TURKISH-QATARI COOPERATION IN THE 21ST CENTURY

The recent developments in the Middle East, particularly in the Persian Gulf are affecting not only the region itself but also the whole world. With the new political agreements signed and new clusters established between countries, the region is becoming more and more attractive for the western world and industrially developed countries. The last years have witnessed major political changes in the region of Persian Gulf and caused more attention towards this fast changing and developing part of the world and relations with the states of the region.

Ever since the collapse of the Ottoman Empire, it has been a generally accepted judgment that Turkey is in the Middle East, but not fully part of it. To some extent Turkey and other countries in the Middle East, including the Arabic countries of the Persian Gulf have tended to follow separate paths politically and culturally. Ideologically, Turkey’s separation from the Middle East after 1923 was the result of Ataturk’s determination to end the link between the Turkish state and the notional leadership of the world’s Islamic community symbolized by the abolition of Caliphate in 1924. During the last years Turkey has been trying to grow its political, economical participation in the Persian Gulf, especially in the countries of GCC (Gulf Cooperation Council). Ankara has increased the frequency of bilateral meetings with the GCC countries, reflecting the intensification of its activity in the Middle East, this has also witnessed the use of multilateral forums.

Talking about the relationship between the Council and Turkey it is worth explaining what the above mentioned council actually is. The Gulf Cooperation Council was founded in 1981, uniting 6 oil and gas rich monarchies of the Persian Gulf, namely Qatar, Saudi Arabia, Kuwait, Oman, UAE and Bahrain. GCC has recently evolved as a dynamic economic and partially political force. Comprising 65-70 % of the world’s oil reserves the Gulf states are key countries for the solution of energy supply matters for the world. Saudi Arabia is the dominant power in the council, having the highest portion of the fossil fuels, the biggest population of the peninsula and being a holy center for the Muslim pilgrimage.

Recently a new chapter has been opened in the relations between Turkey and fuel rich countries of the GCC. Nowadays Turkey has a multidimensional focus on those countries trying to use all the assets and possibilities and have gains from the development of relations in various spheres from energetic industry up to construction and tourism. Turkey has increased its diplomacy,
trade and investment with the states of the GCC, basically the recent period has witnessed a considerable improvement in both political and economic relations between Turkey and GCC. More important the increasing participation of these countries in international and regional diplomatic activities and forums aims to address regional and international problems.

Qatar in this case is not an exception. The relations between Turkey and Qatar have been developing with rapid speed during the last years, with the trade level increasing fast, along with the collaboration in the political sphere. Turkey has signed a Trade and investment agreement Framework agreement with the GCC as the first step towards a Free Trade agreement (FTA). In this framework the bilateral relations between Qatar and Turkey will develop with a higher speed. On September 3 2008 Turkey signed a Memorandum of Understanding with the countries of GCC which will bring the FTA into force.

Qatar is a small natural resources rich country in the Persian Gulf, with a rapidly growing economy, only 1.5 million of population. According to the International Monetary Fund Qatar had the highest GDP per capita in the world equal to 87000 USD. The country has the third largest proven gas resources in the world after Russia and Iran, and has always been of serious interest for the Western world, which has always tried to make use of its wealth. Qatar is the world’s largest LNG producer.

The relations of this Arabic monarchy with Turkey have long roots. Qatar came under Ottoman empire for more than 40 years in 1872, but by the year 1893 the relations of Qatar with the Ottomans deteriorated. After that the ruling dynasty of Al-Thani signed a treaty with the British in 1916. Qatar received a military protection from the British and in return had to give up its autonomy in foreign affairs. In 1968 Britain announced its intention to withdraw from Qatar and Qatar was declared independent as a Arab Islamic state with the Sharia (Islamic Law) as its basic law. Nowadays Qatar is developing with an enormous pace, investing a lot in foreign countries, and accepting a lot of investments. Qatar has also a large amount of oil resources and is a member of OPEC.

