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TURKEY-GCC RELATIONS IN A TRANSFORMING MIDDLE EAST

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Since the early 2000s relations between Turkey and the Gulf monarchies have improved and cooperation has progressively deepened in several domains. The gradual rapprochement between Ankara and the Gulf rulers was fostered by crucial changes both in the Middle East geopolitical context and in Turkish policy towards its Arab neighbourhood. Furthermore, high economic growth in both Turkey and the GCC played a key role in strengthening bilateral ties. Although economic considerations have had the lion's share in shaping the Turkish-GCC relationship, mutual interests have also emerged in the field of regional security and counterterrorism and a strategic dialogue started in 2008. The outbreak of the crisis in Syria in the light of the Arab Spring marked the beginning of a new phase in Turkey-GCC relations, also raising questions on future developments.

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In the light of the Arab Spring relations between Turkey and the Gulf Cooperation Council (GCC) monarchies (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) have gained new momentum and found new areas of convergence. Both Turkey and the Gulf monarchies, in particular Qatar and Saudi Arabia, have emerged as dynamic and assertive players in the Middle East and North Africa (MENA), seeking to gain regional leverage and influence political dynamics. Yet, the relationship between Turkey and the Gulf monarchies is not a product of the recent regional turmoil, rather ties have improved since the early 2000s and cooperation has progressively deepened in several domains. For a long time bilateral ties were very modest and influenced by the historical heritage of the Ottoman past. However, over the last decade crucial changes both in the Middle East geopolitical context and in Turkish policy towards its Arab neighbourhood have fostered a gradual rapprochement between Ankara and the Gulf monarchs.

At the regional level the US invasion of Iraq in 2003 was the catalyst of transformations and new dynamics that affected not only Iraq and its fragile domestic sectarian equilibriums, but also the regional balance of power. The empowerment of the Shia majority of the Iraqi population, harshly repressed under Saddam Hussein's regime, brought a shift in favour of Iran which strengthened its regional influence over its Iraqi neighbour. Concerned by this unwelcome outcome, Saudi Arabia and the other Sunni Gulf monarchies have sought to counter the spread of the Iranian (Shia) projection in the Middle East. In particular Saudi Arabia, also worried about a possible impact on its Shia minority concentrated in the oil-rich Eastern provinces, engaged in creating a sort of Sunni alliance to oppose the so-called 'Shia arc', that from Iran through Iraq extended up to Syria and Lebanese Hezbollah. In this context Turkey, a predominantly Sunni country ruled by a religious-inspired party, appeared to be a "valuable bulwark against Iran" in Gulf rulers' eyes¹.

The Turkish parliament's refusal to concede its territory to the US to open a northern front in the Iraqi war made Gulf monarchies – which were sceptical about the opportunity of an American invasion of Iraq – reconsider their views of Turkey and its potential role in the region², as they shared a common interest in regional stability and in Iraqi territorial integrity. Since the Justice and Development Party (AKP) came to power, Turkey

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¹ M. B. ALTUNISIK, *Bitter Frenemies. The Not-Quite-Alliance Between Saudi Arabia and Turkey*, in «Foreign Affairs», 15 May 2012.

² S. FOLEY, *Turkey and the Gulf States in the Twenty-first Century*, in «Meria», vol. 14, no. 3, 2010.

has impressed a significant turn to its traditionally more Western-oriented foreign policy. Based on the ‘strategic depth’ doctrine, Turkey has been increasingly involved in its neighbourhood, becoming an assertive and pro-active regional player. Following the ‘zero problems with neighbours’ policy and precise geostrategic, economic and energy interests, Turkey has adopted an autonomous and independent stance, not always in line and sometimes even in contrast, with the interests and policies of its Western allies. In a turbulent region Turkey has arisen as a stabilizing factor through its soft power, attempting to play a mediator role in regional crises – i.e. Palestinian-Israeli conflict, Iranian nuclear dossier – with the ambitious aim to establish an area of stability and economic integration.

