

**Statement before the House Committee on Foreign Affairs,
Subcommittee on European Affairs**

***“THE UNITED STATES AND TURKEY:
A MODEL PARTNERSHIP”***

A Statement by

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Prepared Statement

Mr. Chairman, Ranking Member, Members of the Subcommittee on European Affairs, I am honored to appear before you today to discuss the development of relations between the United States and Turkey during the Obama administration and how the Congress could help build this relationship into the model partnership that the President envisions.

My comments today draw on the findings of the final report of the U.S.-Turkey Strategic Initiative, a year-long interdisciplinary research project that I led, involving a team of scholars at the Center for Strategic and International Studies and two other institutions with expertise on Turkey, Europe, Russia/Eurasia, the Middle East, energy, and international security. My colleagues and I completed a comprehensive assessment of Turkey's internal dynamics and changing relations with its neighbors and the United States and then advanced recommendations for renewal and long-term management of the U.S.-Turkish relationship—many of which I'm pleased to report the Obama administration is pursuing.

Elements of a Model Partnership

Our key conclusion was that U.S. and Turkish strategic interests remain largely convergent. Both countries have enduring interests in stability in the Middle East, countering terrorism and extremism, sustaining an open global economy, securing energy flows, advancing the stability and sovereignty of the states in the Caucasus and Central Asia, and maintaining productive relations with Europe. However, mistrust and suspicion in recent years, much of it related to the war in Iraq and its aftermath, have clouded this convergence and complicated cooperation.

President Obama's highly successful visit to Turkey last month recognized the importance of this relationship and established the foundation for restoring the trust and confidence essential to orchestrating effective cooperation on mutual regional and global interests. That said, differing political and geostrategic situations will, on occasion, lead Turkey and the United States to pursue distinct and sometimes divergent policies that could cause disruptive disagreements that would undermine pursuit of these overarching interests. Realizing President Obama's vision of a model partnership will require sustained engagement and careful management by senior levels of both governments. The Congress can play a valuable supporting role.

President Obama's speech to the Grand National Assembly in Ankara articulated a positive and realistic agenda for strategic cooperation with Turkey in the coming years and also encouraged the pursuit of Turkish internal reforms and foreign policy initiatives that could both enhance our bilateral partnership and advance Turkey's bid for EU membership. This agenda builds on the "Shared Vision and Structured Dialogue" that was developed by the two governments in 2006 and reaffirmed during Secretary Clinton's March 2009 visit to Ankara. That effort yielded some progress in policy coordination and fostering a mutual understanding of evolving common interests. The Obama administration was wise to build on this Bush administration initiative.

In my view, the U.S.-Turkish agenda over the coming years breaks down into three categories:

- The leading elements of this positive agenda are issues where the two countries have clearly convergent interests and general agreement on the requisite policy approaches. These include: long-term stabilization and development of Iraq, Afghanistan, and Pakistan; expansion of bilateral trade and investment; military-to-military cooperation; and promotion of Turkey's EU membership.
- There is a second set of issues where the interests of the two governments are broadly similar but important policy differences persist, sometimes exacerbated by difficult domestic political

considerations. These include: relations with Russia, Armenia, and Greece; development of the Southern Corridor routes for Caspian energy resources; fostering an Israeli-Palestinian settlement; and dealing with frozen conflicts in the Caucasus and Cyprus.

- There is a third set of issues where there are fundamental or potentially significant policy differences that will need to be carefully managed including: dealing with Russian assertiveness in the Black Sea and the Caucasus; energy and trade relations with Iran; and halting Iran's nuclear program.
- To ensure advancement of this broad and complicated agenda and manage policy differences, I recommend that the Obama administration work with the Turkish government to establish a regular, high-level policy dialogue and an agenda for joint action with timelines to advance specific initiatives, supported by bilateral working groups charged with monitoring implementation. This is a structure that has been pursued to advance U.S. relations with a number of new and longtime allies.