The role that Turkey plays in the middle East cannot be underestimated. This is a country with a huge potential, with an incredible geographic positioning, serving as a bridge between East and West, as a connector (also energetic) between the Middle East and Europe. It's a home to almost 75 millions of people, mostly Muslims, with a strong position in the Middle East and the Islamic community. This country is a member of NATO from 1951. In the recent years Turkey has undergone a serious reform in the political and economical spheres. Turkey nowadays has a very diversified economy, and is cooperating with various partners in different directions. The annual growth rate was 5-6 % in years 2003-2007. Reliance on imports of petroleum-related products for Turkey’s energy needs and intermediate inputs for Turkey’s exports.
and the availability of high capital inflows drove high current account deficits, which averaged 5.2 percent of GDP over 2004-08. 19

Overview of Turkey-GCC relations, spheres of Turkish cooperation with Qatar

The determinants of relations between Turkey and the GCC in the recent years have been very different from the ongoing Iraqi crisis, Turkey’s EU membership process, the threat of International terrorism and Al-Qaeda, the US led Broader Middle East initiative, increasing business and trade relationship, the OIC meetings and issues of the wider Islamic world and up to the threat of nuclear power in Iran. 20

The new government of Turkey is striving to restore the country to its rightful place amongst Arab and Muslim nations, and that by no means stops at the gates of Damascus. It is a policy that embraces Egypt, Jordan, Palestine, Syria, Lebanon, Iraq and all the countries in the Gulf. This policy is integrated in the concept of "neo-Ottomanism", suggesting a revival of the intellectual, political and social influence of the Ottoman Empire, which departed the scene 92 years ago.

Apart from this Turkey is an essential energy corridor, and lacks its own vital energy resources and imports most of the oil and gas requirements. Turkey has a unique sensitive geopolitical position. In its turn the GCC represents a plausible set of countries in which Turkey has important stakes. The interest of Turkey towards the countries of GCC can be viewed in the recent political developments. Turkey has a multidimensional focus on the Persian Gulf. Prime Minister Recep Tayyip Erdogan and the former Foreign minister, now president Abdullah Gul have been making a number of trips to the Gulf to encourage increased trade and investments, and their efforts have been fruitful. The ruling AKP party in Turkey has repeatedly pledged its support for the continuation of its ongoing economic reform agenda and the further globalization of the Turkish economy, with Turkey increasing its shares in the international markets and encouraging FDI. The FDI (Foreign direct investments) from GCC countries into Turkey have been constantly rising in the recent years. On July 8, Istanbul hosted the first ministerial meeting of the Gulf Cooperation Council - Turkey strategic dialogue, which served to highlight the growing multidimensional ties between the Gulf countries and Turkey. Recently it has been announced that a free trade agreement between the Gulf Cooperation council and Turkey will be signed before the end of this year. The negotiations concerning this have been going the last 4 years and the deal will be beneficial for both parties. 21

The growth of gulf Arab countries’ investment portfolios as a result of high oil prices as well as increasing regional geopolitical security issues and global geostrategic concerns suggest that these countries are and will be looking upon Turkey as a good investment opportunity. Turkey’s export oriented economy is increasingly integrating the Gulf states into its portfolio. Turkey sees
much interest in the relationships with the GCC countries and greater participation in the politics of the Arab Middle East in its national economic and security interests. The investments may also result in closer political and security relations as well as bringing about a return not just to the Ottoman paradigm but to an entirely new pattern of relations between Turkey and GCC.22

