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NORMALIZING TURKISH-ISRAELI RELATIONS AND THE POSSIBILITIES FOR U.S. INVOLVEMENT

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Executive Summary

For the Obama administration, Turkish-Israeli relations are important because of Turkey's regional influence, the isolation of Israel in the region, the strategic advantages of their cooperation on Syria and a peaceful solution to the Iranian nuclear problem. Recent discoveries of natural gas in the eastern Mediterranean have strained Turkish-Israeli relations, increasing the possibility of conflict between U.S. allies (Greek Cyprus, Turkey and Israel), thereby undermining U.S. power and destabilizing the region.

The current U.S. policy has produced a recent thaw in Turkish-Israeli relations after a three-year diplomatic freeze. U.S. policy has consisted of pressure on both sides toward reconciliation through backchannel diplomacy and facilitation of the peaceful development of maritime resources, where the U.S. company, Noble Energy, holds large shares in Israeli and Cypriot gas discoveries. The U.S. has criticized PM Tayyip Erdoğan's anti-Israel remarks, but has remained silent over his growing authoritarianism and anti-Semitic rhetoric. However, Turkish-Israeli reconciliation has stalled, and the U.S. must engage more deeply to gain strategic leverage to achieve a long-term Turkish-Israeli alliance. The U.S. has also recently pursued the Israeli-Palestinian peace process, to which Turkish-Israeli relations have historically been indexed. At the present, the chances of achieving a peace settlement are slim. While the U.S. can capitalize on the talks to push Turkish-Israeli reconciliation forward, the U.S. needs to find other avenues of cooperation to align Turkish and Israeli interests long-term.

This paper identifies three policy approaches for the Obama administration to consider regarding Turkish-Israeli relations: the current policy of limited engagement, a second policy that rebalances relations, and a third that isolates relations. For U.S. policymakers each approach has advantages and disadvantages, depending on how intensively the U.S. wishes to engage in the eastern Mediterranean, as well as the interpretation of the Turkish government's willingness to normalize relations with Israel long-term.

The third policy option, "Isolating Relations," considers the AKP unwilling to normalize relations and cooperate with Israel. The U.S. urges Israel to choose LNG and to limit intelligence cooperation with Turkey. While this policy accurately acknowledges Erdoğan's anti-Semitism, authoritarianism and its continued ties with Iran and Russia, its weakness lies in heightened maritime tensions between Cyprus, Israel and Turkey. It also fails to recognize that despite Erdoğan's anti-Semitic rhetoric, he has never threatened to cut off Israel's oil supply, the majority of which transits through Turkey. Fears that Turkey is turning to the East are overstated, and policymakers should recognize that an effective Turkish leader will position Turkey as a bridge between the East and West.

To reduce tensions, this paper recommends the U.S. pursue the construction of an Israel-Turkey pipeline. This will rebalance the relationship, which historically has favored Turkey. Russia and Iran exercise energy-based leverage on Turkey, and Israel can do the same through gas. The pipeline will also provide a long-term basis to align Turkish-Israeli security interests against terrorism. For the U.S., it may require more intensive diplomacy and mediation over the next few years, but long-term could create conditions conducive to an Asian pivot. The U.S. should pressure Noble Energy to choose the pipeline, guarantee to Israel a strong U.S. effort to normalize Turkish-Israeli relations, and pressure Turkey to normalize relations while brokering a deal between Cyprus and Turkey over Cypriot gas. The largest obstacle to the pipeline is that it would run through Cyprus' EEZ and would require a breakthrough in the Cyprus conflict. This may be difficult, but all of the export options face difficult political challenges. With sufficient American involvement, the pipeline could be achieved. The U.S. should also begin to publicly criticize the AKP for its increasing authoritarianism, specifically its restrictions on media freedom. Turkey is isolated in the region and cannot break relations with the U.S. over criticism. In sum, establishing a gas pipeline will advance the highest priorities of U.S. foreign policy in the Middle East by increasing Israel's security through energy supply-based leverage, aligning Turkish-Israeli interests to cooperate on security against terrorism, and stabilizing energy development in the Mediterranean.

1. Historical Background

1950-1980: The Indexing of Turkish-Israeli Relations to Israeli-Palestinian Relations

In March 1950, Turkey became the first Muslim-majority state to recognize the state of Israel with the establishment of diplomatic relations. Israel, for its part, has always favored strong relations with Turkey, who, troubled by the Palestinian plight, has generally indexed its relations with Israel to progress on the creation of a Palestinian state. After a short period of cooperation in the 1950s, the Turks found Israel's involvement in the Suez Crisis unacceptable and downgraded their diplomatic relations. Diplomatic relations were further downgraded in 1980 due to Israel's Jerusalem Act, which claimed all of Jerusalem as an integral part of Israeli territory, at the expense of Palestinian claims to the city. Only in 1991 after the Madrid Conference produced ostensible progress toward a Palestinian state did Turkey and Israel for the first time exchange ambassadors and establish full diplomatic relations.

1980-2008: The Rise and Decline of Turkish-Israeli Relations

Regional structures have typically determined the relationship's strength.³ For the first three decades of Israel's existence, it pursued an unwritten, informal foreign policy strategy known as the 'Periphery Doctrine'.⁴ This policy pursued alliances with non-Arab states bordering the Arab world, which sought to isolate Israel economically and diplomatically. Israel achieved, with varying degrees of success, alliances with Ethiopia, Iran and Turkey, among others. In the 1990s, a series of structural shifts propelled Turkey and Israel into 'a golden era' of close collaboration. The first shift was the ostensible progress on the Israeli-Palestinian problem. The second shift was a Syrian rapprochement with Greece that prompted Turkey to seek countering alliances in the region. The third shift was the climax of the Turkish state's war against the separatist PKK. The conflict's brutalities drew the critical eye of the international community and limited Turkey's ability to acquire technology and military equipment from the West.⁵ Israel, with its

¹ Inbar, "Israeli-Turkish Relations"

² Tur

³ Ozel

⁴ Alpher

⁵ Altunisik

large defense industry, proved a ready supplier for Turkish military needs, in the form of technology transfer, technician training and researchers. Extensive intelligence cooperation followed, based on shared regional threats and terrorism. In 1998, Turkey, Israel and the US conducted a joint naval operation titled 'Reliant Mermaid' that highlighted the growing security triangle between the three countries. Turkey also provided the Israeli Air Force use of Turkish bases to conduct military exercises over eastern Turkey. Israel, in addition to providing intelligence and military goods, also mobilized its Washington-based lobbies to act as Turkish proxies. These lobbies neutralized the actions of human right groups and ethnic-based lobbies, most notably shielding Turkey from criticism over their war with the PKK, and undermining Armenian-backed legislation declaring the events of 1915 a genocide.

Closely thereafter, high-level visits led to a Turkish-Israeli Free Trade Agreement (1996), forming the foundation of strong bilateral trade up to the present. Responding strongly to these agreements, trade grew in the period 1996-2002 from \$449m to \$1.2b.6 This exponential increase continued in the period 2002-08, with annual growth averaging 14.6 percent. In 2006 the Israeli Foreign Ministry described the Turkish-Israeli partnership as "perfect". This partnership consisted of close intelligence and diplomatic cooperation, joint military maneuvers, military and goods trade, and tourism.

2008-2012: Diplomatic Fallout and Resilient Trade

In 2008 Prime Minister Tayyip Erdoğan attempted to mediate a peace treaty between Syria and Israel, but Israel's Operation Cast Lead against Hamas-controlled Gaza scuttled the talks. Erdoğan, having received no prior notification of Israeli intentions, appeared almost complicit in the assault, which threatened his carefully cultivated popular image on the Arab street. To compound the situation, Erdoğan has a deep, genuine anger over the Palestinians' situation, in particular, Gaza's suffering under the blockade and Israeli bombardments. At the 2009 World Economic Forum, Erdoğan gave full vent to his feelings in a heated diatribe directed at his seated neighbor, Israeli President Shimon Peres. Referring to the Israel's Cast Lead operation, he accused Peres and Israel that, "When it comes to killing, you know this job very

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⁶ Cagaptay and Evans

⁷ Balci

well. We know how you shot and killed children on the beach." Other diplomatic kerfuffles followed, and in 2010 the *Mavi Marmara* flotilla incident caused Turkey to break off all diplomatic relations with Israel. The flotilla, funded and organized by the Turkish NGO IHH, had attempted to break through Israel's naval embargo on Gaza. Israel, in a poorly executed response, boarded the vessel but was unprepared for armed resistance from the activists. Eight Turks and one Turkish-American were killed, provoking national outrage in Turkey. Erdoğan demanded that Israel apologize for the activists' deaths, compensate their families, and lift the Gaza blockade. Israel refused to meet any of these demands for three years. Eventually U.S. pressure and backchannel negotiations in combination with a deepening crisis in Syria produced in April 2013 a U.S.-brokered Israeli apology to Turkey for 'operational errors' during the flotilla raid.

The diplomatic freeze and subsequent slow thaw has affected Turkish-Israeli commerce to varying degrees. From 2010-11, Turkish-Israeli trade increased 30.7 percent, a vibrant growth rate even faster than that achieved during the halcyonic ties of the 1990s and early 2000s. Growth rates declined in 2012 but remain strong and well above pre-flotilla levels. Israeli tourism to Turkey, an industry more sensitive to geopolitical relations, dropped precipitously in the wake of the Mavi Marmara incident, but since the apology, has risen 86% compared to 2012. Military cooperation (exercises, intelligence and goods trade), with few exceptions, has remained non-existent since the diplomatic fallout. Turkey has expressed strong interest in building up its drone fleet, of which Israel is a leading supplier. Israeli weapons manufacturers are eager to revive trade with Turkey, but Turkish officials have stated that they are waiting for Erdoğan's go-ahead. This most likely is contingent on the full normalization of Turkish-Israeli relations. Regardless of which policy option the analyst recommends, the U.S. should support the growth of Turkish-Israeli trade and tourism.

