

through Georgia or Armenia, will require an investment of about \$2.3 billion.

The extension of this route to the Kazakh oil fields of Tengiz may cost an additional \$600 million. The Armenian route cannot be introduced before creative steps are taken toward solving the disputes of the area. The world financing sources are following this project with much interest, as its feasibility will not be much of a problem and, in fact, last week an engineering contract that is being funded by the World Bank was awarded to the German company PLE, to carry out the preliminary engineering and feasibility of the proposed pipeline between the Caspian Sea and Ceyhan. . . .

For early Azeri oil, an agreement on two routes has already been reached, and tenders have been issued:

- Northern line—Baku to the Russian Black Sea port of Novorossiysk.
- Western Line—Baku to the Georgian Black Sea coast at Supsa.

The Azerbaijan International Oil Consortium (AIOC) will need multiple outlets, even for early oil, to minimize the political risk of the region.

The Baku-Tbilisi section of the Western line for early oil can serve as the first part or to create an alternative route to that of a possible connection through Armenia for the long-term project of a direct route to the Mediterranean terminal of Ceyhan.

Besides the AIOC export pipelines for offshore Caspian oil, the other major oil export pipeline system in the region is the CPC pipeline. This \$2 billion project will ensure that the Tengiz oil field under development by Chevron and Mobil will have an export route, even if only to Novorossiysk.

The disintegration of the Soviet Union transformed this oil-rich area into the territory of three new, sovereign countries: Azerbaijan, Kazakhstan, and Turkmenistan, in addition to Russia and Iran. While efforts are being exercised for a stable consensus among the five Caspian states, oil development plans and investments are being carried out. Certainly such projects of the Caspian region should be realized in cooperation with Russia. . . .

Let me tell you of one example of how a close cooperation worked out between Turkey and Russia. Up to 10 years ago, before mutual trust and friendship started to grow, our total trade with the Soviet Union was at a steady level of \$450 million per year. In 10 years' time, this reached more than \$6 billion with the Commonwealth of Independent States, a big part of it with Russia. This figure does not include the unregistered "baggage trade"; that is, goods bought in Turkey and flown back to Russia as accompanied luggage, estimated to be of an equal magnitude. Business created by tourism and construction services are also not included in the above figure either. Revenues of the ongoing construction contracts are around \$7 billion and steadily growing.

Russia and Turkey cannot afford to neglect flourishing trade relations with each other. . . .

Turkey has a unique role between cultures

by Abdullah Gul

The following is excerpted from the address of H.E. Abdullah Gul, minister of state of the Republic of Turkey, to the Carnegie Endowment for International Peace, in Washington, D.C., on Feb. 19. Subheads have been added.

. . . First of all, it is clear that the Welfare Party, or Refah as we call it, has given a new impetus to Turkish democracy. Yes, we have a democracy and shall remain so, but ours is not yet at a desired level. The problems in our political system may be attributed to the lack of popular confidence and support for the top-to-bottom government mentality. People cannot be fully represented in a system that is closed, isolated from decision-making, and further inhibited from reflecting its values and demands. This is the real root of the systemic failure that is manifested so long in the political struggle and inability to overcome the political crisis with the existing mentality. Refah professes moral values, the values that actually continuously nourish and sustain Turkish democracy, but it also attempts to revitalize and reform the existing political system with the objective of complete democratization. Always bear this in mind: Turkey and Turkish society do not resemble, and should not be compared with, other societies in the region. This may be the reason why many of our friends abroad could not locate us comfortably in the political spectrum.

In this light, Refah is a party that strongly favors popular participation, utilizing the state tradition in Turkey and opening up new political and economic space in society. . . .

. . . Our party and agenda are not imported from abroad. We are not a reaction against the political process in Turkey. On the contrary, we carry on the genesis of popular modernization, a project under way since Ottoman times, and we proudly attest to the historical and cultural synthesis of our great fathers; we are not bothered by the Western elements in our government, culture, and life. What we stress, though, is that government should not exclude people's moral values, just the opposite: They should be used as catalyst for a healthy and complete democracy. One thing to bear in mind is that the social realities of Turkey would bring another political group with the same agenda into existence even if there were no Refah Party. Therefore, we expect our friends to understand well our reason for existence. . . .

