

**TURKISH GATE IN GLOBAL ENERGY SECURITY: BAKU-
TBILISI-CEYHAN PIPELINE***İdris DEMİR****Abstract:**

Demise of the Soviet Union has tremendous impacts upon both global politics and economics. Global energy security issues are no exception to that. Rich hydrocarbon potentials of the Central Asian region attracted the attention of major actors of international energy industry that are looking viable alternatives in order to overcome the negative effects of the reliance on the unstable Middle Eastern crude oil. Central Asian region in general and Azerbaijan in particular have acquired prominence within this atmosphere. Since the area was landlocked, geographical condition of the region dictated the construction of pipelines in order to carry these energy sources to high seas in order to reach the consumption points. It is the Baku Tbilisi Ceyhan pipeline that has been preferred among the possible routes that has been offered. With the functioning of Baku Tbilisi Ceyhan pipeline, Turkey has strengthened her hand in global energy security calculations in becoming a major energy terminal. As a result of these developments, Turkey and Azerbaijan have become influential actors of global energy calculations that have international effects in global scale and significant effects upon particular countries.

Key words: Central Asia, Turkey, Azerbaijan, Pipeline.

53

Introduction

The Middle East has dominated the arena of international oil industry heavily for a long period of time on its own. The Middle East continued to enjoy this favorable position because of its advantageous geology and geography. The Middle East region holds almost two thirds of the proven crude oil reserves on its own. In addition to huge crude oil reserves, exploration, development and production costs are very low in the Middle East. Moreover, the quality of the crude oil is very high concerning the Middle Eastern sources. Apart from these geological advantages, Middle East enjoys a favorable geographical position, too. The crude oil sources of the Middle East can easily reach to major consumption centers both in Europe and in East Asia. The Middle East benefits the usage of the sea lanes in a great amount. Proximity to primary consumption centers reduces both the duration of the engagement and the total cost of the transaction among

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the buyers and the sellers. The availability of tanker transport makes it easier to benefit the notion of the economies of scale both in production and transportation stage. Therefore, it has been regarded to be very profitable to supply crude oil from Middle Eastern sources with long term sales agreements for a considerable period of time.

However, the advantageous geologic and geographical characteristics of the Middle East have to be taken into consideration with the unique political atmosphere of the region. The Middle East is regarded to be unstable because of the politics of the region that is embedded with history, religion, race, foreign intervention and domestic hostilities. It has not always been possible for the consumers to supply crude oil from the Middle Eastern producers continuously. The use of crude oil as a political weapon by the Middle Eastern states is another factor that has resulted in disruptions of the flow of crude oil to the international market from the region. The unstable politics of the region has reflected itself in disruption of continuous flow of crude oil in one way or another. Middle East has failed to state itself as a continuous reliable supplier in global scale.

Crude oil has regarded to be a strategic commodity the calculations of which transcend mere economic borders. Continuous and secure flow of crude oil is vital for every consuming nation. Energy has to be ready to use at all times, in different forms at variable quantities and with affordable prices. The importance and prominence of crude oil within the primary energy mix of every nation has resulted in looking for alternative sources of crude oil rather than the Middle Eastern sources.

Hydrocarbon sources of Central Asia have appeared out to be an invaluable opportunity for consumer states, international oil companies and finance institutions in the global scale. Although the hydrocarbon potential of Central Asia is far from challenging the primacy of the Middle East, it appeared out to be another North Sea in providing an opportunity in eliminating the negative effects of the dominance of the Middle East. Central Asia in general and Azerbaijan in particular have been placed in the centre of the global energy calculations.

In addition to the importance of the crude sources of the region that has a vital importance within the calculations of consumers in the strategy of diversification of suppliers, transportation routes of these hydrocarbon sources have been responsible for intense discussions and struggle among different participants that are looking for influence in global scale. It is with no doubt that both the owner of the hydrocarbon sources and the key holder of the transportation facilities would have strong hands in global energy calculations.

