



the Hollings Center
for international dialogue

Dialogue Snapshot

“Iran and the Future of Turkey-U.S. Relations”

Iran has started to cast a shadow over Turkish-American relations. Although policymakers in Washington see Iran’s regional and nuclear ambitions as threats that need to be contained and isolated, Turkish policymakers are pushing for broader diplomatic, economic, and political engagement with Iran. Turkey helped broker a controversial nuclear fuel swap with Tehran in 2010, voted against imposing sanctions in the UN Security Council, and has recently expanded its trade ties with Iran. What explains these seemingly incompatible positions that Turkey and the United States have staked out on Iran’s nuclear ambitions and its greater role in the Middle East? Will Iran drive a greater wedge between Turkey and the United States or will it provide Washington and Ankara a much-needed opportunity to coordinate foreign policy for the sake of stability in the Middle East?

To address these and other questions, The Hollings Center for International Dialogue and Istanbul Policy Center at Sabancı University convened a two-day Next-Generation Dialogue entitled “Iran and the Future of Turkey-U.S. Relations” in October 2010, which brought together a select group of U.S. and Turkish experts that included academics, journalists, businesspeople, and government officials. Participants engaged in a two-day, roundtable dialogue that explored the following topics: Turkish and U.S. foreign policy toward Iran; Turkish and American views on Iran’s domestic political dynamics; Iran’s role in the Middle East, Turkey’s economic relations with Iran; the objectives and efficacy of sanctions; and the possible political fallout from a nuclear-armed Iran. This brief report presents a snapshot of the discussions and concludes with implications that American and Turkish policymakers may find useful.

Turkish Policy toward Iran

In the opening session, participants debated whether the current amicable state of Turkish-Iranian relations is based on historical experience or more contemporary foundations. Some noted that Iran and Turkey have shared a peaceful border for 400 years and that this enduring peace must certainly play a role in the current state of affairs. Other participants placed more emphasis on domestic politics and ideology and noted that Turkish-Iranian relations soured after the Islamic Revolution in 1979 when Ankara suspected that Tehran was trying to export its brand of Islam into Turkey. Consequently, they improved under the Justice and Development Party (AKP) as the latter displayed religious sensibilities in its policies and presided over deterioration in Turkey-Israel relations.

Turkey has certainly turned a new page in its relations with Iran in the past decade: Turkey’s National Security Policy Document has delisted Iran as an external threat; dialogue, cooperation, and good neighborly relations with Tehran are the order of the day. Ankara and Tehran share some political concerns, particularly over Kurdish separatism.

Turkey and Iran were also able to improve their economic ties in the past decade. Turkey-Iran trade volume jumped from \$1 billion in 2000 to an estimated \$10 billion in 2010. In February 2011 both countries’ presidents promised to increase that number to \$30 billion over a five-year period. Iran is a major supplier of natural gas to Turkey, and Iranian tourists make up 5.1 percent of foreign tourists in Turkey.

On the nuclear question, neither the government nor the military in Turkey want to see Iran obtain nuclear weapons, but AKP prefers a diplomatic engagement and opposes the idea of a U.S.-led military strike on Iran and its nuclear facilities. Some U.S. participants as well as Turkish participants expressed concern that the Turkish government does not seem to have a clear cut-off date or threshold after which it should conclude that diplomatic dialogue is not yielding results and hence switch to a contingency plan. The Turkish government seems to operate on a much lower level of urgency on Iran, and questions remain about where Turkey's red lines are when it comes to Iran.

Iran as a Regional Player

Participants discussed the role of Iran in the broader region and how the United States and Turkey might take this into account in formulating their Middle East foreign policy. The discussion focused on whether Iran is a status-quo or revisionist state and perhaps more importantly on whether Ankara and Tehran can sustain their friendly ties as Iran expands its influence in the region.

Some participants argued that Iran is a pragmatic state, concerned with unity, prosperity, regime survival, and regional influence. Consequently, Iran is projecting its influence in neighboring regions—the Persian Gulf, the Eastern Mediterranean and Middle East, Afghanistan/Pakistan, the Caucasus and Central Asia. However, it behaves in dramatically different ways across these regions. In Central Asia, where it has the least interest, Iran works with international and regional bodies and uses multilateral and international-legal rhetoric. In regions of higher strategic and economic interest, such as the Gulf region and the Eastern Mediterranean, Iran acts in a more transformative, unilateral, and ultimately destabilizing way to increase its own influence and displace the United States.

In response, other participants claimed that Iran has sweeping revisionist tendencies, and they predicted that a nuclear-armed Iran will give bolder support to proxies like Hezbollah and Hamas. This triggered a lively debate. Some argued that Iran's nuclear program is tied to how Tehran perceives threats and its desire to deter future American or Israeli military strikes. This posture, however, will lead to a major security dilemma spiral in the region, particularly for oil-rich Gulf countries that will reactively buy more weapons and strengthen military ties with the United States. This, in turn, will increase Iran's perception of threat and encirclement.

If the nuclear program does not directly test Turkish-Iranian ties, Turkish and Iranian competition over regional clout might. Both Ankara and Tehran are trying to fill the space left by a perceived decline of U.S. power in the region. This makes them potential competitors for influence in key countries like Iraq and Lebanon. Both Iran and Turkey would like to be seen as regional caretakers or problem-solvers, albeit through different means. In contrast to Iran's more aggressive approach in the Middle East and reliance on political proxies in places like Iraq and Lebanon, Turkey deploys a "soft power" approach, one that is characterized by growing trade and investment ties, conflict resolution through diplomacy and negotiation, and a clear integration into the international community.