Turkey's foreign policy

Let me now talk about our foreign policy perspective. What Refah emphasizes is a reformulation of Turkish foreign policy, according to the fast growing needs of the post-Cold War era, and establishing a large spectrum of relations with its regional, historical, and cultural partners. . . . Refah belongs to the former pro-society tradition. So, those who think that we are allowing our country to drift away from the West should study Turkish history more carefully. Our history since the 11th century has been inseparable from that of the West, and our democratic experience is not new either; it goes back to 1876. Look at our past and you will also find out that any efforts at modernization since then have always included a value-based precept, respecting and utilizing the distinct Islamic culture of our people for the evolving political system.

Our role in legitimizing the democratic system at home also has repercussions for our region and the rest of the world. It is generally acknowledged that Turkey occupies a unique position along the fault line of different cultures and continents. Geography and history have indeed bestowed upon us a critical role, and a major responsibility, in helping to maintain peace and stability in a difficult region. . . .

We in our party strictly favor encouraging democracy to flourish across our region from Central Asia to the Balkans. . . . As a party that combines and continues the traditions of Western and Eastern values, we pledge ourselves to preserve and ensure stability in our region. This is a task that cannot be done without the active involvement of Western countries, especially the United States. We can no longer act upon the premises of the Cold War *Realpolitik*. Today we need to take into account the massive economic activity that plays a transforming role in non-democratic countries. Just remember how effective rapprochement and *Ostpolitik* were in diluting the Cold War isolation of the Soviet Union and its satellites. . . .

This message chimes in well with our role in Europe, whether in the economic, cultural, or political sense. We are also a catalyst for democratization in the Balkans. . . . We cannot isolate economic integration from the political and strategic cooperation in Europe. I believe that the United States has many interests in emphasizing the role of our country in carrying the democratic message of ours across the Balkans. . . . We think that we can also be a bridge between the United States and eastern Europe. Those who disagree with our reservations about NATO expansion should understand very well that our concerns have several dimensions.

Our friends keep telling us that Turkey is a strategic ally and plays a crucial role in the region. This, of course, is the plain and literal truth. But, can it be said that they are acting on this conviction? Hardly. The list of recent failures on the part of our allies is impressive. For instance, take the economic losses we suffered in the wake of the Gulf War. So far, little has been done to remedy these crippling losses which are now in excess of \$27 billion. So, it is exacting a heavy toll on the Turkish economy, not only in terms of the trade we

have lost, but also due to the fact that the power vacuum that formed in northern Iraq following the Gulf War had a direct impact on heightening terrorism in Turkey, which in turn led us to spend more on fighting this scourge. . . .

However, despite some ups and downs, I should stress that the Turkish-U.S. relationship is basically on a sound course. Our political consultations and high-level contacts continue uninterrupted. There are more than 200 U.S. companies doing business in Turkey. The two countries cooperate closely in many areas, from training the Bosnian Army, to developing the Baku-Ceyhan Pipeline. The United States designated Turkey as one of the ten "big emerging markets," which is expected to give an additional boost to our bilateral trade in the period ahead. We share the same vision of peace in the Middle East. We both want to see the Turkic nations in Central Asia evolve into democratic, independent, and respectable members of the family of nations, and help them achieve this goal. We are loyal allies to each other within NATO. We cooperate over many regional problems such as the situation in northern Iraq. Our government and the U.S. have cooperated on the speedy handling of the recent crisis in northern Iraq. . . .

Refah believes that Turkey is an important ally of the West, and that with Turkey stable under our government, we will enhance our country's role in its region. Refah's value-based democratic agenda is an automatic stabilizing factor for our region, since it mitigates the radical tendencies which grow in reaction to authoritarian governments. Therefore Turkey must be seen as a bridge between the Western democratic tradition and the Eastern democratic transition. In this respect, too, Refah's presence as the major actor in Turkish politics is indispensable for regional stability and thus for the Western countries, as well.

As the only Muslim member of the Western alliance, our historical, cultural, and linguistic ties with neighboring countries, and those beyond our region, offer a further advantage. Turkey's proximity to large markets and its position as the vital land link between Europe and Asia make it an ideal base of operations for joint ventures. Turkey also boasts a young and highly trained workforce, a wide industrial base, a rapidly growing economy, and an expanding domestic market which combine to create unique opportunities for foreign investments. It is in a central position to mobilize regional economic or political cooperation, as exemplified by our pioneering role in establishing the D-8 and the Black Sea economic cooperation. It serves as the only land corridor linking the Caucasian nations to Europe. It offers the most convenient transit route for Caspian and Caucasian oil and gas. It controls the Straits of the Bosphorus and the Dardanelles, which are absolutely essential for European and Western security. . . .