In this context, this study argues that with the implementation and efficient functioning of Baku Tbilisi Ceyhan pipeline the effects of which transcend the pipeline route, two Turkish nations; Azerbaijan and Turkey would contribute heavily to international oil industry. These two Turkish states have become active participants of global energy calculations rather than being passive rule takers. Central Asia in general and Azerbaijan in particular would be regarded as key production areas where consumer countries look for concluding long term sale agreements. Turkey has become an energy hub for the global crude oil market while it was once regarded to be a transit state between east and west. In addition to the rising importance of these Turkish nations in global scale, Baku Tbilisi Ceyhan pipeline acquires a considerable importance for particular countries such as Israel. This provides a strong solid hand for Turkish policy makers in implementing policies in accordance with Turkish concerns and aspirations.

In order to clarify the topic under discussion first section of the study deals with the strategic significance of Central Asia in global energy security calculations. Baku Tbilisi Ceyhan Pipeline is analyzed in detail in section two. The political, economic and strategic calculations of the relevant parties are examined. Similarities and differences among the standing points and interests of the suppliers, transit states, contractors, operator companies and financial creditors of the pipeline are illustrated clearly. The following section deals with the implications of the Baku Tbilisi Ceyhan Pipeline for Israel in order to indicate the expansion of the reflections of this strategic asset beyond the borders of the states that the pipeline passes through.

1. Strategic Significance of Central Asia in Global Energy Security Calculations

Central Asia has appeared out to be a kind of a battleground of geopolitical rivalry among major actors of world politics after the demise of the Soviet Union. Two main issues of consideration attracted the attention of influential powers to the region. These motives were the access to the rich hydrocarbon sources of the region and the transportation routes of these energy sources to the markets.

Central Asian oil and gas sources provide invaluable opportunities for main energy consumers in the sense that these newly independent countries are regarded to be the main elements of the 'diversification of suppliers' strategy in achieving the security of supply. Central Asian sources are regarded to be new international suppliers in addition to suppliers in the Middle East, Latin America, Africa, the North Sea and Russia. Although the hydrocarbon potential of Central Asian countries is far from competing with Middle Eastern sources, they can be regarded as a kind of second North Sea in terms of hydrocarbon potentials. The fact that reserves in the North Sea

and Alaska are in declining scale made energy experts interfere in Central Asian affairs heavily in evaluating these alternative sources of energy.

Crude oil reserves of Kazakhstan are regarded to be 8.0 billion barrels. The estimation of natural gas reserves of Kazakhstan is regarded to be 65.0 trillion cubic feet. Crude oil and natural gas reserves for Azerbaijan are estimated to be 6.9 billion barrels and 30.0 trillion cubic feet respectively. Gas rich Turkmenistan is calculated to acquire 101.0 trillion cubic feet of natural gas while having oil reserves of 0.5 billion barrels¹.

Lacking from the necessary funds and expertise to develop their hydrocarbon riches, Central Asian states cooperated with different international companies in developing their reserves². This strategy has proven to be useful and successful when the status and the situation of international oil and gas industry are taken into consideration. Major firms in the international scale were looking for new areas of making investments. Reserves of North Sea and Alaska were facing a declining trend. Moreover, prominent energy holders such as Saudi Arabia and Kuwait were opposing to foreign investments. It was not possible for international investors to participate in different projects in global scale because of various reasons³. Central Asian projects provided lucrative gains for major firms, thus attracted foreign investment to the region. Host countries enjoyed the opportunities of overcoming technological and financial obstacles of full utilization of the resources of their countries in one hand, international companies enjoyed the opportunity of making business and acquire profitable amounts of revenues in these weak economies that are in search of foreign investments.

Transportation routes are the other issues of concern both for international investors and for influential actors of world politics. Central Asian countries are landlocked. It is necessary to transport the hydrocarbon sources from the production areas to consumption points in one way or another. Different pipeline projects are proposed. Each of the projects are fore grounded by different actors in order to be more influential in regional, thus, in global affairs for various reasons.