Three main drivers are behind the emergence of Turkey as a regional player over the last decade. First of all, economic growth – GDP grew by an average of 5 per cent per year from 2002 to 2012 with a peak of 8.5 per cent in 2011 – has supported the external projection of an export-oriented economic model. Diversification of markets as well as trade partners and sources of energy to fuel a fast growing economy has been a priority of the Turkish ‘trading state’³. To this end Turkey has signed free trade agreements with most of the Arab countries and the Middle East has progressively become the second largest destination for Turkish export after the European Union. While in 2000 the trade volume with the Middle East amounted to \$5.9 billion and covered only 7 per cent of total Turkish trade, in 2012 it reached 16.4 per cent (\$63.9 billion)⁴. Second, the AKP led governments have guaranteed unprecedented political stability, after the overwhelming victory in three consecutive legislative elections since 2002. Third, economic and political reforms adopted between 2000 and 2005, also thanks to the attractive force of the European Union anchor, contributed to boost the country’s democratic path as well as modernisation and liberalization in key economic sectors. All these factors played a role in spreading a positive image of Turkey in the Middle East⁵. Beyond Ankara’s regional assertiveness and economic dynamism, prime minister Erdogan’s sound stance and defence of the Palestinian cause and his harsh criticism of Israeli military action in

³ K. KIRIŞCI, *The transformation of Turkish foreign policy: The rise of the trading state*, in «New Perspective on Turkey», 40, 2009.

⁴ Turkish Statistical Institute (TurkStat).

⁵ M. AKGÜN et al, *The Perception of Turkey in the Middle East 2010*, TESEV, Istanbul 2011.

Gaza, not to mention the success of Turkish soap operas in Arab countries⁶, did the rest in reshaping the Arab perceptions of the successor to the ancient Ottoman ruler. At the same time, the AKP government intensified its ties with Muslim and Arab organizations such as the Organization of Islamic Cooperation (OIC) and the Arab League, of which Turkey became an observer thanks also to GCC support.

All these changes led Gulf monarchies to reconsider Turkey's regional role and to view it as a potential ally. The improvement in bilateral relations was also favoured by the religious character of the new Turkish leadership that since 2002 has marked the return of Sunni Islam into the fore of the domestic political discourse. The renewed religious affinity has helped dialogue with the Gulf rulers, who were traditionally distrustful of the secular character of the modern Turkish state. Intense diplomatic activity and an exchange of high-level state meetings followed the visit of Saudi King Abdullah to Turkey in 2006, the first visit paid by a Saudi monarch.

Economy as the main driver

In an unstable region both Turkey and the Gulf monarchies have experienced relative domestic peace and stability as well as high economic growth, in contrast with the international economic crisis that has particularly struck Western advanced economies. Like Turkey, in 2002-2010 GCC experienced average GDP growth of 5.5 per cent⁷. Since the Iraqi war, oil-rich Gulf countries benefited from different waves of high oil prices, that allowed them to profit of high revenues and avail themselves of large funds to be invested in new markets, besides the United States and Europe. Turkey, with its fast growing economy, appeared an attractive destination for GCC FDIs.

From the Turkish perspective, Gulf markets, capitals and energy resources offered great opportunities for its expanding economy. GCC states rely on abundant energy resources, sound banks as well as strong public finances. Although the energy sector remains, and will be in the long-term, the main driver of the economy and the most important source of revenues in the Gulf monarchies, which possess about 30 per cent of the world's proven oil reserves and 20 per cent of global natural gas reserves⁸, GCC countries

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⁶ One of the most popular Turkish soap opera, *Nur*, was followed by more than 85 million viewers in the region.

⁷ World Bank Data.

⁸ *BP Statistical Review of World Energy*, June 2012.

have adopted strategies to diversify their economies and investments as well as to enhance the private sector through investment in manufacturing, infrastructure, and services (in particular the finance, tourism, trade, health, and education sectors). Diversification strategies and projects in infrastructures have opened a window of opportunities for Turkey, which is one of the strongest industrial economies in the Middle East and has an economic system complementary to Gulf economies.