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⁸ Friedman

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¹⁰ Dagoni

1.1 Why Recent Events Should Change the Current Policy

Recent events have highlighted why the U.S. needs a new policy toward the Turkey-Israel relationship. First, the normalization process is stalled. A recent poll found that 71 percent of Israelis believe Netanyahu's apology to Turkey was a mistake. This number has certainly increased from the time of the apology in light of Turkey's current refusal to move forward with the normalization process. The apology was predicated on an agreement that stated the Israelis would pay compensation to the victims' families, but did not specify that the payments would be 'penitence' for wrongdoing. Having bartered over amounts for three months, Turkish officials now argue that the compensation be considered part of Israel's repentance for its 'wrongful operation'. The Israelis have not and will not accept the belief that their interception of the *Mavi Marmara* was illegitimate. In fact, by law, it was legitimate. Turkey has reneged on the agreement, partially because the families of the victims have opposed the reconciliation process completely until the Gaza blockade is lifted. Erdogan has chosen not to oppose or silenced their voices in the media, indicating that he has insufficient incentive to normalize relations. The U.S. has little to no leverage over Turkey or Israel, and therefore must resort to cheerleading. This can change if the U.S. is willing to invest more deeply into the eastern Mediterranean.

The U.S. has invested deeply and achieved the recent resumption of Israeli-Palestinian peace talks for the next nine months. No concrete progress has been made between the sides yet, and there is strong skepticism from all sides regarding the possibility of progress. Therefore, the resumption of talks has not yet created additional political space for Erdoğan to normalize relations. With a slim chance of success in the peace talks, the U.S. should be looking for other links to tie Turkey and Israel together.

The final notable recent event has been the final collapse of the 'Turkish model' among the international community, largely due to Erdoğan's heavy-handed repression of the Gezi protests. His demonization of peaceful, environmental protestors alarmed Western allies who had given credence to

¹¹ Keinon

¹² Nir, "Turkey Stalls on Reconciliation with Israel"

¹³ U.N., "Report of the Secretary-General's Panel of Inquiry on the 31 May 2010 Flotilla Incident"

¹⁴ Shlumovich

Turkey's progress in democracy. His conspiracy belief that the protests were backed by the "international interest lobby" (read: "the Elders of Zion") alarmed investors upon whom the Turkish economy depends for short-term FDI. The subsequent pressure on major newspapers to lay off reporters who had covered the protests highlighted how Erdoğan has come to control much of Turkish media through government contracts to AKP-friendly firms. In another effort to justify his repression, Erdoğan has criticized the West and the majority of Arab countries for the Egyptian July 3 coup and attempted to portray the coup as what could have been the result of the Gezi protests. Erdoğan's ploy has tarnished Turkey's image in the West and the Arab world, reducing its value to the U.S. as a mediator between the West and Middle East, which in turn demands a change in policy. The U.S. has stayed silent on Erdoğan's growing authoritarianism, save for the most egregious of his anti-Semitic outbursts. The U.S. must change its policy or Erdoğan will continue to be a liability for U.S. policy.

1.2 American Interests

American interest in the Middle East are founded on three issues: terrorism, the security of Israel and stabilizing energy supply. 15 More specific to the Turkish-Israeli relationship, U.S. interests are in fostering cooperation against radical, militant Islamists and the Assad regime in Syria, cooperation in finding a resolution to Iran's nuclear program as well as eastern Mediterranean energy discoveries, and finding a basis for an Israeli-Turkish relationship that contributes to Israel's long-term security. To this end, the U.S. seeks to prevent the radicalization of the Middle East and to reduce the ability of Iran, Hezbullah and Hamas to carry attacks out against Israel. In the U.S. a powerful Jewish lobby and Christian Evangelicals ensure that Israel remains America's closest, most visible ally. Indeed, American opinion strongly supports Israel, and there are large pro-Israeli blocs within both the Democratic Party and the Republican Party. For politicians these blocs typically render any stance against Israel a lose-lose. For Turkey, no such bloc exists. It is Muslim, it does not have energy, and America-Turks only make up a miniscule percentage of constituents. While a general positive sentiment toward Jewishness and Israel pervades the

15 Haas

American public, there is little to no awareness of Turkey. Therefore, the U.S. has a strong interest in Israel's security and its ability to defend itself, while Turkey is viewed as a means to U.S. and Israeli security. The U.S. has labeled two anti-Israel resistance groups, Hezbollah and Hamas, as terrorist organizations not to be negotiated with or appeared. However, U.S. support for Israel has also engendered Muslim anger and inspired terrorist attacks against the U.S. Therefore, the U.S. has a strong interest in ending the Israeli-Palestinian conflict which has been a strong source of Muslim radicalization.

The U.S. has held up Turkey as a model for the region: economically successful, democratic, with a moderate Islamist party in power. President Obama has invested heavily in a personal relationship with PM Tayyip Erdoğan, declaring him to be one of five world leaders with whom Obama has developed a friendship and "bonds of trust". If Turkey constitutes the eastern periphery of the NATO alliance, possessing the largest military in the region and hosting American nuclear weapons at Incirlik. Recently Turkey agreed to host radar stations for NATO's missile shield. For the U.S., the radical brand of Iran, Hezbullah and Hamas can be countered with the Turkish brand: Sunni, economically and culturally influential in the Arab world, friendly to the U.S., and in the near past, friendly with Israel. The U.S. would like to pass responsibility for the region's peace and stability to Turkey, as the U.S. faces budget constraints on military spending, and the American people are increasingly weary of their involvement in the Middle East. The center of the global economy is shifting back toward East Asia, and the U.S. wishes to make a pivot away from the Middle East to Asia. To do so, the Middle East, and in particular Israel, must have some modicum of stability, security and peace.

For U.S. policymakers the eastern Mediterranean is a vital region that involves three issues: Israeli relations with its neighbors, the frozen conflict in Cyprus, and European energy security.¹⁷ The U.S. wants to see the energy resources in the Eastern Mediterranean strengthen regional cooperation among allies, and at the least, not inflame tensions between them. The U.S. company, Noble Energy Inc.,

¹⁶ Obama stated so in an interview with Fareed Zakaria,

http://www.turkishweekly.net/news/130295/obama-names-turkish-pm-erdo%C5%A1an-among-trusted-friends.html

¹⁷ Mankoff, Statement to House Foreign Affairs Committee

has the largest share in the Leviathan gas field (39.66%) as well in Cyprus' Aphrodite gas field (70%). These are Noble's largest finds, but both discoveries face large political hurdles before the gas can reach markets. Up to the present Washington's involvement in these gas fields has involved supporting Noble against the Israeli government in disputes regarding tax and royalties, as well as calming provocative Turkish military action. In 2011, FM Ahmet Davutoğlu declared that Turkish patrols would increase in the eastern Mediterranean to confront Israeli "bullying", monitoring sea traffic between Israel and Cyprus, and appealed to the U.S. to prevent the Israelis from drilling. He even suggested that the Turkish navy would be used to escort future flotillas into Gaza. It appears Turkey's bellicose stand has been tempered by messages from Washington. However, in May 2012, Turkish aircraft scrambled fighter jets to confront an Israeli drone they claimed had violated Turkish Cyprus' airspace. Israeli regularly utilizes drones to patrol its gas fields, but this incident illustrates the tension around the gas fields.

1.3 Israeli Interests

Israel's interest in a strong Turkish-Israeli relationship rests on one issue: security. According to Efraim Inbar, there has always been a consensus in Israel to have deep relations with Turkey. Turkey has been the ambivalent side and has historically determined the depth of its relations with Israel. As the Second Arab Awakening destabilizes the region, Israel needs allies to cooperate with on intelligence and security matters. As neighboring Syria melts down, the importance of Israeli-Turkish collaboration grows. Though officially denied by Davutoğlu, there is, according to many credible reports, intelligence cooperation between the two countries on Syria. Israel and Turkey do not want a failed Syrian state where terrorists would find asylum, and Israel would prefer that Turkey rather than Iran act as Syria's future patron state. However, though officially denied, Turkey's assistance to radical Islamist rebels has gone beyond humanitarian aid. This poses a risk to Israel. Were radical Islamists able to establish a permanent position in Syria, they could establish a truce with Turkey, and then move against Israel. Aligning Turkish

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¹⁸ Mankoff, GMF Policy Brief

¹⁹ Ogutcu

and Israeli interests on radical actors in Syria will be crucial to Israel's security once the Syrian civil war has run its course.

Israel's central foreign policy issue, though, is Iran. Israel needs Turkey's cooperation economically if international economic sanctions are to succeed in adjusting Iranian behavior. This is in part Israel's attempt to revive the periphery strategy of alliances with non-Arab states bordering the Arab world, with the exception that the focal point is now Iran. Azerbaijan and Israel have developed close intelligence, military and oil relations. In addition, military and economic coordination with the Arab Emirates has increased. But Turkey can be the most valuable ally for Israel against Iran. Turkey and Israel share a desire to prevent Iran from weaponizing its nuclear program and limiting its influence in the greater Middle East. As Iran's neighbor, Turkey also continues to be the West's most useful interlocutor with Iran.²⁰

Israelis regard with skepticism the most recent round of peace talks with the Palestinians. Israeli society is split on whether to support a one or two-state solution, but the current government coalition supports the settlements. The government and the majority of Israelis are wary of concessions in light of what happened following their withdrawal from Gaza in 2005. Presently the majority of Israelis support the Gaza blockade, and view Hamas as a terrorist organization. They want to see Hamas replaced by a more moderate party that recognizes Israel's right to exist. Netanyahu's entry into peace talks has provoked strong criticism from the political right, which indicates that any concessions on lifting the Gaza blockade is unachievable.