Technical factors, geographical restrictions, geological findings of the reserves, global energy prices, political engagements of host countries, historical pattern of relations of transit countries are some of the issues that have to be dealt with in concluding the pipeline route for energy to reach to

¹ British Petroleum, *BP Statistical Review of World Energy*, London, June 2001, p. 4, 20.

² Gawdat Bahgat, "Prospects for Cooperation in the Caspian Sea", *Communist and Post-Communist Studies*, No. 40, 2007, p. 159.

³ Gawdat Bahgat, "Pipeline Diplomacy: The Geopolitics of the Caspian Sea Region", *International Studies Perspectives*, No. 3, 2002, p. 311.

consumption points⁴. It is not only the historical pattern of relations of the host countries and possible transit countries that affect the standing of the transit options, the amount of the economic gains of transit countries should not be underestimated, as well. Transit countries would enjoy the possibility of 'off take' from the line. Transit countries would be able to meet an amount of their domestic needs of hydrocarbon energy with advantageous prices from the pipeline running through their territories in addition to lucrative transit fees⁵.

The struggle on the power of influence over the region was clearly observed during the process of discussions on choosing the main export route for the oil excavated from Azeri, Chirag and Guneshli fields. There were mainly five routes that have been proposed. These include Western, Eastern, Southern, Northern and Southeastern routes⁶. The determination of the export route would facilitate the geopolitical destination of the region at the same time. The choice of the pipeline route would reflect the strategic standing of the region, too.

Russia currently dominates the export routes of oil and gas pipelines of the region. This results from the previous Soviet legacy of the region. Russia, still, views the region as her near abroad and backyard, though. Therefore, Russia attaches a great importance to keep these states in her orbit; continue to dominate their export route to open to world markets. United States want to establish friendly relations with these countries and try to form new kinds of alliances that reach the boundaries of economic and energy engagements. China has her own motives of active presence in regional affairs of this part of the globe, as well. It is evident that economic, politic and strategic calculations of Russia, the West and China collide with each other throughout the efforts of influence of power over the region under consideration⁷.

2. Baku-Tbilisi-Ceyhan Pipeline

In this context, Baku Tbilisi Ceyhan (BTC) pipeline provided concrete tools of active engagements in the region for the United States and her allies. United States aims to oppose the monopoly of Russia over the oil and gas pipeline routes in one hand and support allies such as Turkey while pursuing containment policies over rival countries such as Iran. Hence, Energy Secretary of the United States during the Clinton Administration, Bill

⁴ Thomas R. Stauffer, "Caspian Fantasy: The Economics of Political Pipelines", *The Brown Journal of World Affairs*, Vol. 7, No. 2, 2000, p. 64.

⁵ Brenda Shaffer, "From Pipedream to Pipeline: A Caspian Success Story", *Current History*, October 2005, p. 344.

⁶ Shah Alam, "Pipeline Politics in the Caspian Sea Basin", *Strategic Analysis*, Vol. 26, No. 1, 2002, p. 7.

⁷ Gawdat Bahgat, "Oil and Terrorism: Central Asia and Caucasus", *Journal of Social, Political and Economic Studies*, Vol. 30, No. 3, 2005, p. 265.

Richardson, has expressed that “This [BTC] is not just another pipeline; it is a strategic framework that advances America’s national security interests. It is a strategic vision for the future of the Caspian region”⁸. BTC pipeline, in a way, is among the clearest examples of the strategic significance of pipelines in the sense that it is not only the most viable economic choice that is preferred in decision taking process of constructing pipelines but also there are strategic linkages and political calculations of the relevant parties.

Iran seems to be the shortest cut for Baku oil to have access to high seas. However, there have been two main obstacles for this option apart from the uneasy political relations between Iran and Azerbaijan for various reasons. First obstacle is hidden under the policy of United States refraining states to engage in huge investment and economic projects with Iran and Libya. This has been institutionalized with Iran Libya Sanctions Act by the United States. Therefore, not only Azerbaijan but also other allies of the United States are not too willing to participate in huge projects with Iran.