The factors mentioned above are playing a crucial importance for the relationship of Turkey with the Arabic monarchy of Qatar, however the main emphasize is directed to the economic, trade and energetic collaboration. Turkey and Qatar have shared a similar culture and historical relationship dating back several hundred years. Their relations has been demonstrating a healthy development in recent years with the people of the two countries rediscovering each other. The visit of Emir Sheikh Hamad Bin Khalifa Al Thani to Turkey on 25-26 December 2001 paved the way drawing the legal framework of economic cooperation through signing of the Agreement on Prevention of Double Taxation, the Agreement on Reciprocal Promotion and Protection of Investments, and the Cooperation Agreement on Military Fields23. The Turkish president Gul and AKP government have proven instrumental in developing closer ties with Qatar and have promoted the flow of Qatari capital in Turkey, thanks partly to their personal ties with the Qatari leadership. Reciprocal high-level meetings, a rise in trade delegations, increased participation in fairs, establishment of multispectral business councils have become inherent parts of a pertinent dialogue, which underlines a mutually profitable and beneficial partnership for both economies. Some years ago Qatar joined the Istanbul Cooperation Initiative (ICI). The ICI aims at creating a security cooperation relationship with the broader Middle East including GCC24. The moderate Islamist government of AKP in Turkey is a more comfortable diplomatic partner for the Qatar than the strictly secularist regimes that have preceded. Both of the countries are trying to carry out diplomatic activities for bringing security to the region. Turkey and Qatar are sure they are playing an active conflict settlement role in the Middle East. Along with this Qatar helps in facilitating Turkey's relationship with other members of GCC. Qatar holds constructive role in regional affairs tries to mediate over regional problems. According to AKP Turkey and Qatar held similar positions on many issues, and that they had worked together to promote regional peace. The high-level delegation accompanying al-Thani in August 2009 in Turkey indicated the importance that Qatar attaches to Turkey. Turkey is an attractive country for investments, and is becoming more and more popular among the investors from the Gulf.

The cooperation of Turkey and Qatar has been growing very rapidly in the last years in various spheres. In October 2009 a «Made in Turkey» exhibition was organized in Qatar, where Turkey was represented by 200 big enterprises. This exhibition organized by Istanbul chamber of commerce (ICOC) is the biggest Turkish products exhibition that has ever been organized abroad.25
The fair was organized in the framework of the "Gulf Expansion" project of Turkey. Basically the fair was a major bid by Turkish entrepreneurs to enter the fast growing market in the GCC, in particular Qatar, and eventually the fair turned out to serve its major goal as many agreements were signed between Qatari and Turkish companies. The trade fair was featuring companies dealing in an array of industries including construction, textile, furnishing, energy, transport, electronics, telecommunications, tourism and agriculture.

From the 1970s the large Turkish contracting firms started investigating the potential in the oil-exporting countries. In the late December 2006 Baytour the biggest Turkish construction company in Qatar, announced that Qatar Oil Company had signed a contract for $124 million with Baytour to build the Qatar Islamic art museum and a 245 million contract to build the Qatar national library. In March 2006 Doha announced that the Turkish-Austrian Company-Tepe, Akfen, Vie (TAV)- which specializes in building and operating airports, has been awarded an $869 million contract to participate in building a terminal and managing the $5 billion international airport being constructed outside of Doha. Projects worth USD 8.5 billion have been undertaken by Turkish companies in 2009 for the work in Qatar.

In Turkey the number of banks and financial institutions has increased rapidly after the liberalization of the banking sector. A growing number of Islamic banks from GCC have established branches in Turkey. There are several Qatari banks among them namely Doha Bank and Qatar Islamic Bank. Doha bank opened its first representative office in Turkey in December 2006. Ever since the bank has been home to many Turkish companies who are actively involved in the GCC countries. Doha bank has been working with Turkish banks already for 15 years, raising its business volume in Turkey to $300 million. Doha bank expects an increased interest of Turkish companies in different sectors in the State of Qatar.

Turkey and GCC enjoy strong trade relationship. The trade volume between them has been rapidly expanding in the recent years. In the first half of 2008 the number was almost $10 billion. Comparing to the numbers of 2002 the trade volume has grown 50 times. Two countries signed a protocol regulating labor issues. Visa requirements have been waved from August 2009. They signed an agreement for Turkish Radio and TV corporation and Qatar's state television to enhance broadcasting cooperation. For the faster business development and major a TBA- Turkish Businessman association in Qatar has been founded.

The energetic partnership between Turkey and Qatar

There is a special need to address the cooperation of Turkey and Qatar is the energetic sphere, namely the natural gas sector as this sphere is in fact the key driver of the collaboration between two states. Natural gas is rapidly gaining in geopolitical importance. Gas has grown from a marginal fuel consumed in
disconnected markets to a fuel that is transported over great distances for consumption in different economic sectors.