In terms of popularity, the Turkish approach currently has the upper hand but it also complicates relations with the United States over Iran. Although some U.S. policymakers present Iran as the key obstacle to peace in the Middle East, the dominant view from Turkey is that without a negotiated solution to the Israeli-Palestinian conflict, other issues cannot be easily resolved (such as Iran's nuclear program).

Turkey, the United States, and Iran's Economy: Engagement or Isolation?

The dialogue explored Turkey's growing economic relations with Iran. Turkey's economic relations with Iran are not limited to trade but also include outward and inward investments, energy ties, and financial flows. The



volume of Turkish investments in Iran is \$5 billion USD, and the amount Iran invests in Turkey is \$2 billion USD. A Turkish participant expressed astonishment that Turkey would risk alienating important allies, such as the United States, for a relationship that amounts to only \$2 billion USD. Countries that are much smaller than Iran have almost equal size trade and investment volume with Turkey. Participants made several other related observations: Some noted that Iranians do not want to open their markets to more-competitive Turkish firms. Another interesting observation was that Iranian investments are shifting from Dubai to Turkish urban areas, and prominent business councils in Turkey are gearing up for expanded Iranian investment.

In the same session, there was a discussion of the U.S. sanctions policy, and its aims and effectiveness. Among the U.S. participants was general agreement that sanctions are less a policy and more a tool to achieve broader U.S. policy objectives. Although sanctions may be an effective tool to slow down Iran's overall nuclear progress, they have not been able to stop Iran's push to enrich uranium. The effect of the sanctions is blunted as Iranians have learned to live with scarcity while the Revolutionary Guard has managed to expand its control of the lucrative underground economy.

Turkey believes sanctions jeopardize softer diplomatic options and so it voted against them at the United Nations Security Council. It is unlikely that Turkey will support further sanctions, and this will undoubtedly create more friction with the United States. There are numerous reasons why Turkish policymakers are opposed to sanctions, but one of the least appreciated is the cost to Turkey. Indeed, sanctions are costly for Turkey on the economic and diplomatic front. They threaten the growing trade relationship between Ankara and Tehran and Ankara's desire to see continued good-neighborly relations with Iran.

Preventing—or Existing with—a Nuclear Armed Iran

A nuclear-armed Iran is equally undesirable for the United States and Turkey, but for different reasons. For Turkey, a nuclear-armed Iran would have several significant ramifications. For one, it could pose problems for Turkey's efforts to develop its own civilian nuclear program (Turkey is currently in the process of building its first nuclear power plant), because it would raise international questions about what that nuclear program's actual intent is. In many ways, Iran obtaining nuclear weapons is a "nightmare" scenario for Turkey, because it would both humiliate Ankara, which has been so vocal in its support of Tehran, while also presenting the country with a new and profound strategic risk.

For the United States, Iran acquiring weapons-grade nuclear capability is a security threat and in many ways a dire existential threat to itself and to Israel. Although this point may seem self-evident, the discussion piqued the interest of Turkish participants. In particular, Turkish participants had a rare opportunity to hear U.S. participants elaborate and debate strategic options and the feasibility of a military strike versus a policy of deterrence.

Frictions between Turkey and the United States arise because of a gap in perception: Turkey does not see a nuclear Iran as an existential threat. It also does not want to have to view Iran as friend or enemy, but as a neighbor that needs to be managed, and this will continue to put Turkey at odds with the United States. Indeed, this gap featured prominently in Turkey's participation with NATO on antiballistic defense initiatives.

Some participants brought up the recent debate about NATO's missile defense project and discussed whether Turkey would accept antiballistic missile defense (ABM) components on its territory. It was argued that if Turkey were to accept ABM components, its relations with Iran (and possibly other neighbors) could be compromised. If Turkey refused, this would harm relations with its long-standing NATO allies. (Shortly after the conference, Turkey did accept to take part in the defense project, on the condition that the declaration setting up the ABM and radar system did not mention any countries as a threat, including Iran.)



Looking to the Future: Conclusions and Implications

The issue of Iran is likely to dominate the American and Turkish foreign policy debate for the foreseeable future. The dialogue generated several forward-looking implications:

- Turkey is less concerned than the United States about Iran's nuclear program. The Turkish public seems to be more concerned about U.S. overreaction in the Middle East (as was perceived in the run up to the first and second Gulf Wars) and the continuing lack of progress on the Palestinian-Israeli conflict. This is unlikely to change.
- Turkey and the United States may disagree on their assessment of Iran's role in the region and its nuclear program, but they can engage in a strategic dialogue on how they will "agree to disagree." The United States can acknowledge Turkey's interests in strong, healthy relations with Iran but request Ankara to develop a cut-off date or threshold after which it will reconsider its approach and conclude that diplomacy has failed to arrest Iran's nuclear momentum. Turkey should clearly enumerate a different set of policy options should negotiations with Iran fail.
- Policymakers in the United States should avoid rhetoric that accuses Turkey of "shifting its foreign policy axis" away from the West. This rhetoric may appear to be a factual assessment but is, in reality, highly offensive to Turkish policymakers who do not like to have others ascribe a cultural identity to Turkey. Turkish policymakers can also do their part to tone down anti-American rhetoric, which bodes well with some Turkish constituencies but counterproductively feeds into American perceptions of an anti-Western shift in Turkey.
- In pursuing future sanctions and isolation of Iran, the United States should discuss how it might compensate Turkey for actual losses and opportunity costs of Turkish trade ties with Iran (the same kind of consideration it showed to Turkey when it moved to impose sanctions on Iraq).
- The Iranian nuclear issue is a subset of the broader geopolitical dynamics of the region, in which Turkey wants to play a growing role. U.S. policymakers should encourage Turkey's growing economic and diplomatic reach because it is likely to compete with Iran's influence in the troubled region.