Second obstacle is hidden under the fact that Iran is an oil exporter in her own sake and would most likely fore ground her own interests besides Azerbaijani interests in times of possible crisis and turmoil. It is possible to observe a similar situation among the Iraqi crude oil pipeline cases which are regarded to be cases of failure in pipeline operations.

58

There are a number of pipeline routes for Iraqi crude oil to reach to international markets. Nonetheless, they are either un-operational or in poor condition to operate efficiently. The likelihood of establishing a pipeline from Iraq to Saudi Arabia has its roots in 1981. This route was regarded to be an alternative to Iraqi-Syrian pipeline. By this way, Iraqi crude oil would have another option to access to international markets. The pipeline was constructed and Iraqi oil reached to the Saudi Arabian ports. It is a well known fact that Saudi Arabia is among the top of the influential actors of international oil business. Saudi Arabia has fore grounded her own national interests without giving the primacy to Iraqi concerns regarding the pipeline running through her own sovereign territories. Major crude oil and natural gas importers in the Gulf region, in fact, are competitors in both political, economic and military terms rather than cooperators⁹. It was in 1987 that Saudi Arabia restricted the amount of the flow of crude oil from the pipeline which resulted in a great amount of loss in Iraqi crude exports. Saudi Arabia manipulated the flow of the pipeline in accordance with her own interests during the course of an intense competition of producers in maintaining the market share. Apart from allowing Iraqi crude oil to reach to the market,

⁸ Cited in Manana Kochladze, “Pipeline Dreams- The World Bank, Oil Development and Environmental Protection in Georgia”, *Multinational Monitor*, May 2002, p. 15.

⁹ Oystein Noreng, *Ham Güç: Petrol Politikaları ve Pazarı*, (Çeviren: Nurgül Durmuş), Kesit Yayın, Ankara, 2004, p. 24.

Saudi Arabia supplied the market with her own crude oil. The activities of this particular pipeline under discussion were stopped after the Iraqi invasion of Kuwait that had detrimental impacts on both regional and global politics¹⁰.

The construction, operation and the closure of Iraq-Saudi Arabia pipeline has, once again, revealed that pipelines are strategic entities that are viewed not only in economic but also in politic terms. The manipulation of Iraqi supplies by Saudi Arabian authorities' economic calculations of which are embedded with political motives gave enough leverage for not only Azeri decision makers but other hydrocarbon exporters that the flow of their energy sources can be interrupted by other competing exporters. Therefore, the choice of the pipeline route is of vital importance for producers. It signifies the future of not only economic affairs but the standing of relevant countries in global strategic affairs. BTC pipeline is no exception to that. The construction BTC pipeline is a clear indicator that Central Asian countries want to pursue policies in accordance with the Western world which determine their position in determination of global strategy at the same time. Suppliers of the pipeline would become closer to the European countries just as the Western countries could be more influential in the region¹¹ not only in the economic but also in political terms as well.

Baku-Novorossiysk and Baku-Supsa pipelines were the other major options in allowing Central Asian crude oil to reach to high seas. However, the implementation of these pipelines required the continuous use of the Bosphorus and Dardanelles for the oil tankers to reach to the Mediterranean and reach to their final destinations. Furthermore, the implementation of either of these routes apart from the BTC option embodied the threat of the continuation of the dominance of Russia over the region, too.

BTC pipeline is the second longest oil pipeline in the globe¹². Pipeline initiates from Baku in Azerbaijan, runs through Tbilisi in Georgia and has access to the Mediterranean in Ceyhan, Turkey. The pipeline is designed to be 1776 kilometers in length. The length of the pipeline within Azerbaijan is 440 kilometers. Georgia hosts 260 kilometers of the pipeline. The majority of the pipeline is situated within the territory of Turkey. Turkey hosts 1076 kilometers of the pipeline¹³.

In fact, the length of the pipeline could have been shorter. Two factors are responsible for the length of the pipeline while there was the opportunity

¹⁰ Daniel Yergin, *The Price*, New York: Free Press, 1991, p.774.