Israel has recently discovered large gas fields in its Mediterranean EEZ and has decided to export 43.5 percent of recovered gas.²¹ Opposition parties have appealed this number, calling for a lower export percentage. The remaining 56 percent, or lower if the appeal succeeds, will be reserved for domestic use, but included in this will be transfers to the West Bank and Jordan. For its gas exports, Israel must decide whether to transport the gas via pipeline or by tanker via liquefied gas (LNG). There are advantages, as

²⁰ Kinzer

²¹ Roberts

well as political and security challenges for each export method, and they will be discussed briefly in the policy options. To give a very brief overview, LNG would enable Israeli gas to reach not only European markets but also East Asian markets where profit per unit is much higher. However, LNG would be more costly to build and more vulnerable to terrorist attacks. A pipeline would go through Cyprus' EEZ and Turkey. This would be the fastest means of commercializing the gas, which the private developers are more keen on than the Israeli government. Turkey can be both a consumer and transporter of Israeli gas to European markets, but Turkey's anti-Israel rhetoric and its support for radical elements like Hamas, Iran and al-Qaeda affiliates in Syria raise serious concerns about Turkey's future trajectory. A final concern is whether Turkey and Greek Cyprus could reach an agreement regarding Cypriot gas that would enable Israel to run a pipeline through Cypriot waters to Turkey. Ultimately, Israel's leaders must decide which export option is the most achievable and secure. A pipeline would give Israel strategic leverage over Turkey, whose dependency on gas imports is great, while LNG would return greater financial profits in the Asian markets, and overall provide greater flexibility in choosing export markets.

1.4 Turkey's Interests

Turkey's strength lies in exploiting its geographic location. As Alon Ben-Meir argues, one of the criteria to test Turkey's leadership competence is "its capacity to balance its relations with the powers in its diverse neighborhood without trading one bilateral relation for the other." Therefore, the U.S. and Israel should understand that Turkey will always be on the West-East fence, but it can be pushed and pulled toward one side.

Turkey's first priority at home and in the Middle East is economic growth and trade, where the AKP's (Justice and Development Party) electoral success depends on economic growth. The AKP has an urgent need to stay in power, as they are in the process of pushing through a new national constitution that would expand religious freedoms, particularly for the political activities of pious Muslims who make up much of the AKP. As the largest economy in the region, Turkey benefits greatly from regional

²² Ben-Meir

stability. Turkish construction firms operate in the Levant and across the Mediterranean. Turkey has also become a manufacturing hub for global markets including the Middle East, transforming itself from a security state into a trading state.²³

Turkey's primary economic weakness is that it depends almost entirely on imports to meet its energy needs. Over the past decade, Turkey has experienced the second largest demand increases in natural gas and electricity, behind only China.²⁴ This creates a large current-account deficit that undermines Turkey's economic stability. Turkey's demand for natural gas is met largely by Iran, Russia, Azerbaijan, and in the near future, Iraq's Kurdish Regional Government. The U.S-Turkish relationship has been strained by Turkey's cooperation with Iran and Russia, the former because of American attempts to isolate the Islamic regime and the latter because of the U.S. efforts to check Russian energy policy in Eurasia. But as Erdoğan has repeatedly stressed, Turkey's cooperation with the two countries is of necessity to diversify Turkey's suppliers, and it would be "out of the question to stop imports from either country". 25 To secure access to energy resources, Turkey's strategy seeks to become a key transit country and energy hub between the energy-producing East and energy-consuming West. At the moment, Turkey pays unusually high prices for its gas, due its difficult energy situation; meanwhile, it faces growing geopolitical pressures on its energy supply. Iran has been an unreliable supplier, failing to meet quotes and demanding prices above the market. Iranian imports have also been disrupted by explosions along the pipeline, and due to the Iranian nuclear issue and Syria, tensions are mounting not only between Turkey and Iran, but also Turkey and Russia. Turkey has played a large role in supporting the Syrian rebels against Bashar al-Assad, but any stronger support risks angering Russia, who has demonstrated its ability to wield its energy exports as a weapon. Turkey's heavy dependency will only deepen, as gas consumption is projected to increase by 50% to 70 BCM by 2020, placing it among the largest consumers of natural gas in the world. Israeli gas, therefore, could be a strong point of leverage. According to early estimates, a pipeline carrying Israeli gas could supply Turkish demand at \$10-11 BTU, a third of what it

²³ Ozel

²⁴ Babali

²⁵ Ibid.

currently pays Iran and Russia for natural gas. Turkey's current account deficit of 10% in 2011 declined to under 7 percent in 2012, but with Israeli gas the deficit could fall below 5% after 2016.²⁶

Turkey, as an emerging economy attempting to attract FDI, wants to maintain its image of stability. Neighboring Syria, engulfed in a civil war, threatens to destabilize Turkey, as the Reyhanli bombings demonstrated. The Assad regime's use of chemical weapons could spill over, and Turkish Alevis support al-Assad against their Sunni prime minister. Turkish attempts to aid the opposition have also heightened tensions with Iran. Before the Syrian civil war, Turkey regularly defended Iran's nuclear energy plans. Since the war's start, Turkey has fallen silent on the Iranian nuclear issue. In addition, Turkey has allowed the instillation of a NATO radar in eastern Turkey against Iran. Its adherence to U.S. sanctions has reduced their Iranian oil by 40 percent, and the two countries are currently in direct competition for future influence in Syria. While relations may be at a nadir with Iran, the change in Iranian government presages a possible détente between the two countries. This should remind U.S. policymakers that, as geographically strategic neighbors, Turkey and Iran have been and are doomed to both compete and cooperate with each other.

The AKP's foreign policy places trade before ideology, but the Palestinians' current condition prompts ideology-based policy from Erdoğan and his party base. They support a two-state solution for the Israeli-Palestinian conflict, but believe Israel is not ready to accept the existence of a Palestinian state. Fatah and Hamas have equal legitimacy in Turkey's eyes, which has drawn severe criticism from the U.S. and Israel. It would not be surprising if the AKP favors Hamas over Fatah. Both the AKP and Hamas embed their ideology in conservative Islamism, and both have been excluded for being too radical for existing political frameworks. Therefore, Erdoğan has strongly criticized Israeli operations and policies against Gaza. He has hosted top Hamas officials to Istanbul multiple times and insists that the U.S. allow Hamas to be part of Israeli-Palestinian peace talks.

Turkey's anti-Semitism has increased under the AKP. It has been widely observed and proven through research. Jenny White, a prominent expert on Turkey, believes that Turkish anti-Semitism

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²⁶ Dombey

directly correlates to the quantity of space it receives in the media. It is not surprising since Erdoğan and the AKP control much of the media today. While the strangling of media freedom is wrong, regrettable and should be opposed by all, the U.S. and Israel should understand that if Erdoğan wants Israeli gas, he has the ability to mobilize the media to silence anti-Semitism and promote the pragmatism of cooperation with Israel. To those who believe Erdoğan's policy toward an Israel-Turkey pipeline is beholden to the more radical elements in his party, Semih Idiz, a leading foreign affairs journalist in Turkey, says "They [the Islamist wing] don't like it [an Israel-Turkey pipeline]. They want Israel sort of to be punished, Israel to disappear, and all that. I don't think the government is going to take this lightly. The government has to manage this. But in the long run, the Islamic wing will grudgingly accept it for the sake of pragmatism."²⁷

1.5 Converging and Diverging Interests

Before discussing the convergence and divergence of U.S., Israeli and Turkish interests, it is important to note this policy paper's limits. Due to finite space, this paper cannot discuss in depth the Syrian civil war, Russia's presence in the Middle East and Mediterranean, the U.S.' position on Turkey's role in dealing with Iran, and solutions to the Cyprus conflict. Any policy paper on Middle East issues must be incorporated into a larger grand strategy, and coordinated with other policies in the region.

The three countries share vital *long-term* interests that can provide the foundation for a strong strategic triangle. However, they are also significant disagreements and conflicts of interests in the *short-term*. These interests are:

• A stable, prosperous Middle East- The secure flow of energy resources and economic growth is a central priority for all three parties. The U.S. prioritizes stable energy supply, Israel continues to seek economic integration into the region, and Turkey's primary foreign policy is business. Most importantly, Turkey needs natural gas to continue its economic growth, and Israel needs to find an export method to get its gas to market. Regional stability and cooperation is the best means of meeting these economic interests.

²⁷ Jones

- The containment of Iran's regional influence- All three seek to reduce Iranian influence abroad. In both Lebanon and Iraq all three want to see Shi'ite political groups weakened. However, Israel considers a preemptive air strike on Iranian nuclear sites a strong option, while the U.S. remains ambivalent, and Turkey strongly opposed to any such strike. If Turkey regains its lost balance as a bridge between the West and Iran, it could play a useful role in finding a peaceful solution to the nuclear program.
- A stable Syria that does not shelter terrorists-All three want a reduced Iranian influence in Syria, and for post-war Syria to be a stable trading partner. However, the AKP wants Bashar al-Assad deposed immediately. Erdoğan advocates NATO military intervention and has provided aid to the opposition, including Jabhat al-Nusrah, a Sunni affiliate of al-Qaeda. The U.S. has tentatively decided to arm certain opposition groups but remains ambivalent about how to remove Assad from power and concerned about what type of regime would take over Syria. Israel will remain neutral and expresses little preference between al-Assad and the opposition. Their central interest is to prevent the Assad regime from transferring arms to Hezbollah. All considered, the U.S., Israel and Turkey can cooperate on stabilizing Syria during and after the civil war.
- Resolving the Palestinian-Israeli problem- All three desire that progress be made in the peace process. What progress looks like is quite different for Turkey than for Israel and the U.S. Turkey sympathizes with the Palestinians and advocates for the recognition and inclusion of Hamas in the peace process. The U.S. wants a two-state solution but sympathizes with Israel and labels Hamas a terrorist group, excluding it from all talks. While the U.S. and Turkey support a two-state solution, Israeli opinion remains divided over the acceptability of a Palestinian state.