The European Union countries, Russia, and other neighbors will remain Turkey's natural and leading trade and investment partners. However, trade with the United States accounted for less than 5 percent of total Turkish trade in 2008, and many experts agree there is still unrealized potential for two-way trade and U.S. investment in Turkey. Turkey could also become a stable staging ground for U.S. firms, possibly together with Turkish partners, to expand into emerging markets in Eurasia and the Greater Middle East. Creation of a Turkish-American Business Dialogue, akin to the Transatlantic Business Dialogue, could help bring together private companies and business associations interested in promoting lagging bilateral trade and investment. This could build on existing official efforts such as the Economic Cooperation Partnership Council (ECPC), the Trade and Investment Framework Agreement (TIFA), and the U.S.-Turkey Economic Partnership Commission (EPC).

Bilateral defense relations, which have been managed through the annual High Level Defense Group (HLDG), have generally focused on near term-procurement and defense cooperation issues. The HLDG could be given a more strategic agenda and discussion of the future of Iraq and plans for U.S. military disengagement would be a good way to raise the level of this engagement. The quality of military-to-military interactions with Turkey varies by service. Cooperation with the Turkish Air Force has generally received the highest marks. Valuable interaction between the two navies takes place in the context of NATO operations and exercises. However, there has been very little interaction between the U.S. Army and the Turkish Land Forces, even though the Land Forces are the biggest component of the Turkish military and dominate the General Staff (TGS). There has been some progress recently in cooperation between the two armies—the first-ever talks between the U.S. Army Staff and the TGS took place in January 2009, leading to a plan of future command post exercises and unit-level exchanges. Cooperation in the special operations forces (SOF) area is also improving, and SOF exercises resumed in 2008 after a 6-year hiatus. But there is certainly room for improvement in military-to-military relations.

Congress could play a valuable role in advancing the U.S.-Turkish partnership.

- There is scope for more robust U.S. "smart power" initiatives to expand person-to-person, cultural, and educational exchanges with Turkey. In March, Secretary of State Clinton and then Foreign Minister Babacan launched a new exchange program between Turkish and American young people. Congress should treat Turkey—a population with traditionally pro-American sentiment that has plummeted in recent years—as a priority country for these programs.
- Mutual understanding and strengthened domestic support for the alliance could also be bolstered by more regular exchanges between the Turkish Grand National Assembly and the U.S. Congress.

- With all due respect to the many co-sponsors of H. Res.252, rather than seek to legislate history, Congress and the administration should provide encouragement and support to efforts by the governments of Turkey and Armenia, under Swiss auspices, to realize the framework and roadmap for normalization of their relations that was agreed to last month, as well as other efforts to promote regional cooperation in the Caucasus. Creation of a joint Turkish-Armenian commission to explore this painful chapter in history and its continued legacy could also be helpful to that process. President Obama's April 24th statement on these issues struck just the right balance in promoting our principles and strategic interests. Passage of H.Res. 252 would trigger harsh and prolonged breach in U.S.- Turkish relations.

Challenges and Opportunities for Future Cooperation

After a relatively long period of comparative stability, Turkish politics may be entering one of its transitional phases of uncertainty that may make Ankara's policies somewhat unpredictable. The governing Justice and Development Party (AKP) suffered a significant setback in the March 29th local elections as a result of the economic downturn and its inability to advance key elements of its agenda. AKP remains the most popular political party in Turkey; but under pressure from opponents, it is adopting increasingly nationalist and less tolerant positions, particularly with respect to the Kurdish question. Prime Minister Erdoğan's May 1 cabinet reshuffle suggests that he will continue his balancing act among different constituencies within AKP and society as a whole, which will make it more difficult to move ahead on contentious internal reforms and foreign policy initiatives, including Armenia and Cyprus. The military appears to have concluded that its reentry into a direct role in politics would involve a risky, challenge to a ruling party which still enjoys the support of a plurality of the population. The TGS has opted for a strategy of tempering what it sees as the most troubling elements of AKP's agenda.

Following six years of exceptional performance and growth, Turkey's economy is in for a very difficult period, with several estimates now forecasting a 4.5 percent drop in GDP this year. The official unemployment rate has reached 12 percent in urban areas, the stock market has lost half its value, and short-term funds fell to levels that make it difficult to cover the deficit. A critical step for Turkey will be conclusion of a new standby agreement with the International Monetary Fund to bolster investor confidence.