¹¹ Ali Tekin and Paul Williams, "Turkey and EU Energy Security: The Pipeline Connection", *East European Quarterly*, Vol. 17, No. 4, 2009, p. 424.

¹² The longest oil pipeline in the globe is the Druzhba pipeline that runs from Russia to Central Europe.

¹³ Botas International Limited- <http://www.botasint.com/proje/teknikbilgiler/> (Accessed: 16 November 2009)

of enjoying a shorter voyage for the crude oil to reach to international markets. The first factor is directly related to relations between Armenia and Azerbaijan. Tension between Azerbaijan and Armenia over the Nagorno-Karabakh issue has made it impossible to run the pipeline through Armenian territory which could have been a shorter distance for the pipeline. Azeri rejection prevented the availability of this option. International politics and the strategic standing points of the neighboring countries have been influential in concluding the decision about the route of the pipeline.

Second issue of concern lies within domestic politics of Turkey that is responsible for the long journey of the pipeline. BTC pipeline runs through nine provinces within Turkish territory. The pipeline enters in Turkey in Ardahan bordering Georgia, travels through northwest of Kars. The pipeline then divides Erzurum, north of Erzincan, crosses Sivas, west of Kayseri and then the north of Kahramanmaraş. After that, the line passes west of Osmaniye and finally reaches to Ceyhan, a district of Adana, in the Mediterranean. It should be indicated that this passage is neither physically nor economically the most feasible route. The line could have been shorter if it had passed through the Southeastern region of Turkey. However, this line is regarded to be safer when PKK threat is taken into consideration¹⁴. It is with no doubt that Turkey has become a crucially important constituent of East-West transportation corridor by the BTC pipeline. This has increased the geopolitical importance of Turkey in a great amount. In this respect, strategic calculations have gained priority over the economic calculations of constructing the shorter passage. The preference of this route is another indicator that Turkey is a reliable, secure and strong country. The international prestige that Turkey holds convinced both the contractor companies and influential global actors to emphasize on this route and eliminate the negative aspects.

BTC is projected to carry one million barrels of crude oil per day for a period of 40 years. Total cost of the project is regarded to be around 3.7 billion dollars. This huge cost has been financed by both public and private funds. USExim and OPIC (US), JBIC and NEXI (Japan), ECGD (UK), Hermes (Germany), COFACE (France) and SACE (Italy) are among the suppliers of funds to the project. Furthermore, international institutions such as World Bank, International Monetary Fund and European Bank of Reconstruction and Development have participated in the financing of the project¹⁵. BTC pipeline has been developed by an international consortium known as the Baku Tbilisi Ceyhan Pipeline Company (BTC Co) in which British Petroleum acts as the operator. The respective shares of the partners

¹⁴ Nezir Akyeşilmen, *Who is Responsible for Human Rights, the State or Corporations?*, Orion Publications, Ankara, 2009, p. 131.

¹⁵ BP, "Overview"- <http://www.bp.com/genericarticle.do?categoryId=9006669&contentId=7014358>. (Accessed: 16 November 2009).

in BTC Co are as follows: British Petroleum-UK- has the largest share. The share of BP is 30.1%. SOCAR-Azerbaijan- has a share of 25.0%. Unocal-USA- has a share of 8.9%. Statoil-Norway- enjoys a share of 8.7%; TPAO-Turkey- has a share of 6.53%; Eni/Agip-Italy- has 5% share in the project. Total Fina Elf-France- occupies a share of 5.0%; Itochu-Japan- has 3.4% share while other Japanese firm Inpex has 2.5% share. Conoco Philips-US- has 2.5% share and Amerada Hess-US- has 2.4% share in the project.

BTC is a huge project that has two pump stations and a pigging terminal in Azerbaijan and two pump stations in Georgia. There are four pump stations and two intermediate pigging terminals in Turkey which runs through difficult geography of the Caucasus and East Anatolia. Crude oil suppliers of the pipeline, with no doubt, would acquire enormous amounts of revenues that are vital for their budget incomes. Azerbaijan is estimated to collect oil revenues of 29 billion dollars per year. Transit countries Georgia and Turkey would also acquire lucrative amounts of earnings as transit fee in addition to the increase in their strategic importance in the global scale. Georgia is regarded to collect transit fee of 600 million dollars annually. Turkey is regarded to have transit fee of 1.5 billion dollars in a year¹⁶.