This paper describes and compares three separate policy approaches that the Obama administration could pursue. These policies take different approaches to resolve choices and dilemmas that U.S. foreign policy faces. These choices and dilemmas are:

• Gas-The U.S. must decide how engaged it should be in Noble's and Israel's decision on how to export its natural gas. If the U.S. plays a more assertive role in the decision-making process, it

will require a deeper commitment. In the case of a pipeline, the U.S. would need to commit to be the guarantor of the full normalization of Turkish-Israeli relations. In the case of LNG, the U.S. would be the guarantor of security for Israeli gas from terrorism and Turkish naval threats. For the U.S., Erdoğan is key. Whether he wants normalization with Israel is unclear, and will dictate the level of relations Turkey and Israel have for at least the next few years.

- Intelligence/Security Collaboration-The U.S. can pressure Turkey and Israel to cooperate on intelligence and security regarding regional terrorism, Syria and Iran, or the U.S. can seek to work bilaterally with Turkey and Israel. The latter option would not seek to build Israeli-Turkish cooperation because of conflicting interests over Iran, al-Qaeda-linked actors in Syria, and Israel's gas development.
- *U.S.-Turkey 'Model Partnership'*-The U.S. can continue investing in the 'model partnership' with Turkey or back away from the relationship in light of Erdoğan's increasingly authoritarian rule, recent endorsement of police brutality against protestors, and anti-Semitic public statements.

2. Status Quo Policy: Limited Engagement

This policy supports Israel's position as the U.S.' closest ally, and considers Turkey to be an indispensible pillar of U.S. foreign policy. The U.S. pressures both Israel and Turkey to make progress toward the normalization of diplomatic relations. Full normalization entails the dismissal of all Turkish litigation against Israeli military figures, Israeli compensation to the victims' families, and the exchange of ambassadors. Full normalization would create an environment where statesman could improve the public's perception of the other and create an atmosphere conducive to trade, tourism, a gas pipeline, military technology sales, and increasing trust and cooperation on intelligence.

The U.S. should continue to push forward the Turkish-Israeli reconciliation process by utilizing backchannel diplomacy, but should not pressure Israel to make any large concessions to Turkey. Netanyahu's government is already under domestic pressure and criticism from its right-wing members for entering into peace talks with the Palestinians. He will not be able to make any concessions on the

compensation amount for the victims' families or the lifting of the Gaza blockade. The high rate of Israeli disapproval over Netanyahu's apology compounds Netanyahu's choice to concede nothing to the Turks. The AKP's increasing authoritarianism has pushed through legislation and taken unpopular stands in Turkey, but they are unwilling to push through the protests of the IHH against normalization with Israel. If Turkey can renege on such a clear agreement as the compensation, then it can indefinitely delay normalization by demanding that Israel lift the Gaza blockade and improve Palestinians' quality of life to a level that satisfies Turkey. Indeed, Erdoğan has used such hazy language for the duration of the diplomatic crisis regarding the Gaza blockade, giving him room to achieve a political victory by accepting the apology despite Israel only partially lifting the blockade. Inversely, the hazy language preserves the option to drag out the normalization process indefinitely. Israeli opinion has interpreted the current deadlock as Turkey's fault and fraud, and therefore the U.S. should not expend any energy pressuring Israel to make concessions.

Instead, the U.S. hopes that Turkey will be motivated to reconcile by several factors. First, the possibility of receiving Israeli gas through a pipeline would meet Turkish demand for gas and enhance Turkey's status as an energy transit hub. Before the diplomatic crisis, Israel was a valuable element in Ankara's much-touted "zero problems" policy, as Turkey could boast of good relations not only with its Muslim neighbors, but also with Jerusalem and Washington. This was an important quality that prompted the U.S. to give Turkey a central role in its Middle East policy as the U.S.' interlocutor with the region. As such, this policy anticipates Ankara tiring of its isolation in the region, re-capitalizing on its geographic advantage to act as mediator, and recognize its structural need for Israel and their shared interests. In addition, the resumption of Israeli-Palestinian talks will create political space for Erdoğan to move forward on reconciliation.

On the issue of Israel's natural gas, the U.S. should allow the private sector to decide the export method. While the U.S. would like to see its two allies, Turkey and Israel, bound together by a pipeline of mutual interest, the challenges are great. Many analysts have noted that these resources can be a source of prosperity or tension. The U.S. should concern itself with heading off any potential conflicts, reducing

tensions and fostering cooperation on the development of energy resources in the region. This could take the form of track-two diplomacy, naval and air force coordination, hosting peace talks between Cyprus and Turkey, and Turkey and Israel. A strong American presence, committed to opening lines of communication and coordination, can calm tensions among all of the Mediterranean neighbors, boosting the prospects that these resources will be fully realized to the benefit of all.

Washington should quietly coordinate U.S.-Israeli-Turkish cooperation on Syria and containment of Iranian influence in the Middle East. Israel and Turkey have both been victims of terrorist attacks. As Syria breaks down, Israel and Turkey should find common cause in preventing the transfer of weapons out of Syria into the hands of hostile Kurds or Hezbullah. In addition, Israeli missile strikes on the Assad regime's weapons transfers to Hezbullah must be coordinated with Turkey to avoid miscommunication and friendly fire.

However, the U.S. and Israel should also utilize caution and limit its intelligence sharing with Turkey. Despite U.S. protests, Turkey continues to facilitate the entry and arming of jihadist groups, some affiliated with al-Qaeda, in Syria. Washington anticipates that Turkey will continue to be disingenuous about its relations with the jihadists. Therefore, the U.S. and Israel should limit their intelligence sharing to issues where the U.S., Israel and Turkey share common strategies and interests.

Finally, the U.S. should continue to monitor the diminishing condition of Turkish democracy and expresses concern over Erdoğan's heavy-handed repression of the protestors, his jailing of journalists, and the increasing lack of media freedom. However, Washington will only rebuke Erdoğan at times when he severely oversteps into anti-Semitism. A recent example was Washington's strong rebuttal of Erdoğan's remarks in Vienna when he called for the U.N. to criminalize Zionism. Erdoğan subsequently backed down from his comments, asserting that Washington had misunderstood his comments. But in a more recent case, Erdoğan blamed the Gezi Protests on the "interest rate lobby", which in Turkey is understood as Jews who control the world's financial systems a lá the Elders of Zion. Washington remained silent on this comment, fearing that a rebuttal would only inflame the situation and possibly undermine the

protestors' legitimacy. While Erdoğan's increasing authoritarianism is deplorable, Turkey's central role in U.S. policy means the U.S. should not risk alienating a crucial ally.

2.1 Advantages

The strength of this approach lies in what it has already achieved. Backchannel diplomacy between Israel and Turkey produced Netanyahu's apology, a first step toward normalization. This has led to Turkish-Israeli intelligence coordination on Syria, preventing friendly-fire incidents. The U.S.' overall maintenance of its close relationship with Turkey has allowed the U.S. a vital point of entry to northern Syria, and Turkey's consent to host the NATO radar against Iran can also be counted as a success of this policy.

Looking to the future, this policy meshes well with shifting regional alliances. Turkey's increasing isolation is beginning to resemble the 1990s, where it accepted deeper relations with Israel to counter Syria's alliance with Greece. Ostensible progress in the Israeli-Palestinian peace talks could provide cover for Erdoğan to normalize relations with Israel. Israel, meanwhile, cannot be expected to make more concessions in the compensation talks or on Gaza, and it is difficult to calculate Erdoğan's commitment to Gaza. This policy appropriately acknowledges the U.S.' limited abilities and knowledge on this issue. Indeed, Erdoğan's increasingly erratic behavior undermines any analysis of whether normalization is probable. Erdoğan's use of imprecise language in his demands regarding Gaza blockade leaves him space to further delay normalization.

The advantage of remaining quiet on Erdoğan's increasing authoritarianism is that the U.S. preserves its criticism for more effective use. Turkish outrage at the Egyptian coup and the U.S.' tepid response have undermined any American credibility in criticizing undemocratic governance. Turks will turn a deaf ear to American criticism, just as they did with recent the recent U.S. condemnation over Erdoğan's anti-Israel, anti-Semitic comments accusing Israel of carrying out the Egyptian coup. Therefore, publicly condemning Erdoğan's increasing autocratic rule will not further any American interests except to appease some in Israel. In fact, American support for the Gezi protestors will more

likely undermine their claims to legitimacy, as they will be perceived as American agents causing unrest in Turkey. Turks are overwhelmingly anti-American and suspicious of foreign meddling in their affairs.

By not officially supporting a specific export policy for Israel's gas, the U.S. protects itself from the responsibility to ensure success in the face of future difficulties that will inevitably arise. Support for Noble Energy's interests aligns with U.S. interests, whose goal is that Noble's holdings in the Leviathan and Aphrodite fields are developed and that full profits are realized. This policy stays within the parameters of what the U.S. knows it can guarantee. It also maintains the U.S. role as an honest broker between the Mediterranean neighbors, preparing the U.S. position to be an effective mediator in the future. As the U.S. is already handling multiple crises and the Israeli-Palestinian peace talks, this policy accepts that there is little political capital left for the Turkish-Israeli relationship. The strength of this policy lies in preserving the U.S.' relationships with both Turkey and Israel, maintaining some pressure on the two parties to reconcile while using minimal political capital, and most importantly, it does not overextend the U.S.' actual capabilities.