The EU and Turkey currently stand at a critical juncture. While the two sides have reaffirmed their commitment to the accession process, progress has been fitful. Enlargement fatigue and concerns about Turkey's political and social direction have deepened an abiding reticence among key European leaders and publics to press much further with negotiations. Growing frustration with the pace of the talks and doubts about Europe's willingness to ultimately offer EU membership have led to a diminished commitment by Turkish leaders and the public to undertake the necessary reforms. Turkey is facing an EU deadline in late 2009 to open its airports and ports to the Republic of Cyprus in accordance with the 2005 Ankara Protocol. As Ankara has yet to indicate a new approach to Cyprus, it is possible some EU governments will push to suspend accession talks. This development would erode Turkey's commitment to deepening its democracy and completing the process of institutional integration into the Euro-Atlantic community.

The current leadership of the two Cypriot communities offers the best prospect for a settlement since the failure of the Annan Plan in 2004. However, after several months of talks, significant differences over power-sharing, property rights, and other issues persist. The current favorable climate is unlikely to persist indefinitely and the potential for re-nationalization of perspectives was evident in the growth of support for the hard-line National Unity Party in the April 19th parliamentary elections in northern Cyprus. If the prevailing rapprochement with Greece were to erode—and there are still lingering territorial and maritime disputes and periodic Turkish overflights that could lead to an incident that would

set back the normalization process—there is some potential for Cyprus to reemerge as an element in the regional military balance with Athens, as an asset for Turkish power projection in the Aegean, or as a liability in a future conflict.

- Quiet but consistent U.S. diplomacy with European governments is the most effective way for Washington to support Turkey's accession discussions on EU membership.
- The most helpful near-term step Washington could take to bolster stability in the Aegean, advance Turkey's EU prospects, and overcome differences over the modalities of NATO-EU cooperation would be to lend its diplomatic resources and influence to help achieve a settlement of the Cyprus issue, including committing a senior official to work with the UN Secretary General's Special Adviser on Cyprus, Alexander Downer.

As the United States rethinks its own approach to the Middle East, it needs to make space for an increasingly activist Turkish diplomacy in the region. The United States could benefit from Turkey's soft influence and efforts to stabilize the Middle East. How Ankara and Washington shape Turkey's resurgence in the region will likely affect the development of a broad range of common interests including Iraq's stability, Iran's pursuit of nuclear technology, and Arab-Israeli peace efforts. Turkey has shown it can be an effective diplomatic player and has potential to do more. Its mediation of indirect Israel-Syria talks and its work to promote the Iraqi Status of Force Agreement with the United States are important precedents of successful Turkish mediation. However, Turkey has yet to prove that it can play a leading role in regional affairs, and it remains unclear how much influence it actually possesses over a range of actors in the region. Over the past few years, Ankara has played a more active, positive role in Iraq, cultivating growing trade and investment opportunities, as well as a network of political contacts, including tentative steps to increase engagement with the Iraqi Kurds. Turkey and Iran have strengthened political, economic, and counter-terrorism cooperation in recent years. This trend is likely to continue. Ankara sees good relations and increasing trade ties with Iran as necessary to advancing its broader regional strategy, including becoming an energy bridge to Europe and preventing Iran from developing nuclear weapons.

The strategic imperatives of Turkish-Israeli military, defense-industrial, and economic cooperation remain strong, but relations are increasingly strained as Ankara deepens its engagement with Israel's foes—Iran, Syria, and Hamas—and as Turkish public sentiment turns against Israel over the Palestinian issue. The relationship will likely survive, but it will be increasingly complicated if the current and future Turkish governments continue to harshly criticize Israeli policies, emphasize Islamic solidarity, and pursue closer ties with Israel's adversaries.