A gateway to Asia

. . . Our interests converge in many areas. If we are to cope with the challenges ahead, we must rise above daily,

parochial, and narrow interests and look beyond the horizon. The unipolar world cannot last forever. It seems that Asia is going to become a tremendously significant economic and commercial place in the next century. Turkey is an important gateway to Asia too. We open our door to foreign investors who want to reach the lucrative Asian markets.

Professor Samuel Huntington, in his now famous article, said that future conflicts would basically be characterized by a "Clash of Civilizations." Should this prophecy come true, it would indeed be a tragedy and a catastrophe for the entire world. It is our joint responsibility to make sure that cultures do not fight, but respect, complement, and cooperate with each other in order to create a better world. We believe and know from history that civilizations can also coexist in peace. As our great Sufi thinker Yunus Emre says, "Seventy-two different peoples together constitute a single truth. He who holds his own being to be of no account, can he distinguish between religions and sects?" In this regard, Turkey's unique historical and cultural position between different civilizations and continents is a blessing. It is also the good fortune of the world that despite the tough challenges we face, our party is determined to maintain and foster our democracy and is committed to peace and freedom. We hope that the significance of this message will not be lost on our friends in the West and that they will start paying increased attention to the very special role of our party and Turkey in general.

U.S. perspectives on Turkish energy

by Jan H. Kalicki

Mr. Kalicki, counsellor to the U.S. Department of Commerce, made the remarks excerpted here before the Annual Conference of the American Turkish Council in Washington, D.C. on Feb. 20. Subheads have been added.

One of the major themes of this year's conference is solutions for Turkey's accelerating energy requirements, due in large part to the continuing growth and modernization of Turkey. Meeting these requirements will, in turn, remove a major obstacle to even faster growth.

As you have heard from Undersecretary [of State for Economic Affairs Stuart] Eizenstat, Ambassador [to Turkey, Mark] Grossman, and others, we in the U.S. government think Turkey's development is vitally important and, indeed, in the economic and strategic interest of the United States. We view

Turkey as one of the ten "big emerging markets" and a close, longtime friend, ally, and partner in three regions—Europe, Central Asia, and the Middle East. More immediately, we are confident that American companies have much to offer and much to gain in helping meet Turkey's energy needs. We have been working on a range of initiatives especially designed to promote our bilateral cooperation in strengthening the Turkish energy sector.

Just two months ago, in December, I had the opportunity to lead a U.S. government delegation to Turkey, which visited American and Turkish energy industry executives including the heads of BOTAS [Petroleum Pipeline Corp.] and power generation and distribution companies, as well as high-level Turkish officials, including the minister of energy.

There were a number of purposes for this visit:

- To assure Turkey of strong U.S. government and company interest in helping it meet its electric power needs and in investing in the power sector, and to gather views on how to make this happen; . . .
- To reiterate strong U.S. government interest in developing multiple export routes from the Caspian; . . .
- To explore ways in which Turkey could diversify its gas supplies, both piped and liquefied natural gas (LNG).

Turkish officials expressed a strong desire to increase and diversify their gas supply. In general, they reacted favorably to many of our ideas and to proposals to work with the U.S. private sector. Our effort, along with the Department of Energy, and the hard work of Ambassador Grossman and his staff advanced the prospects for concrete solutions.

U.S. companies have a long history of working with the Turkish energy sector, including with existing power plants, and want to expand cooperation. Our firms can make major additional contributions. . . . In addition, U.S. firms are heavily engaged in oil and gas exploration, production, and transportation in and through Turkey's neighbors.

Oil and gas pipelines

Let me turn to a review of pipelines, with a look eastward to the enormous hydrocarbon resources of the Caspian basin. The U.S. strongly supports the rapid, environmentally safe production of these resources and the development of multiple export pipelines on sound commercial principles—including from Baku to Ceyhan, from the Caspian to the Mediterranean. From the standpoint of both cost and reliability, the Caspian basin, along with the Middle East, are probably the most promising new sources of supply for Turkey.

Just at the time the Central Asian and Caucasus states became independent, the late Turkish President Turgut Özal initiated a policy of close ties, including the development of energy relations. President [Suleyman] Demirel put into practice the vision of close relations with these countries, and Turkish companies are already playing a role in several major energy projects. The United States has always supported these close relationships, and we agree with Turkey,