Five gas pipelines and three oil pipelines now operate or are under construction running to or through Turkey. A sixth gas pipeline is proposed from Egypt, and the seventh «Nabucco» gas pipeline is planned to run from Turkey to Austria bringing the Middle Eastern and Central Asian gas through Bulgaria, Romania and Hungary. All the process of gas transfer with this pipeline will be done bypassing Russia. The EU is very eager to have Nabucco built. The Nabucco Pipeline construction is scheduled to start at the end of 2011. Though still the main problem is that it is not clear which country is going to fill the pipeline. The transit agreement between five EU states and Turkey cleared the way for a final investment decision on the EU-backed project to reduce European dependence on Russian gas. This would diversify EU's sources and reduce its heavy dependence on Russian gas. The Russian Federation also currently supplies 73% of the Turkish gas. Turkey which does not have major energy resources, is as mindful as EU countries of a dependence on Russian gas and has been seeking a deal to import gas from Qatar. It has also been trying to make the most of its geostrategic position between energy-rich regions like Russia, Central Asia and the Middle East, and the European Market.

It is worth mentioning here that Qatar has the world's 3rd largest gas reserves which are estimated to be 900 trillion cubic feet. Qatar will be able to produce 23 billion cubic feet per day by 2014. Turkey and Qatar are exploring the possibility of Qatar supplying gas to this strategic Nabucco pipeline project. A Qatar-to-Turkey pipeline might hook up with Nabucco at its proposed starting pint in eastern Turkey. The monarchy's participation in this project as supplier of gas will bring two countries together on yet another common platform. Turkey backs Qatar's participation in the Nabucco pipeline project, and this gas pipeline project can become one of the areas where cooperation between the two countries can acquire a concrete shape. A Qatar-Turkey-EU gas pipeline could form an important part of Europe's and the Gulf's energy infrastructure. The interdependence created by networks like these should be celebrated. Qatar might become a major supplier for the project but laying a Qatar-Turkey-Europe pipeline would take a lot of time. Qatar has a moratorium on new gas projects from its offshore North Field, the biggest accumulation of non-associated gas in the world, until 2014 a period begun in 2005 during which it will have completed a study of the structure's reservoirs. After that, it could decide on the project and its capacity.

Turkish leaders have been visiting Qatar frequently in recent years to promote the proposed link up with Nabucco. Both countries are deeply interested in long-term and stable relationship in energy matters as put by Erdogan. A gas pipeline between Qatar and Turkey would solve this issue at once and for all.
According to reports to two different routes for such a pipeline were possible. One can lead from Qatar through Saudi Arabia, Kuwait and Iraq to Turkey. The other one can go through Saudi Arabia, Jordan Syria and on to Turkey. The second option could be also connected to the pan-Arab pipeline, carrying Egyptian gas through Jordan to Syria. Exporting gas by pipeline which is cheaper than cooling it to liquid form for shipments in specialized tankers, might be the best option. Along with his the cross-border pipeline projects more than often face substantial political hurdles as Nabucco experience is showing. Erdogan said the Qatar-Turkey pipeline project is “important” for Turkey, and “will provide remarkable opportunities for Gulf countries”42. However the projects are meeting some obstacles. The biggest challenge to the project is likely to be winning support from Saudi Arabia, which has a track record of obstructing regional pipeline developments and for decades has had a tense political relationship with Qatar. Ankara’s recent history of good relations with Israel and Iran are also unlikely to have sat well with Riyadh. Qatar hopes that opposition by fellow GCC member Saudi Arabia can be resolved by intervention from the US and Turkey43.

Besides the direct gas supply Qatar could play a serious role in the Nabucco project by a liquefied gas terminal to be constructed in Turkey44. In August 2009 Qatar's Amir Hamid bin Khalifa al-Thani arrived in Istanbul and after having talks with the Turkish president Gul, they agreed on establishment of a joint energy commission. The main focus were Qatari liquefied gas deliveries to Turkey. The gas was supposed to be stored in the Mediterranean city of Ceyhan. (Diplomatic Diary) During the same meeting Qatar proposed a gas pipeline from the Gulf to Turkey, as the emirate is considering a further expansion of exports from the world's biggest gas field after it finishes an ambitious program to more than double its capacity to produce LNG. The parties announced that they will set up a Turkey-Qatar Joint Energy Working Group. Gul said that they discussed the feasibility of gas pipelines, storage facilities and refineries, as well as meeting Turkey's liquefied natural gas (LNG) needs. Gul invited Qatar to invest in the storage facilities in Turkey's Mediterranean port of Ceyhan, which is the terminus of the Baku-Tbilisi-Ceyhan pipeline and the planned Samsun-Ceyhan pipeline. Ankara has actively promoted this port as a global energy terminal, and al-Thani responded to this offer with great enthusiasm45.