It is clear that the interests of all of the parties would be deteriorated in case of the disruption of the flow of crude oil from the pipeline for any reason. Crude suppliers would lose revenues. Contractor parties would suffer both economically and politically from the poor operation of the pipeline. Funding agencies and parties would face the threat of the absence of return of the money that they have invested in the project. Global oil markets, in general, would suffer from the absence of this considerable amount of oil into the market and potential buyers of pipeline such as Israel in particular would be affected negatively. It is clear that BTC pipeline has created a kind of interdependence among the participants of any kind which is peculiar to oil and gas pipelines in general.

3. Implications for Israel

It is clear that Baku Tbilisi Ceyhan pipeline has tremendous impacts upon security of energy supply calculations in the global scale. Nevertheless, it should also be indicated that the importance of Baku Tbilisi Ceyhan pipeline for security of energy supply calculations of specific countries in particular acquires special concern within the framework of Turkish influence in global energy framework. The importance of the Baku Tbilisi Ceyhan pipeline for Israel is a clear indication of the strategic significance of oil and gas pipelines not only for states at the points of filling the pipe, unloading and the transit countries but also for strategic calculations of all states that are relevant in one way or another. The interests, considerations

¹⁶ Estimations are calculated in accordance with average oil prices of 2005.

and strategies of third, fourth and fifth parties are also affected from the flow of energy through the pipeline in addition to the considerations of the countries on the passage of the pipeline. Implications of the BTC pipeline for Israel are threefold.

3.1. Supplying Crude Oil Sources

Based on the premise that regional and global politics both affect and are being affected by energy affairs, it has been a point of consideration for Israel to find sources of export in order to face her demand of hydrocarbon energy. Long lasting Arab Israeli problematic relations made it impossible to supply oil from her next door hydrocarbon rich Arab neighbor countries. Since the establishment of the state of Israel, supplying the necessary amount of crude oil for the continuation of the sustainable development of the economy and for the uninterrupted flow of social life has been a crucial issue for governing authorities. Israel, which is regarded to be a 'land of milk and honey and no oil'¹⁷, had to find distant sources of oil supplies global policies of which are not too far from each other.

Israel supplied oil from different suppliers such as USSR, Venezuela, United States, and Iran. The economics of oil supply has been in accordance with global and regional politics. Iranian supplies were cut off after the change of regime in 1979. Iranian crude oil supplies had been vitally important for Israel until 1979 regime in Iran. Israel was able to have an access to high quality Gulf crude oil by keeping herself away from the Arab boycott¹⁸ with the acquisition of Iranian crude oil. However, leaving political and diplomatic relations aside, it was obvious that new authorities in Iran had no intention of placing economic relations with Israel¹⁹.

It is clear that political relations among Israel and the suppliers of crude oil that are regarded to load and host the BTC pipeline pursue friendly relations. Turkey and Israel has long pursued a policy of strategic partnership²⁰ the boundaries of which transcends economic affairs. Strategic positioning of Turkish-Israeli relations intensified during the 1990s²¹ and continues to occupy a crucial seat in the policy formulations of both states despite some short term disturbances arising from domestic calculations of politicians.

¹⁷ Uri Bialer, *Oil and the Arab-Israeli Conflict, 1946-1963*, McMillan Press, Great Britain 1999, p. 243.

¹⁸ Fuad Itayim, "Arab Oil-The Political Dimension", *Journal of Paletsine Studies*, Vol. 3, No. 2, 1974, p. 3.

¹⁹ Erol Guiney, "Israel After Shah", *MERIP Reports*, No. 75/76, March/April 1979, p. 34.

²⁰ Efraim Inbar, *Türk-İsrail Stratejik Ortaklığı*, (Çeviren: Suna Ercan and Özgül Erdemli), ASAM Yay, Ankara 2001, p. 35.