2.2 Disadvantages

As described in the background section, the Turkish-Israeli reconciliation talks have stalled, and the U.S. has no leverage over Turkey to push through the reconciliation process. America wishes to make a pivot to Asia, but it cannot do so without stability in the region. The normalization of Turkish-Israeli relations would be an integral step to this, but a lack of political will and ability on all sides portends another diplomatic freeze. Active U.S. support for a gas pipeline linking the two countries would produce great leverage over Turkey, but this policy does not. The current policy pays too much attention to the fact that Turkish-Israeli relations are indexed to Israeli-Palestinian relations, given the consensus among experts in Washington, Ramallah, Gaza, and Jerusalem that the probability of a peace accord are slim. The fallout from another failure in peace talks will restrict the political space in both Turkey and Israel for normalization. As the chances for a breakthrough in Israeli-Palestinian talks are slim, the U.S. needs to identify and pursue another project to which Turkish-Israeli interests can be indexed and aligned.

Erdoğan's persistent anti-Semitic rhetoric continues to drive the parties apart, and the U.S. remains by and large tight-lipped in spite of authoritarianism. This is the result of the U.S. lacking leverage on Turkey, which has been a pillar of U.S. policy in the region. When Turkey could talk and coordinate with all the states in the region, this was reasonable. But now that Turkey is increasingly isolated, it has lost a significant element of its value to the U.S. Other than Syria, Turkey's behavior opposes U.S. interests rather than aids. It has lost its much-touted ability to speak to all parties in the West and East, as it has managed to offend both its neighbors in the region, as well as the U.S. and Europe.

It is clear that when Erdoğan speaks of basic, universal human rights and the freedom of expression, the rights only apply to action he deems acceptable, and the freedom of expression extends only as far as his personal version of Islam, and what is politically expedient for him. Increasingly, Erdoğan acts as the tyrant of the majority. His recent crackdown on peaceful domestic protests demonstrated this, and no country has more journalists in jail than Erdoğan's Turkey.²⁸ By remaining silent over Erdoğan's increasing authoritarianism, America's support for the expansion of freedom is undermined. Continuing this policy means that Erdoğan will continue to be a constant liability as America sides with authoritarianism against democracy. Therefore, Obama should begin to take steps away from his "model partnership" with Erdoğan and the AKP.

3. Rebalancing Relations: Pursuing the pipeline and Rebuking Erdoğan

This policy establishes the U.S.' end-goal as the realization of a gas pipeline linking Israel's Leviathan gas field and Turkey. This pipeline will align Turkey and Israel's interests economically, in intelligence and in military cooperation. Therefore, the U.S. mobilizes to engage and influence the export policy decision-making process. A strong U.S. commitment to midwifing the Turkey-Israel reconciliation process can produce an environment suitable to an Israel-Turkey pipeline. In addition, a U.S. clear commitment will make the pipeline the most achievable and attractive export option. This should be a top

²⁸ Turkey now ranks 154th in press freedom, http://en.rsf.org/press-freedom-index-2013,1054.html

priority for the U.S. as the peace talks have only a slim chance of success, Egypt and Syria are crumbling, and Iran continues to exert its influence throughout the region.

The current U.S. policy and this policy overlap on most issues except: their approach to Israel's gas export policy; the U.S. strong commitment to midwifing normalization and the pipeline process; and lastly, its criticism of Erdoğan's governance. This policy demonstrates the U.S.' commitment to Turkey by working to achieve the pipeline that Turkey greatly desires; on the other hand, it takes a moral, principled stand against Erdoğan's unjust, authoritarian behavior. Increased backchannel criticism as well as public criticism will communicate to the Turkish people that the U.S. values Turkish democracy. This open criticism will communicate to Erdoğan and the AKP that their value to U.S. foreign policy does not guarantee unconditional support, and will demonstrate that the U.S. recognizes that Turkey's isolation in the region has shifted their alliance in favor of the U.S.

Washington can push for an Israel-Turkey pipeline over LNG by offering Noble Energy diplomatic and military support for the pipeline. Noble should be receptive to Washington's request since they have already benefited from U.S. support in its negotiations with Israel. There are large, political problems to every export option, and Noble should understand that Washington's full backing is an opportunity to overcome one set of political challenges and move toward realizing future profits. Of primary interest to Noble, the pipeline will be much lower up-front investment and can be commercialized much faster than LNG.²⁹ If Washington's support for the pipeline does not persuade Noble, then Washington could offer the possibility of future political favors in return for cooperation.

The pipeline aligns Turkey and Israel's maritime interests, encouraging naval coordination and collaboration to secure Israeli gas from terrorists in Syria, Lebanon and Gaza. Turkey's interest in securing energy supplies would be sufficient incentive to cooperate with Israel in naval operations. The pipeline neutralizes the threat that Turkey will, once the Syrian war is finished, direct its proxy al-Qaeda units to Israel. Instead, Turkey's natural motivation will be to minimize any terrorist presence that might threaten the Israeli gas pipeline. Were Israel to choose LNG and build up a large naval presence to protect

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its facilities, the Turkish navy would emerge as a much more serious threat.³⁰ A Turkey that feels wronged and spurned by Israel would be hostile to naval coordination with Israel's fleet, raising the risk level that miscommunication on the sea could lead to conflict. Turkey also has a history of utilizing its navy to intimidate political opponents.³¹ In 2011, Turkey commissioned an exploration vessel for the purpose of examining natural gas fields in a disputed area off the Cypriot coast.³² The boat was accompanied by warships and jets with the intent of intimidating Greek Cyprus. If Israel chose to collaborate with Cyprus, Turkey would be motivated to damage the joint venture. Indeed, most of Cyprus' waters remain unexplored, increasing further the likelihood of increased tensions and possible naval hostility between Turkey and Cyprus that could result in damage to Israeli infrastructure.³³

An Israel-Turkey pipeline would need to run through Greek Cyprus' EEZ. Therefore, incentives for Greek Cyprus to allow the pipeline in their EEZ would need to be found. The most likely incentive would be an avenue for the Cypriots to develop and export their own gas resources. However, Greek and Turkish Cyprus have been in a frozen conflict for almost forty years. This paper does not have the space to discuss the conflict, but it is important to note that the U.S. could achieve a resolution to develop the resources, based on the deep interest of all concerned parties to realize the profits from the gas resources. This could be done without achieving a full resolution on the status of Cyprus itself. Neither Turkey nor Greek Cyprus would give up their claim on the resources, but would agree upon guidelines to develop the gas fields, establishing the necessary infrastructure and profit-sharing until the big political issues are resolved. There are successful precedents to this,³⁴ and such a resolution promises a workable model for achieving peaceful development instead of tension and conflict.

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³⁰ O'Sullivan

³¹ On September 8, Turkish prime minister Recep Tayyip Erdoğan told Al-Jazeera that his government had taken steps to prevent Israel from unilaterally exploiting natural resources in the Mediterranean Sea. "Israel has begun to declare that it has the right to act in exclusive economic areas in the Mediterranean," he stated, apparently citing Israeli plans to tap newly discovered offshore gas reserves. Israel "will not be the owner of this right," he warned. (Henderson, , "Turkey's Threat to Israel's New Gas Riches")

³² Henderson, "Turkey's Threat to Israel's New Gas Riches"

³³ Wurmsei

³⁴ "In 1979, Malaysia and Thailand agreed to a joint development arrangement to exploit the resources of their continental shelf, setting aside "the question of delimitation of the Gulf of Thailand for a period of fifty years." More

While it may appear to be a vulnerability to depend on Turkey for its gas exports. Israel is in fact embedding them in international law. Critics of the pipeline note that Erdoğan's anti-Israel beliefs pose a security risk to Israel. They point to the recent Gezi protests, when Erdoğan accused an "international interest lobby" of being behind the protests. While in itself anti-Semitic, Erdoğan was also attacking the very institutions that finance his country's current account deficit. If Erdoğan is capable of this, it is difficult to predict what irrational actions he might take in the future toward Israel and the pipeline. Were Turkish-Israeli relations severely strained, Turkey might consider blocking Israeli gas transfers to Europe. However, this seems unlikely as Turkey is highly dependent on its image as a reliable energy transit point for energy, which would be severely damaged if Europe did not receive its gas supplies. Indeed, it has been to remedy its lack of energy resources that Turkey's long-term strategy has been to become a stable, trusted regional energy hub. The strongest argument for Israel to trust Turkey in a pipeline collaboration is that the bulk of Israeli oil passes from Azerbaijan through Turkish pipelines to the Mediterranean, or through the Turkish-controlled Bosphorus Strait on tankers. 35 During the three years of the flotilla crisis. Turkey never once threatened to stop the flow to Israel. Reassuringly, the reason is not ideological, but material-based as to cut off Israeli supplies would severely undermine Turkey's credibility among the international business community.³⁶ Israeli Major General Oren Schachor is a former chairman of the company that owns the Israeli ports where Azeri oil arrives from Turkey. He points out that the Turkish pipeline is owned by an international consortium. For Turkey to stop the flow would inflict large-scale litigation from stakeholders.³⁷ A pipeline from the Leviathan field would be owned by a similar international consortium, thus providing stability to the Turkish-Israeli relationship.

Lastly, it creates an opportunity to strengthen coordination between the Turkish, Israeli and U.S. navy. Regular multinational naval exercises will increase contacts and reduce the possibility of miscommunication and miscalculation between navies. The U.S. can also establish "military-to-military

recently, the 2003 Timor Sea Treaty between East Timor and Australia pushed off the settlement of boundaries for 50 years in order to open the door for resource development under agreed terms." (O'Sullivan)

³⁵ Henderson- GMF Policy Brief

³⁶ Barkat, "Turkey Cannot Block Israel's Oil Supply"

³⁷ The company is Eilat-Ashkelon Pipeline Company Ltd.

contact programs at U.S. professional military education institutions" and sponsor collaboration at think tanks, universities and nongovernmental organizations in all three countries.³⁸

3.1 Advantages

A pipeline will provide a stable, long-term project on which Turkey and Israel can cooperate in matters of economics, intelligence, and naval activity. Most importantly, the pipeline represents a large step toward detaching Turkish-Israeli relations from Israeli-Palestinian relations. Coordination on the security of the pipeline, and Turkish dependence on Israeli gas, will cushion the bilateral relations from the swings of the Palestinian-Israeli peace process. As evidence of this, Turkey, at direct odds with Iran and Russia over Syria, has subdued or silenced its rhetoric toward them due to its dependence on their energy supplies. While neither of those states are Jewish, and therefore not vulnerable to anti-Semitic conspiracies, they are rivals to Turkey with deep, long histories of conflict between them. Regional alliances will shift and change, and personalities will continue to clash, but Turkey's domestic gas demand for natural gas will be stable. U.S. policymakers should remember, as quoted in the background section, that Turkey "has gone from being a "national security state" to being a "trading state."

