

# Germany and Turkey, For Once, Resist the IMF

by Rainer Apel

Whereas the domestic political future of Germany's Chancellor Gerhard Schröder remains uncertain, after his Feb. 6 surprise resignation as party chairman of the Social Democrats, there can be no doubt that he has intensified the foreign policy side of his activities. Since he is a pragmatist, not a man of real positive vision or mission, one cannot expect too much of him. But there are aspects in his present foreign policy that give an idea of what a really sovereign, non-monetarist policy could look like, what a German Chancellor could achieve in this crisis were he a politician capable of grand designs.

The Feb. 22-24 visit of Schröder to Turkey yielded some positive surprises: for example, the inauguration of a huge joint German-Turkish power project, the realization of which contrasts starkly with the overall pro-International Monetary Fund (IMF) orientation of the German government. Completed in only three years, at a cost of 1.5 billion euros, the project at Iskenderun on Turkey's southeast coast will provide 8% of the national power needs of Turkey—about the same amount as provided by Turkey's giant Ataturk Water Dam complex in eastern Anatolia. The two German power sector firms Steag and RWE built the modern Iskenderun coal-powered plant in cooperation with Germany's Babcock specialized power-tech firm and the Turkish construction firm Gama. It included the construction of what is said to be the world's "biggest floating crane" in Iskenderun's Mediterranean port, with the capacity to unload 30,000 tons of coal daily. The coal is shipped there from the big coal mining areas in northern Turkey.

The power plant itself, ISKEN (Iskenderun Enerji Uretim ve Ticaret A.S.) which actually began the first phase of its regular operation in November last year, will supply 1,200 megawatts of power. It resulted from the joint resistance of the governments of Germany and Turkey against the IMF. The Fund had opposed their plans to grant ISKEN a 16-year guarantee of power sales to the Turkish state-owned power giant Tetas—which makes the plant independent from the ups and downs of the speculative energy free markets. But Turkey and Germany insisted that it be done this way, and no other. The IMF had to back down, proving that one can prevail over the Fund if there is commitment to resist.

Granted, this is only one singular case, not representative yet of the Turkish or German policy in general; but it contains a message relevant also for the way the German and other governments should deal with the Argentine problem—

which side they should take in the conflict between Argentina and the IMF.

## Berlin-Baghdad Route To Be Rebuilt?

During Schröder's visit, a second highly interesting aspect of infrastructure development options came to the fore, when the chairmen of the German (DB) and Turkish (TCDD) state railway companies signed a cooperation agreement on railway projects. The conventional high-speed railway link from Istanbul to Ankara, Turkey's capital, is closest to realization; but the agreement stresses that "German Railways considers TCDD as an important strategic partner at the pivot between Europe and Asia. Cooperation with Turkey is an important step towards improvement of cooperation between both railways, and it will influence the quality of international transport by rail in the southeastern corridors positively."

The term "southeastern corridors" refers prominently to the railway connections between southeastern Turkey, northern Syria and northwestern Iraq—the old Baghdad Railway which the Germans started building for the then-existing Ottoman Empire from Istanbul to Baghdad, 100 years ago. The tracks and other railway equipment along that legendary route are a century old in many sections; they need complete overhaul and modernization to reach present-day standards of rail transport.

Whereas discussion about a revitalization of this route has been going on for some time, the discussion about the economic reconstruction of Iraq after the devastating Anglo-American military attack of March 2003, has contributed a lot to accelerate steps towards the realization of the Baghdad Railway project. Goods and materials for the reconstruction could be transferred from Europe to Iraq on that route, efficiently, and much faster than by sea. Turkey, Syria, the interim Iraqi Governing Council, and Germany have been in contact over the issue recently. The decisive precondition of the project, the existence of a sovereign, elected government in Baghdad, has not been met yet, because the agenda of the Anglo-American occupation administration has set other priorities that do not allow elections before 2005.

The Iraq issue also played a prominent role in the talks between Schröder and his host, Prime Minister Recep Erdogan, who accompanied Schröder to Iskenderun. The Chancellor stressed the concordance of German and Turkish views: Return to full sovereignty for Iraq at earliest possible date, with free elections, territorial integrity, and a United Nations umbrella. Schröder also explicitly praised Turkey's "reasonable position during the Iraq War," recalling that the Turkish government denied the use of military bases on Turkish soil for the Anglo-American invasion.

Thus Schröder reiterated his anti-war position only two days before he was scheduled to fly to the United States, for his first official meeting in almost 18 months with President George W. Bush on Feb. 27.