²¹ Süha Bolukbaşı, "Behind the Turkish-Israeli Alliance: A Turkish View", *Journal of Paletsine Studies*, Vol. 29, No. 1, 1999, p. 21.

It should also be indicated that Israeli and Azerbaijani relations experience friendly atmosphere since the demise of the Soviet Union. BTC pipeline is regarded to be filled with mainly by Azeri oil. Azerbaijan and Israel has concluded oil and gas sales even before the initiation of the BTC project. Azerbaijan declared independence in 1991. In April 1992, Azerbaijan and Israel formally established diplomatic relations. The initiation of relations experienced a situation in which Azerbaijani government was economically fragile, politically unstable and militarily weak in response to Armenia in accordance with the Nagorno-Karabakh issue. Azerbaijan regarded Israel a source of cooperation in both global and regional politics. Israel developed fruitful relations with Azerbaijan, helped to improve Azerbaijani economy by establishing trade ties, assisting in providing expertise and provide help in counterweighing Armenian military superiority. Furthermore, more importantly, Israel provided assistance for Azerbaijan in developing relations between Baku and Washington by the strength of her foreign ministry which proved to be invaluable for Azerbaijan in balancing the influence of the Armenian lobby in the United States.

Strong incentives for Israel in developing relations with Azerbaijan went beyond the acquisitions of oil and gas. Azerbaijan was regarded to be a part of the 'Greater Middle East'²². Israel had the opportunity of developing ties and expanding influence in a region the population of which is Muslim but not Arab, which has long been a strategic aim for Israel. In this context, political relations among the primary supplier and the transit country of the BTC pipeline and Israel promoted the energy engagements of parties and provided a solid ground for Israel to supply crude oil from a nearby loading point.

3.2. Safety of Transportation Routes

Second issue of concern for Israeli policy makers has been the safety of the transportation of the oil ships carrying hydrocarbon energy from distant sources to Israel. The complexity of the issue of finding the oil and gas sources which is embedded with the balance of payments calculations of paying the enormous hydrocarbon bill has become even more complex when it is combined with the problem of providing safe passage for oil tankers to reach to Israeli ports. It was in 1949 that Arab League has concluded to prevent countries make deals and business with Israel. In this respect, Arab League started to blockade the ships carrying Israeli flag. This blockade was, then, expanded to all ships carrying oil and arms to Israeli ports. It should be indicated that the efforts of the members of the Arab League did not reach to

²² Bülent Aras, "Post-Cold War Realities: Israel's Strategy in Azerbaijan and Central Asia", *Middle East Policy*, Vol. 5, No. 4, 1998, p. 68.

the full aim of cutting all crude oil supplies traveling to Israel²³. However, it increased the hydrocarbon bill of Israel enormously and put the newly established state into the turmoil of the serious question of securing the necessary amounts of energy in adequate quantities, with various forms and at affordable prices.

It is not only Israel that suffered from the interruption of safe travel of oil tankers. It should be indicated that Chinese concerns of security of supply has suffered from a similar experience. China supplies a great amount of her oil and gas from the Middle East and African sources which require transportation by sea tankers. However, the maritime lanes that tankers have to pass in order to reach Chinese ports travel through regions that are under the dominance of the navy of the United States. Almost half a million ships pass through the Strait of Malacca alone in order to reach China²⁴. The possibility of the disruption of ships traveling to China in any region, for any reason would result in problematic situations which are hard to predict.

One should remember that in 1993, Chinese container *Yinhe* (Galaxy) suffered from the forced inspection by the United States navy in the Persian Gulf. *Yinhe* was regarded to carry precursors and chemical production equipment en route to Iran²⁵. The incident resulted in no harm for Chinese imports to Iran. However, it indicated that the ships that are traveling under the dominance of the third parties can be stopped and shipments can be interrupted. Therefore, for Chinese case, China- Kazakhstan Pipeline acquires a strategic significance for Chinese policy makers that safety of travel cannot be interrupted by the third parties.

