in the Middle East and beyond. Iran may become too dependent on Turkey, especially as it faces increased isolation over its nuclear program. Iranian leaders do not appear to be worried about any potential imbalance in Iran's economic relationship with Turkey, for now. But unlike China, another of Iran's major economic partners, Turkey's active policy of expanding its regional influence directly contradicts Iranian objectives in the Middle East.

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<sup>11</sup> "New US Sanctions May Target Turkey, UAE for Gold Sales to Turkey," *Today's Zaman*, November 28, 2012.



## Prospects for the Future

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Since the end of 2011, relations between Ankara and Tehran have become increasingly strained. At the same time, Turkey has sought to firm up ties to NATO and the United States. The key question is how relations are likely to develop in the future. Do recent differences with Tehran represent a temporary blip in relations? Or do they reflect more fundamental differences that are likely to lead to an open confrontation between Ankara and Tehran?

There are no easy answers to these questions. The path ahead is fraught with considerable uncertainty. Much will depend on the evolution of the crisis in Syria. Assad has proven tougher and more resilient than Erdoğan (and many Western leaders) had expected. Despite calls from Erdoğan and President Obama for Assad to step down, he has doggedly clung to power. Syrian government forces have retaken some areas that they had previously been forced to cede to the rebels, who have been hampered by deep internal divisions and the lack of a clear Western strategy and the political determination to back it up. As a result, the military balance may have shifted back in Assad's favor, for now.

U.S. policy appears to be aimed at convincing Assad that he has little chance of winning what has become a full-fledged civil war and promoting a negotiated transition to a more pluralistic and less authoritarian government. The problem is that Assad does not think he is losing. As long as he has the strong backing of Russia and Iran, he is unlikely to be willing to make concessions or step down, as Turkey and the Syrian opposition insist he must do.

The problem is further compounded by the weakness and lack of unity within the Syrian political opposition. There are deep divisions between the Kurds and the Sunni opposition regarding the organization of a post-Assad political state, as well as important political differences within the Kurdish community itself. If these internal divisions cannot be overcome, there is a danger that the uprising in Syria will degenerate into a Sunni-Shi'ite conflict that could spread beyond Syria's borders and further destabilize the Middle East. This danger has been aggravated by the reluctance of Arab leaders in the Persian Gulf to distance themselves from extremist Sunni clerics who have stoked fears among Shi'ite groups in Iraq and elsewhere about the consequences of a Sunni triumph in Syria.

Given these obstacles, Syria is likely to face a prolonged period of instability and sectarian violence as various political and ethnic groups vie for power and seek to fill the political vacuum precipitated if Assad falls. Indeed, Assad's departure could result in widespread chaos, which extremist groups with ties to al-Qaeda could exploit.

One possibility is that Syria could fragment along ethnoreligious lines, with the Kurds having large-scale autonomy in the north along the Syrian-Turkish border and the Alawites retreating into a separate enclave in northwest Syria. Such an outcome would be highly

unstable and could encourage outside powers, especially Iran, to seek to exploit Syria's internal weaknesses for their own partisan purposes.

The evolution of the Kurdish issue will also have an important effect on Turkish-Iranian relations. The Kurds are one of the biggest winners from the unrest in Syria. As Assad's hold on power has weakened, the Kurds in Syria have begun to press for local autonomy. They want a status similar to the one the Kurds in Iraq enjoy—in effect, de facto independence while legally remaining part of Syria.

If the Syrian Kurds and Iraqi Kurds succeed in gaining local autonomy, pressure for the Turkish Kurds to be granted similar rights is bound to grow, exacerbating internal divisions in Turkey. Many Kemalists see Kurdish calls for autonomy as the first step down the slippery slope leading to the territorial dismantlement of the Turkish national state and are likely to strongly oppose granting the Kurds local autonomy.

A lot will depend on the outcome of the Erdoğan government's effort to negotiate an end to the PKK insurgency and a withdrawal of PKK forces from Turkey. A successful conclusion of these talks would remove an important threat to Turkish security. Both Syria and Iran have viewed support for the insurgency as a useful means of exerting pressure on Turkey. This possibility would disappear if the PKK ends the insurgency and withdraws its troops from Turkish territory. The talks began on a promising note, but it is too soon to predict their ultimate outcome.<sup>1</sup> They involve highly sensitive political and cultural issues that deeply divide Turkish society. The protests that broke out at the end of May 2013 in Istanbul and spread over 70 Turkish cities have tarnished Erdoğan's image and could make it more difficult for him to obtain popular support for changes in the constitution that address Kurdish grievances. Without agreement on these changes, talks with the PKK could stall or collapse, adding a new element of uncertainty in an already highly unstable security environment.

Internal developments in Iran will further affect the trajectory of Turkish-Iranian relations. Iranian leaders may claim that the Arab Spring was inspired by Iran's revolution, but the Islamic Republic is no less vulnerable to the same forces that have led to the weakening and internal collapse of Arab regimes.