The pipeline will also rebalance the Turkish-Israeli relationship. Israel, due to its unfriendly neighborhood, has always welcomed allies in the region. This is one reason Israel apologized and is willing to pay compensation for an act it personally views as lawful self-defense. Turkey, on the other hand, due to their geographic location, has rarely needed what Israeli had to offer, save for the 'golden era' of the 1990s. But now that Israel can offer gas, there can be a mutually-beneficial relationship. Choosing LNG would require Israel to build up its naval presence in the Mediterranean, a large expense that would be absolutely necessary, yet unable to guarantee the security of its large (\$8-10b) energy investments. On the other hand, choosing the pipeline transforms its gas resources from a liability that must be protected to a leverage of influence in the region. For all of its history, Israel has depended upon

³⁸ Zhukov

³⁹ Ozel

its military might as a deterrent and defender of its existence. By choosing the pipeline, Israel can broaden its means of defense and co-opt the Turkish military to defend Israeli natural resources.

A final important point is that this policy favors Israel's integration into the region rather than isolation. It utilizes the Israeli resources to create regional cooperation that furthers the economic integration that can undergird stable peace. This policy option takes the U.S.' four priorities in the Middle East (terrorism, Israeli security, energy production and strategic withdrawal) and synthesizes them. It provides the most stable environment for the production/distribution of Israel gas and instrumentalizes it to provide Israeli security through a pipeline-based alliance with Turkey. This aligns their interest in fighting terrorism over the long-term, laying the groundwork for a U.S. pivot to Asia.

3.2 Disadvantages

The U.S. and Noble cannot guarantee Greek Cyprus' cooperation on an Israel-Turkey pipeline. The pipeline would need to run through Greek Cyprus' EEZ, which will require creating incentive for them to permit the pipeline. As discussed previously, there are methods to developing disputed natural resources and sharing the profit among contending sides, but the likelihood of reaching such an arrangement between Turkey and Greek Cyprus remains unclear.⁴⁰

Another weakness is that pipelines are vulnerable to terrorist attacks. Iranian pipelines to Turkey have repeatedly been blown up, stopping flows for considerable amounts of time while radical militants in the Sinai have blown up Egyptian pipelines to Israel. While LNG processing facilities are much more expensive and present a much larger target for terrorism, a Turkey-Israeli pipelines would still be vulnerable to terrorism.

Pressuring Noble and Israel to choose the pipeline entails a strong U.S. commitment to midwife the normalization process to the end. It is an open-ended commitment in which the U.S. cannot guarantee success. Since Israel cannot concede on either compensation or the Gaza blockade, Turkey must lower its demands. Erdoğan's and Davutoğlu's increasingly erratic behavior undermines any analysis of whether

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⁴⁰ O'Sullivan

normalization is achievable. While the AKP's foreign policy has chosen pragmatism over ideology many times⁴¹, the Palestinian situation is, from all appearances, the foreign issue closest to Erdoğan's heart. Given Erdoğan's vague statements on the Israeli blockade, he may eschew pragmatism and insist that Israel fully lift the blockade on Gaza before proceeding on normalization and the pipeline.

A last disadvantage derives from anti-Semitic conspiracies that Jews control the economy. The leverage Israel could exert on Turkey as its gas supplier would be a two-edged sword as it would reify paranoid fears that Israel was attempting to take over Turkey economically. Such irrational fear threatens irrational action on Turkey's part, defying rational-actor logic that it would pursue the greatest economic benefits to itself. If Turkey were to become a primary consumer of Israeli gas, there is no guarantee that an international crisis would not lead to rampant anti-Semitic conspiracy theories, prompting Turkey to "protect" itself from Israel by choosing measures that damaged Israeli interests.

4. Isolating Relations: Protecting Israeli interests against a hostile Turkey

A third policy option for Washington is to consider Erdoğan an anti-Israel Islamist who will drag out the normalization of relations. Even if normalization were achieved, Erdoğan and the AKP would not be a reliable partner. His rhetoric, such as "Israel is committing ethnic cleansing in Palestine," and equating Zionism with fascism, is evidence of this. Among those who know him, it is generally believed that Erdoğan is, in fact, anti-Semitic save for a friendly attitude toward Turkish Jews. While anti-Semitism in Turkey is not as rampant as in Arab countries, it is on the rise and Jenny White, an expert on Turkey, attributes the increase in anti-Israel, anti-Semitic sentiment to the increase of anti-Israel coverage in Turkish media. This is supported by another study that found Erdoğan's anti-Israel rhetoric produced an increase in public anti-Semitism. These bellicose statements serve to shore up Erdoğan's Islamist party base, and boosts his neo-Ottoman quest for Turkish leadership in the Arab and Muslim world where his

⁴¹ Stein, "Turkish Double Speak: Realism Trumps Idealism"

⁴² Erdoğan's accusation of "ethnic cleansing" was in protest at Israel's Operation Cast Lead. Erdoğan equated Zionism with fascism in Feb. 2013 at the U.N. Alliance of Civilizations event in Vienna.

⁴³Ozel stated so in an interview with me on April 25, 2013

⁴⁴ Aviv; A poll she conducted under the auspices of the Vidal Sassoon International Center for the Study of Anti-Semitism.

pro-Palestine, anti-Israel stance provides the strongest link between Turks and Arabs. Erdoğan's belligerent stance toward Israel was further confirmed in the Turkish triumphalist behavior following Israel's apology. The desired normalization of relations has snagged on fiscal compensation, because Erdoğan and the AKP do not want full normalization. As Michael Rubin recently stated:

"If Erdoğan is a model, then he is a model for bigotry. Turkey has an anti-Semitism problem, and it is personified by its leader. Any of those who still seek to embrace Erdoğan or see him as a friend through whom the United States can work are effectively endorsing a worldview that is little different from Russian ultranationalist Vladimir Zhirinovsky or Muslim Brotherhood ideologue Yusuf Qaradawi." ⁴⁵

Despite controlling much of Turkey's media, Erdoğan has not silenced the IHH, the Islamist organization who coordinated the *Mavi Marmara* flotilla and has defended the activists, their illegal mission and their violent resistance to the Israeli forces. Erdoğan has not defended the reconciliation to his constituents and, at the least, has allowed the Turkish negotiators to shift their demands regarding compensation, despite having already reached an agreement with Israel at the time of the apology. If Turkey is willing to renege on its original agreement about compensation, then it can go renege on its previous acceptance of Israel's easing of the Gaza blockade. Indeed, their demands for the lifting of the blockade use much vaguer language than that which described the compensation. The U.S. should anticipate that Erdoğan, even if he accepts the compensation, will demand a complete lifting of the blockade, thus freezing the normalization process.

On the blockade the U.S. should strongly support Israeli policy. Turkey's support for Hamas directly conflicts with the U.S.-designation of Hamas as a terrorist organization. Hamas executes or condones frequent rocket attacks on Israeli, and while it is true that Hamas was democratically elected in 2006, elections have not been held again, confirming suspicions that Hamas does not support a democratic system of governance. In communication with Turkey, the U.S. should avoid discussing the issue and Turkey's demand, communicating to the Turks that the U.S. will not consider pressuring Israel to lift the blockade.

⁴⁵ Rubin "Erdoğan's anti-Semitic Obsession"

⁴⁶ Nir, "Turkey Stalls on Reconciliation with Israel"

There is a consensus among experts that the golden era of Turkish-Israeli relations in the 1990s is over. At that time Turkey chose to ally itself with Israel and the U.S. against Iraq, Iran and Syria. But Turkey began to turn away, most notably, in refusing to cooperate with the U.S. during the 2003 Iraq War, and in 2009 when it voted against sanctions on Iran. Today Turkey's foreign policy is fundamentally Islamist and neo-Ottoman, shunning relations with Israel in preference for relations with Iran, choosing the Egyptian Muslim Brotherhood and its affiliate Hamas over the PA, and maintaining good relations with Sudan's Omar al-Bashir, the chief perpetrator of the Darfur tragedy. In Turkey, the Ottoman millet system that subordinated all minorities to Islam and Muslims is nostalgically discussed. If one extrapolates this to the AKP's foreign policy, it becomes clear that Erdoğan and Davutoğlu do not necessarily want Israel wiped off the map, but certainly subordinate to all Muslim nations, and in particular, Turkey. Therefore, Israel should not compromise on issues with Turkey. As Efraim Inbar states, 'Weakness is not rewarded in the Middle East.'