Based on production from the massive North Field in the Gulf, Qatar has established a commanding position at the world's leading LNG exporter. It is consolidating that through a construction program aimed at increasing its annual LNG production capacity to 77 million tons in the near future, from 31 million tons in 2008.

As already noted Turkey meets its needs primarily through pipelines from Russia, Iran and Azerbaijan. It also has contracts with Algeria and Nigeria to
import 4 bcm and 1.2 bcm of LNG annually, respectively. However, during the heavier winters, or when there are supply disruptions caused by the problems mainly encountered with Iran, Turkey is forced to buy LNG on spot markets. Since it lacks major natural gas storage facilities, such seasonal fluctuations result in the payment of higher sums for energy bills. Therefore, Ankara is considering expanding the country's storage capacity and importing larger amounts of LNG through long-term contracts, which might help it avoid such problems in the future. Along with this each storage facility requires an investment of up to $1 Billion for the receiving terminal.

The cooperation in the field of energetic resources has a lot of potential which has to be developed and is beneficial for both countries as well as for lasting long-term relationships.

Conclusion. Opportunities and implications for the further partnership.

As it is possible to see the two countries are very active in collaboration in many different spheres. The partnership mostly intensified in the last years and has a potential of serious evolution and growth. The countries have already reached a noticeable trade ratio and the number is growing year after year. The Turkish construction companies are busy in Qatar as well as all over the Gulf, taking up numerous projects. High-level governmental and business meetings are fostering and nurturing the partnership serving a solid background for a long-term profitable relationship. Personal ties of both country leaders are helping to facilitate the process of integration into a common framework.

Due to geographical difference and different international politics orientation, it is difficult to call the relations as the best, however during the last years there has been a serious improvement. The paper shows that the two states are cooperating in long row of spheres and the partnership is on the path of increase. The countries collaborate in the sectors of banking, construction, trade, culture, education, however the main accent is directed to the energetic sphere. There is no doubt that Turkey would benefit from increasing its economic relationship with Qatar and this country can help Turkey strengthen its position in the GCC in general as well. The vast accumulation of oil and gas wealth gives Qatar a considerable latitude in directing funds for trade and investment into countries like Turkey. Realizing the great potential created by Qatar's infrastructure investments and its expanding economy, the Turkish private sector will to further penetrate this market.

Furthering their mutual interests in improving their economic relationship through increasing trade and investment and fostering cultural and educational programs will improve the potential of Turkey and Qatar for the collaboration in the security field. Turkey more than and other perimeter state has capabilities of providing the GCC states with a security partnership that could provide the string regional balance in the region as Iraq provided before 1991.
Increasing diplomatic exchanges between Turkey and GCC states and continuing discussion of their common concerns is compatible with Ankara's activist East foreign policy and will be effective on achieving that goal. Turkey and Qatar have opportunities to foster their relationship in the field of water products, infrastructure, health services, as well as education. Visa-free regime will facilitate the connection between both states and regulate the labor issues. Turkey will increase its ability to play a regional role as it progresses toward integration in the global economy.

The attitude of AKP is going to be favorable for the development if the relationship between the countries. Turkey will continue the process of restoration of its former role in the region and will be using Qatar as one of the tools for relationship development with the whole block of GCC.

Turkey will be trying to strengthen its position as a strategic energetic corridor for oil and gas pipelines as well as LNG reservoir and will be trying to be the main energetic bridge between the Persian Gulf and Europe. The role of Qatar in this respect may not be underestimated as this country has a potential to become the main provider of natural gas for Europe as well as one of the suppliers for the Nabucco pipeline. Qatar has a serious potential of downgrading the dependence of Europe and Turkey on the Russian gas supplies. With a constant rise in global demand for the Natural Gas projected to continue unabated well into the future the industry will play a significant role for Qatar.

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