The growth trade, investment, and energy ties between Russia and Turkey over the past decade have led Ankara to more explicit balancing of relations between Russia and its NATO allies. Turkish officials insist that their cooperation with Russia is being pursued with a proper wariness, and that Turkey remains firmly tied to its Euro-Atlantic moorings. However, a highly unbalanced trade relationship and Turkey's energy dependence enhance Russian leverage. Ankara feels confident that it can work effectively with Russia and other littoral states to promote economic cooperation and security in the Black Sea region. Ankara has resisted expanded NATO operations in the Black Sea arguing that they are unnecessary and will only feed Russian fears of encirclement, with damaging consequences to its regional interests, including stability in the Caucasus.

Ankara's principal interest in the Caucasus/Caspian region is maintaining stability to allow for expansion of regional trade and infrastructure and Turkey's emergence as a key energy hub. Russia's efforts to create an exclusive sphere of influence along its periphery and control energy flows from the Caspian Basin make this a point of friction in Russo-Turkish relations that will temper this rapprochement.

Further Russian pressure could jeopardize the independence and security of Georgia, and threaten oil and gas transit from Azerbaijan and beyond. Turkey has the potential to play a key role in the stabilization and development of the Caucasus and Caspian regions through renewed bilateral ties and its Caucasus Stability and Cooperation Platform proposal.

Turkey has provided significant military support to the NATO ISAF mission in Afghanistan along with valuable soft power resources and support to the stabilization and development of Afghanistan. Elites and the general public in Pakistan have high regard for Turkey. Turkey has also undertaken some initiatives to bring together the governments of Afghanistan and Pakistan to forge a more cooperative, constructive relationship, including dialogues between the Turkish Grand National Assembly and the parliaments of Afghanistan and Pakistan.

Turkey is centrally located to play a major role in energy transit. However, Turkey has had mixed success and experience with energy transit in the past, due not only to international factors over which Turkey had little control, but also partly to its own internal energy and policy dynamics. Given its significant but mixed record, Turkey's reputation and investment condition will need to be further enhanced before major oil and gas producers and consumers would commit to using it for additional transit.

Expansion of Turkey's role as a transit route for crude oil rests with restoring volumes for the Kirkuk-Ceyhan pipeline and filling the expandable capacity of the Baku-Tbilisi-Ceyhan (BTC) pipeline with additional cross-Caspian oil flows from Kazakhstan. Neither is within Turkey's control or influence, but the long-term trends are promising. As for natural gas, external conditions are much more challenging. In the near term, there is no available upstream production capacity for feeding gas into a major new Southern Corridor pipeline, beyond filling the available capacity in the South Caucasus Gas Pipeline. The longer term future of gas development in Azerbaijan is unclear. Gas from Central Asia, particularly Turkmenistan, is the most promising potential upstream source. Sustained investments of billions of dollars annually over five year or more will be required to develop Turkmen gas resources into commercial gas reserves.

As with the case of the BTC pipeline, diplomacy can play a vital role in aligning the interests of regional governments and in making sure that investment conditions are provided to allow a pipeline project to go forward. The commercial champion of a project is the best indicator for the likelihood of its success and it is rarely, if ever, transit countries alone. In the case of BTC, it was Western oil producing companies that were the major promoters, owners and operators of the project and it was their credit capacity that funded it.

Rising gas demand in Turkey and enhancing Turkey's reputation as a transit country can both help accelerate gas development in the Caspian region and promote the flow of additional supply westward. Incremental development of short, economically-viable pipeline connections can also demonstrate the viability of the Southern Corridor route and lead to the realization of more ambitious projects.

- The first priority has to be to increasing upstream production capacity, particularly of gas from Central Asia. Quiet diplomacy in Central Asia and the Caspian is needed to align various state and commercial interests and in order not to provoke potential competitors into early action in opposition.
- The Obama administration appointment of a Special Envoy for Eurasian Energy can enhance interagency policy coordination and orchestrate U.S. engagement with foreign governments and the energy industry.

- A sustainable and effective U.S. strategy would be to support incremental development of short, economically-viable pipeline projects that might over time be linked together, such as the gas pipeline connections between Turkey, Greece, and Italy. Commercial success of these connections could demonstrate the viability of the Southern Corridor.

Thank you Mr. Chairman and members of the subcommittee for this opportunity to present these views.

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