Therefore, the U.S. should push Noble Energy to choose LNG over a pipeline to Turkey. Noble should understand that Washington will provide military support if they choose LNG as their export method, but would be less likely to provide security for an Israel-Turkey pipeline. All export options carry security risks, but LNG processing facilities are the riskiest, as they present high-profile targets for terrorist attacks. Iran, Hezbullah, and Hamas have already signaled that Israeli gas facilities will be targets for future operations. In addition, because Israel has capped its exports at 43.5 percent, Noble and its partners may prefer cooperation on an LNG processing facility with Greek Cyprus. However, any cooperation will be strongly opposed by Turkey, who has already displayed belligerent naval behavior toward the resource development activities of Greek Cyprus as well as Israel. In 2011, Davutoğlu stated that the Turkish navy would increase its presence in the eastern Mediterranean to confront what he labeled Israeli "bullying". So

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⁴⁷ White

^{48 &}quot;Turkish-Israeli relations"

⁴⁹ Wurmser

⁵⁰ Mankoff, GMF Policy Brief

The U.S and Israel can address these security issues by increasing their naval presence in the area.⁵¹ As more and more resources are discovered and exported from the Greek Cypriot and Israeli EEZs, the eastern Mediterranean will take on importance similar to the Persian Gulf, where the U.S. has dedicated at least one aircraft carrier at all times. In April 2013, the Israeli navy asked its government for \$760m to build up its fleet. The U.S. can support these efforts through Washington's annual aid to Israel. The U.S. can also expand the mission of the Sixth Fleet, which is stationed in Naples, by establishing a naval base in Haifa, Israel, or in Limassol, Cyprus. An additional benefit from increasing America's naval presence in the eastern Mediterranean would be the strong signal of U.S. commitment to Noble Energy and Cyprus to rely on the West for resource development and security. However, an increased U.S. and Israeli naval presence does not imply a belligerent stance toward Turkey. Rather, the U.S. can reduce the threat of Turkish hostility by carrying out regular multinational naval exercises to reduce Turkish security concerns and lower the possibility of miscommunication and miscalculation between navies. "Track two" diplomacy can also contribute to maritime stability through the establishment of "military-to-military contact programs at U.S. professional military education institutions" and sponsoring collaboration at think tanks, universities and nongovernmental organizations in all three countries.⁵²

The U.S. should coordinate with Israel to carefully monitor and limit its intelligence collaboration with Turkey. Based on its aggressive naval behavior, it is possible that Turkey would leak sensitive information that could lead to terrorist attacks on Israeli LNG infrastructure. The head of the Turkish intelligence agency, MIT, is an Islamist with Iranian sympathies, and before his appointment to MIT, Fidan represented Turkey in the International Atomic Energy Agency, where he fully supported Iran's nuclear program for "peaceful purposes." Therefore, Mossad and the Israeli defense establishment harbor deep suspicions of Fidan. Any intelligence his agency provides will be suspect, and any information Israel shares could be passed on to hostile organizations and states. In addition, Turkey's

⁵¹ Anzinger

⁵² Zhukov

⁵³ Oren

strong support of al-Qaeda affiliates in Syria raises grave security risks to Israel.⁵⁴ Turkey will itself be at risk to suffer blowback terrorist attacks, but Fidan may attempt to mitigate this threat by orienting and possibly aiding terrorist activities against Israel.

Though the Obama administration has invested deeply in the "model partnership" with Turkey, and Obama personally has developed "bonds of trust" with Erdoğan, Erdoğan's recent behavior toward Gezi has destroyed the appeal of the Turkish Model. The Obama administration can interpret Erdoğan as an Islamist in the authoritarian sense, or a secular authoritarian, but either way, the expansion of freedoms realized in the first years of AKP's governance has stopped. In addition, Turkey's value to the U.S. as a mediator between Western powers and Middle Eastern states has vanished. Davutoğlu espoused a policy of "zero problems" with Turkey's neighbors, but he and Erdoğan have largely accomplished the opposite: "zero neighbors without problems". In addition to the confrontation with Assad, Hezbullah and Iran, the AKP's zealous support of the Egyptian MB has alienated Saudi Arabia and the Arab Emirates, leaving it almost completely isolated in the region. Therefore, the U.S. should take a principled stand and criticize Erdoğan, both through public and private channels when he voices overheated rhetoric toward Israel and Jews.

4.1 Advantages

Because the U.S. made Turkey a pillar of its Middle East policy, it has been unable to criticize Erdoğan and the AKP for eroding Turkey's freedom of speech, for its politically-motivated prosecution of military figures on faulty evidence, and his draconian measures against the Gezi protestors. As Erdoğan has crushed peaceful protests and blamed them on an "interest rate lobby" redolent of the Elders of Zion, the U.S. has, like the Turkish media, self-censored to preserve interests. By recognizing Turkey's reduced influence and proportionally adjusting Turkey's role in U.S. foreign policy, this approach allows the U.S. to take a more principled stand and publicly condemn Erdoğan's authoritarian rule. The U.S. prides itself on advancing freedom abroad, and this policy enables that.

⁵⁴ Cagaptay and Zelin

Another advantage of this policy is that while supporting freedoms in Turkey, it also recognizes that the country's democratization has given greater voice to Turks' overall pro-Palestinian, anti-Israel opinion. Indeed, Erdoğan's anti-Semitic statements do not occur in a vacuum but reflect those of the general population.⁵⁵ Erdoğan's references to an international "interest rate lobby" and Israel's role behind the Egyptian coup gives voice to widespread Turkish concern with Jewish power in the world. Therefore, the U.S should recognize that while an Israel-Turkey pipeline would give Israel leverage over Turkey, it would also provoke and reify anti-Semitic beliefs that Israel and Jews control the global economy. ⁵⁶ Choosing LNG would avoid enmeshing Israeli gas interests with Jewish conspiracies.

A final strength of this policy is that it does not attempt to resolve the Cyprus-Turkey conflict. A resolution would demand significant U.S. diplomatic capital, and the U.S. cannot guarantee a resolution to the frozen conflict. A drawn-out diplomatic failure to secure a resolution would delay the development of Israel's resources. Israel's choice of LNG would anger Turkey, who would protest any Israeli activity near what it claims to be Turkish Cypriot's EEZ, but Turkey would not act militarily in the face of strong U.S. support. LNG, for its part, promises the greatest profit in Asian markets, and gives Israel great flexibility to shift its gas to various markets, depending on geopolitical conditions. Events and alliances in the Middle East change rapidly, placing stress on fixed structures such as a pipeline. By choosing LNG, Israel acknowledges the realities of its region.

4.2 Disadvantages

Choosing LNG could, in the short term, provide the greatest security for Israel's gas, but it is a step in the wrong direction for Israel's long-term security. Its resources can be the object of regional cooperation, stabilization and, and ultimately, peace based on economic integration. LNG, on the other hand, increases Israel's isolation in the region. For the U.S., an isolated Israel will continue to demand strong U.S. support, which over the past fifty years has resulted in global Muslim anger and has

⁵⁵ Kayaoglu

⁵⁶ Wurmser

contributed significantly to terrorism against the U.S. To reject the pipeline project is to deepen rather than diminish the divide between Muslims and the U.S.

This policy option requires a large U.S. investment in an eastern Mediterranean naval presence. Where a pipeline aligns Turkish and Israeli interests, LNG exacerbates tension between the two countries. Turkish xenophobia runs deep, as does the Cypriot issue, which constitutes an important part of Turkish identity. Therefore, the anxiety and sense of insult resulting from an increased US/Israeli naval presence would probably cause strong Turkish resistance to any participation in naval coordination activities. As Jeffrey Mankoff states, "Creeping militarization creates new risks of deliberate or inadvertent confrontation." Exacerbating the tensions, recent investigations into the Turkish military has drastically reduced the number of experienced naval officers, thereby raising the risk of inexperience provoking escalation. U.S. sequestration has restricted military expenditures, and expansion of the U.S. navy's role in the Mediterranean may not be possible on the current U.S. budget. Even if the U.S. were able to afford an eastern Mediterranean fleet, its arrival, regardless of its ostensible motive, would be viewed by Turkey as a threat to their interests. America for too long has attempted to police the world through extraordinary military expenditures, and this is not sustainable. Finally, it is clear that American wishes to remove itself from the Middle East and make a pivot to Asia. This policy keeps America heavily invested in the Middle East indefinitely.

This policy also risks alienating Turkey from the West, forcing it into greater dependency on Russia, Iran and the East. Turkey's much-hyped pivot to the East sparked a debate among Western practitioners over "who had lost Turkey". In reality, nobody had because Turkey truly is positioned as a bridge between the West and East, and therefore will pursue relations with both sides to maximize its interests. By not recognizing Turkey's imperative balancing act, this policy could compel Turkey to lean toward the East rather than the West.

The last disadvantage to this policy are the myriad challenges associated with each LNG option.

Any cooperation with Cyprus will risk conflict with Turkey. Cyprus is an issue integral to Turkish

⁵⁷ Mankoff, GMF Policy Brief

nationalism, and Turkey would hotly dispute any developments, and the U.S. and Israel risk drawing themselves into conflict with Turkey. The option of a processing facility in Israel is difficult due to limited space, environmental concerns and security problems. The third option of a floating LNG processing vessel at Leviathan and Aphrodite would utilize unproven technology. These three options all require Israel to build up its navy against terrorist threats and Turkey, whose strong navy could be an ally in the case of a pipeline, but with LNG becomes a serious security threat. The fourth option of an export structure at Eliat marketed to Asia entails not only an eastern Mediterranean fleet, but an increased naval presence in the Red Sea to protect against an Iranian naval presence there. In addition, LNG facilities cost approximately \$10b to build, as compared to an Israel-Turkey pipeline that would cost \$2b. Therefore, LNG is only justified if the spread between the low prices in Europe and the high prices in Asia (as much as 4x those in Europe) will continue, which is difficult or impossible to predict. Given these limitations, LNG terminals and naval investments begin to appear prohibitively difficult and expensive.

5. Recommended Policy

As Mr. Lotem⁶⁰ argued in Istanbul, "Can we use energy, can we use gas, beyond the commercial value of it, in the service of politics, in the service of diplomacy? Some people say we should never even try. I say that we should." The U.S. should begin to lay the groundwork for an Israel-Turkey gas pipeline. However, it must be acknowledged that the U.S. has invested heavily in restarting the Israeli-Palestinian peace talks and is therefore committed to the peace process for the near term. As such, the status quo policy is the most achievable. But given the slim chances of an Israel-Palestinian peace settlement, the U.S. should actively pursue the gas pipeline. This will give a more even balance to Turkish-Israeli relations while aligning their security interests in Syria, Lebanon and the eastern Mediterranean.