The Iranian regime is critically divided against itself. The 2009 presidential election and the ensuing protests demonstrated not only popular dissatisfaction with the regime but also deep internal political fissures that have existed since the Iranian revolution. The reformist movement—dominated by such figures as former prime minister Mir Hussein Mousavi and former speaker of parliament Mehdi Karroubi—has been expelled from the political system.

The election of Hassan Rouhani provides the regime with an opportunity to heal its internal wounds and repair relations with the external world. Rouhani's chief task will be to improve Iran's economy and improve relations with neighbors, including Turkey.

Turkey is likely to have a strong influence on Iran's future internal developments. The Turkish model of secularism and liberal Islam could, in particular, appeal to Iran's intelligentsia. Turkey used to be a popular tourist destination for Iranians; according to some estimates, as many as 2 million Iranians visited Turkey every year before the sanction against the Iranian Central Bank and the devaluation of the Iranian currency.<sup>2</sup> Turkey's relatively open and dynamic society is an attractive alternative to Iran's stifling and repressive political system.

<sup>1</sup> For a detailed discussion, see F. Stephen Larrabee, "Turkey's Kurdish Opening: End Game or False Dawn?" *Survival*, forthcoming.

<sup>2</sup> "Iranians Made up Over 7 Percent of Turkey's Tourists During the First Half of This Year," *Moj News*, August 4, 2011.

Turkish-speaking Iranian Azeris, in particular, could view Turkey as a source of inspiration for their cultural and political aspirations.

In a November 1, 2011, speech, Turkish Foreign Minister Ahmet Davutoğlu stated that Turkey will always be on the “side of the people” and not the Middle East’s repressive regimes.<sup>3</sup> This statement is at odds with past Turkish policy toward Iran. Turkey was one of the first countries to congratulate Ahmadinejad on winning the presidency in 2009; the Turkish government’s decision did not earn it more popularity among the opposition Green Movement.

However, Turkey’s role in the Arab Spring, particularly regarding Syria, may have set a precedent for its future dealings with the Islamic Republic. According to a former Turkish official, Turkey did not interfere in Iran’s 2009 election because it made the calculation that the Iranian regime would not fall in the face of popular protests.<sup>4</sup> But how will Turkey react to potential future unrest in Iran? Will it side with the Iranian people, as suggested by Davutoğlu, or continue to back the regime? Ankara’s reaction could prove to be an important litmus test of Ankara’s commitment to the promotion of human and political rights.

The Islamic Republic’s threat perceptions of Turkey could lead to a significant deterioration of relations between the two countries. The Iranian-Turkish relationship in the coming years could in some ways resemble relations between the countries in the 1990s. Iran is increasingly accused of backing the PKK—as it did in the 1990s.<sup>5</sup> However, Iran, increasingly isolated by the international community, is unlikely to cease its economic cooperation with Turkey.

Turkey faces important constraints as well. Given its dependence on Iranian energy, especially natural gas, Turkey has a strong stake in preventing relations with Tehran from deteriorating too badly and in not taking actions that could give Tehran an excuse to step up support for the PKK. U.S. officials should thus not expect Ankara to automatically fall in line with all U.S. policy initiatives. Ankara will seek to retain a degree of flexibility regarding its policy toward Iran and may be hesitant to support some U.S. initiatives if they are seen to conflict with broader Turkish national interests vis-à-vis Iran.

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<sup>3</sup> Speech by Foreign Minister Ahmet Davutoğlu at the Istanbul Forum. Authors’ private notes.

<sup>4</sup> Discussions with former Turkish official, October–November 2011.

<sup>5</sup> Robert Olson, “Relations among Turkey, Iraq, Kurdistan-Iraq, the Wider Middle East, and Iran,” *Mediterranean Quarterly*, Vol. 17, No. 4, 2006, p. 41.



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Turkish-Iranian cooperation has visibly intensified in recent years, thanks in part to Turkish energy needs and Iran's vast oil and natural gas resources. However, Turkey and Iran tend to be rivals rather than close partners. While they may share certain economic and security interests, especially regarding the Kurdish issue, their interests are at odds in many areas across the Middle East. Turkey's support for the opposition in Syria, Iran's only true state ally in the Middle East, is one example. Iraq has also become a field of growing competition between Turkey and Iran. Iran's nuclear program has been a source of strain and divergence in U.S.-Turkish relations. However, the differences between the United States and Turkey regarding Iran's nuclear program are largely over tactics, not strategic goals. Turkey's main fear is that Iran's acquisition of nuclear arms could lead to a nuclear arms race in the Middle East. This, in turn, could increase pressure on the Turkish government to consider developing its own nuclear weapon capability. U.S. and Turkish interests have become more convergent since the onset of the Syrian crisis. However, while U.S. and Turkish interests in the Middle East closely overlap, they are not identical. Thus, the United States should not expect Turkey to follow its policy toward Iran unconditionally. Turkey has enforced United Nations sanctions against Iran but, given Ankara's close energy ties to Tehran, may be reluctant to undertake the harshest measures against Iran.



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