Safety of passage to Israeli ports is of vital concern not only for oil shipments but also for other forms of trade. Although there have been no reported incidents since 1949 on the blockade of ships traveling to Israel, the possibility of experiencing the negative consequences for the second time made Israel attach a great importance to nearby loading points coming from friendly sources. BTC pipeline appears out to be an invaluable source for Israel in this respect.

3.3. Domestic Economic Concerns

Third issue of concern for Israel regarding the implications of BTC pipeline is embedded within the Israeli economy. Finding sources of hydrocarbon energy supply and providing safety of travel are regarded to be issues of international scale in general. However, the amount of the transportation costs should also be taken into consideration. Acquiring oil

²³ Uri Bialer, *Oil and the Arab-Israeli Conflict, 1946–1963*, p. 92.

²⁴ Xu Yi-chong, "China's Energy Security", *Australian Journal of International Affairs*, Vol. 60, No. 2, 2006, p. 280.

²⁵ Zha Daojing, "China's Energy Security and Its International Relations", *China and Eurasia Forum Quarterly*, Vol. 3, No. 3, 2005, p. 40.

and gas supplies from distant sources such as Mexico, United States, Central Asian and Caspian states increase transportation payments in great amounts. High amount of transportation costs are, then, reflected in the final price of goods and items provided in the country. In consequence, goods and services of any kind face difficulties in competing with international markets because of high price levels of energy input.

BTC pipeline brings Central Asian crude to Mediterranean. It has a tremendous effect in meeting Israeli demands of having continuous access to crude oil coming from friendly sources with low transportation costs. These crucial issues are embedded with the Turkish aspirations of becoming an energy terminal in the global scale. The significance of BTC pipeline in this strategy is immense. It is not only Turkey, but also Israel that contributed heavily to international lobbies to materialize BTC pipeline project²⁶. Israel has her own reasons of engaging in pipeline affairs outside her sovereign territories for her own sake. It has been clearly indicated throughout this particular pipeline that the strategic significance of oil and gas pipelines transcends the boundaries loading, unloading and transit countries.

Conclusion

It is obviously clear that Turkey has become an international player in the global energy security calculations with Baku Tbilisi Ceyhan pipeline. The contribution of Central Asia in general and Azerbaijan in particular have increased the tremendously by having access to the Mediterranean. Azerbaijan and Turkey are no longer mere rule takers of the international oil industry. They are among the members of active participants of the rule makers.

Apart from the Turkish influence in the global scale, Turkey has become one of the crucial elements of security of energy supply calculations of the state of Israel. Israeli policymakers have to take Turkish considerations into account in implementing both regional and international policies. It has been clarified that Turkey has become a key factor in security of energy supply calculations of Israel by the effective functioning of Baku Tbilisi Ceyhan pipeline. Therefore, Israeli policies should be constructed in a manner that they should not harm Turkish concerns in intolerable amounts if not constructed in accordance with Turkish aspirations.

It is clear that pipeline create a kind of interdependence among the participants of the relevant project. Producer countries, transit states, consumers, operator companies and finance institutions have constructed an engagement disruption of which would deteriorate the interests and benefits of all sides. It should not be forgotten that the effects and influence areas of

²⁶ Efraim Inbar, "Regional Implications of the Israeli-Turkish Partnership", *Middle East Review of International Affairs*, Vol. 5, No. 2, 2001, p. 59.

pipelines goes beyond the boundaries of the traveling distance along the route of the relevant infrastructure. The policies, interests and considerations of third, fourth and even fifth parties are influenced from the actions and policies of the participants of the project. Actions and considerations of the parties that are consumers should not contradict deeply with the policies of the main contributors of the pipeline project. This proposition acquires more importance if the consumer party under discussion faces difficulties in obtaining crude oil from other sources in one way or another because of different reasons. Disregarding Turkish policies and concerns would result in inefficient energy security outcomes for the parties involved. Recent tension in Turkish and Israeli affairs should be regarded in this perspective. Any kind of energy security and foreign policy should not be contradicted with this fact.