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⁵⁸ Wurmser

⁵⁹ Henderson, GMF Policy Brief

⁶⁰ Mr. Lotem was a special envoy for energy of the Israeli Foreign Ministry at the 12th Turkish International Oil & Gas Conference in Ankara in April 2013.

⁶¹ Dombey, "In the pipeline: an Israeli-Turkish reconciliation"

Cooperation on gas will also weaken the link between Turkish-Israeli relations and the Israeli-Palestinian peace process.

In contrast, the current policy remains too passive at the moment of decision over Israel's gas, and hopes too heavily for a breakthrough on the intractable peace process in Israel. The third option is rejected because it arranges a zero-sum game that will raise tensions and the possibility of naval and air conflict. The U.S. has a choice to push Israel toward further integration with its Muslim neighbors, or assist Israel in attempting to isolate itself from the region. But based on the numerous peace treaties it has brokered between Israel and its neighbors, the U.S. historically has understood that Israel cannot ignore geography and must integrate, especially if the U.S. wishes to withdraw from the region. The pipeline, while diplomatically intensive for the U.S., is the only option that takes a step toward an Asian pivot. The current U.S. policy has almost given up the idea of an Asian pivot, as long as Syria and Egypt are in flames, while the third option demands greater U.S. naval engagement long-term to mediate between the Israeli and Turkish navies.

The U.S. should look past Erdoğan's increasingly offensive behavior, and continue to work for an Israel-Turkey pipeline. Erdoğan's anti-Israeli rhetoric is probably genuine, but his recent increase in this type of rhetoric should interpreted as political messaging for his party base as the 2014 elections near. During the diplomatic freeze, Erdoğan repeatedly berated Israel, yet never once did he threaten to cut off Israel's oil supply, the majority of which transits Turkey. This underscores Erdoğan's pragmatism and the importance of distinguishing between Erdoğan's rhetoric for domestic consumption, and what he genuinely expects and is willing to accommodate. Indeed, he has been pragmatic toward Muammar Gaddafi, Omar al-Bashir and Bahrain, sacrificing ideals for interests.

Erdoğan's grandiose visions for a powerful Turkey must overcome a large energy deficiency by becoming a transit hub for energy. Because Israel's gas would be a large boost for his domestic concerns as well as international concerns, policymakers should endorse a Turkey-Israel pipeline in faith that Erdoğan is willing to normalize relations in return for Israeli gas. As Soli Ozel argued, "People should not be distracted by volatile voices at the top but focus on the structural issues that have historically dictated

Turkish-Israeli relations. Erdoğan's intransigence may be discouraging, but it is important that the U.S. and Israel remain focused on the long-term benefits of an Israel-Turkey pipeline. As Shaul Tzemach said, "Gas should be used as a stabilizing factor which leads to cooperation between countries and includes multinationals and international parties with an interest in regional stability."62

5.1 Implementation of the Pipeline Strategy

The U.S. should continue to mediate the Israeli-Palestinian talks. However, this should not be a reason to rest on Turkish-Israeli relations. Despite the start of the peace talks, Erdoğan has revived Turkish-Israeli tensions through his assertions that Israel was behind the Egyptian coup on July 3. The U.S. should immediately begin to engage all parties to lay the groundwork for a pipeline. To Noble, future political favors should be offered. To both Noble and Israel, the U.S. should commit to guarantee the normalization of Israeli-Turkish relations, and to find a workable solution with Cyprus to run the pipeline through their EEZ. This guarantee should come with another guarantee, that if the pipeline proves ultimately to be unworkable, then the U.S. shall fully support the LNG option and will provide full support to Israel's claims and Noble's holdings in Greek Cyprus' EEZ.

To Turkey, the U.S. will quietly offer the opportunity of cooperating on the pipeline. Erdoğan and his cabinet should be made to understand, though, that anti-Israel rhetoric will diminish the possibilities for the pipeline. U.S. diplomats should also stress Turkey's continued dependence on Iran and Russia for gas, and how losing the Israel pipeline would damage Turkish plans to become an energy transit hub.

Within six months to a year, it will be clear if Erdoğan and the AKP are willing to normalize relations with Israel in return for Israeli gas. In the case of normalization, the U.S. should coordinate Turkey-Israel-U.S. collaboration on intelligence matters related to the security of the pipeline. In addition, Washington should facilitate track-two diplomacy and multilateral naval exercises to foster better understanding, coordination, and collaboration between Israeli and Turkish navies to defend the pipeline against terrorism.

⁶² Barkat, "Turkey could be anchor customer for Israeli gas"

In the case of Turkey refusing to normalize relations, the U.S. should utilize its annual aid to Israel to strengthen its naval presence in the Mediterranean. In addition, U.S. naval forces would prepare for future acts of aggression by Turkey toward Israel and Cyprus. Toward Turkey, the U.S. should work to isolate its relations from U.S.-Israel relations. However, it will be difficult to maintain strong relations with Turkey as Erdoğan's anti-Israel, anti-Semitic rhetoric will turn U.S. opinion against a close alliance with Turkey. Policymakers should recognize this and move ahead of the curve to shift its foreign policy away from Ankara to flow through other regional allies.

5.2 Closing Remarks

Rising anti-Semitism, shifting regional structures and eastern Mediterranean energy discoveries threaten to eviscerate the Turkish-Israeli relationship. But each still has much to offer the other. As Sylke Tempel stated, "There is little love lost between Israel and Turkey. However, many Middle Eastern power struggles are like nineteenth-century marriages: they aren't based on romance and love, but on interests and necessity. They might not be very happy relationships, but they may prove to be very stable." The U.S. should not focus on making Turkey and Israel friendly allies through the achievement of an Israeli-Palestinian peace agreement. The U.S. should seek to establish long-term, stable interests for their two allies. A pipeline is the best means to this end.

⁶³ Dempsey, "Judy Asks"

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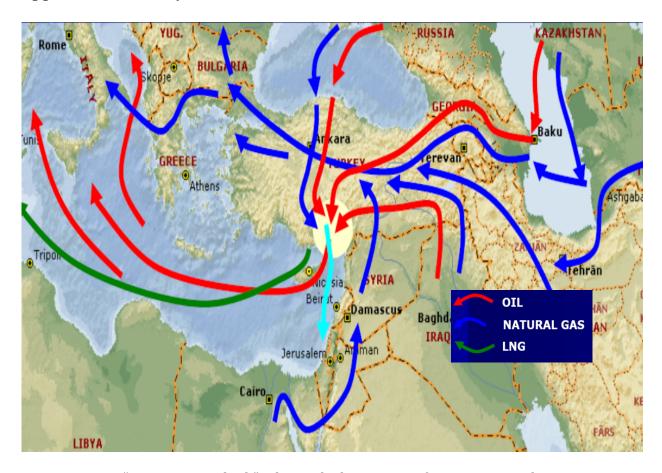
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Appendix

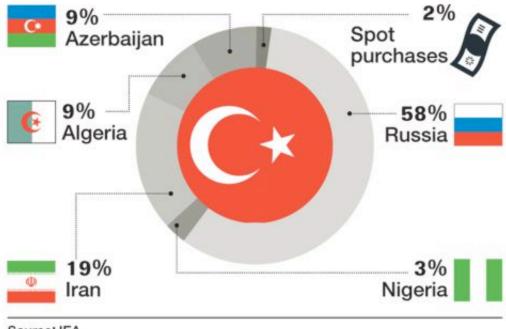
Appendix A: Turkey as a Transit Hub



Source: "Economic Outlook". The Turkish Ministry of Economy. April 2013TU

Appendix B: Turkish Gas Imports

Turkish gas imports



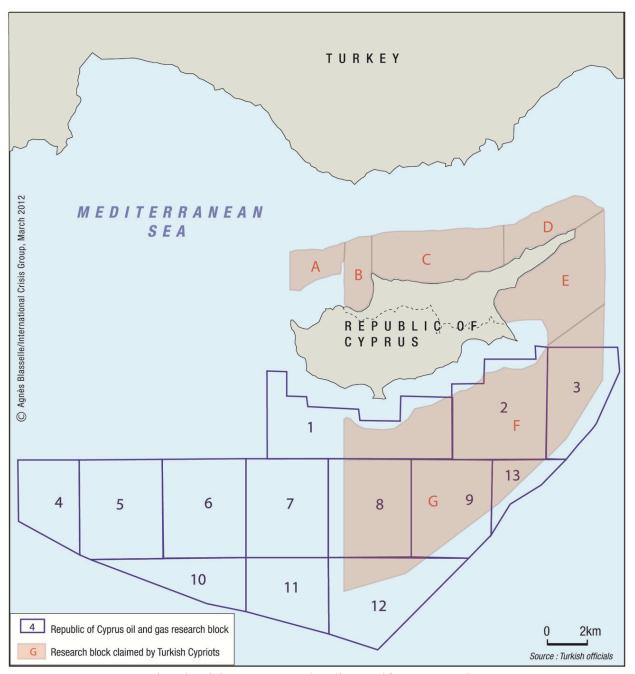
Source: IEA



Appendix C: Location of Israel's Gas Fields and Delineation of EEZs

Source: Zhukov, Yuri. "Trouble in the Eastern Mediterranean Sea." *Foreign Affairs*, 20 Mar. 2013. http://www.foreignaffairs.com/articles/139069/yuri-m-zhukov/trouble-in-the-eastern-mediterranean-sea (16 April 2013).

Appendix D: Turkish Cyprus' Claimed Exclusive Economic Zone



Source: International Crisis Group. "Aphrodite's Gift: Can Cypriot gas power a new dialogue?". Europe Report No. 216, April 2, 2012.