It is not surprising that over the last decade economic considerations have had the lion's share in shaping the Turkish-GCC relationship; several agreements have been signed in the field of trade and investment, accompanied by the establishment of bilateral business councils with all Gulf monarchies. Trade has tremendously increased, although talks for a Free Trade Agreement, started in 2005, have been stalled since 2010. While in 2002 the Turkish trade volume with the Gulf monarchies as a whole amounted to \$1.49 billion (1.7 per cent of total trade), in 2012 it reached \$19.6 billion (5.0 per cent of Turkish global trade). Turkey's main commercial partners within the GCC are the United Arab Emirates and Saudi Arabia. In 2012 trade with these two Gulf monarchies amounted to \$11.77 billion and to \$5.76 respectively (up compared to \$5.45 billion in 2011 and \$4.76 billion respectively in 2011) and Turkey registered a trade surplus with both. Steel⁹ and iron constitute the main Turkish exports to GCC countries, reflecting Turkey's primacy in the construction sector (it is the second worldwide after China), along with agricultural products. In an era of euro zone crisis and trade contraction with the European Union – which is the main Turkish trade partner and source of foreign direct investment – Middle Eastern markets represent a significant alternative for Turkey. Trade volume with Gulf countries, and the Middle East in general, is expected to increase as economic and trade relations have great potential to be capitalised on, also taking into account the demographic growth that both Turkey and Saudi Arabia, the biggest market in the GCC, are witnessing.

According to the National Commercial Bank of Saudi Arabia, reported by the Oxford Business Groups, GCC investments in Turkey in the 2004-2011 period amounted to \$6.5 billion. The United Arab Emirates has been the main investor, accounting for around 56 per cent of the GCC

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⁹ Turkey is one of the largest global steel producers (second in Europe).

total, while Saudi Arabia invested \$1.3 billion in 2004-2009 and Kuwait \$1.7 billion¹⁰. In the same period Turkey invested \$6 billion in the UAE. Although FDI from the GCC to Turkey has significantly increased since 2004, Turkey has attracted only a tiny share of global GCC FDI outflows, that in the same period accounted to \$166.5 billion¹¹. GCC investment in Turkey focused mainly on banks, telecommunications, real estate, finance and agriculture. In particular real estate has been attracting increasing Gulf investments after last year's law that facilitated property acquisition by foreigners. Although the real estate sector in Turkey is dominated by Europeans, in particular Germans and Britons, it offers a great potential for Turkish-Gulf relations and the number of Gulf nationals acquiring properties in the country have considerably increased.

Energy (Turkey imports about 90 per cent of its needs) has assumed greater importance in relations with Saudi Arabia, which over the years has become one of Turkey's main oil suppliers: in 2011, 11 per cent of Turkish oil consumption was imported from Saudi Arabia. This share increased to 14 per cent in the first nine months of 2012¹².

Food security is another significant component of bilateral relations. This sector is a growing priority for both the GCC and Turkey. Agriculture accounted for about 9 per cent of Turkish GDP in 2012¹³ and Turkey has been emerging as a leading producer and exporter of food products.

Taking advantages of infrastructure projects, construction is Turkey's main investment sector in GCC countries and the one in which there is the highest potential. Some 500 Turkish companies have operated in Saudi Arabia, where in the first half of 2012 they were awarded with important projects worth \$12.1 billion¹⁴. In Qatar Turkish companies carried out projects in the field of construction worth about \$12 billion until the end of 2012¹⁵ and new opportunities for Turkish businessmen could come from projects in preparation for the 2022 World Cup. One of the Turkish success stories in the GCC is TAV, a leading construction firm which has been a dominant player in airport construction contracts

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¹⁰ Oxford Business Group, *A win-win relationship: Recent years have seen a jump in trade with Gulf states*, Turkey Report , 2012, <http://www.oxfordbusinessgroup.com/news/win-win-relationship-recent-years-have-seen-jump-trade-gulf-states>.

¹¹ UNCTAD Database.

¹² EIA, *Turkey Report*, February 2013.

¹³ Economist Intelligence Unit, *Turkey Country Report*, 31 May 2013.

¹⁴ *Saudi-Turkish relations*, Ashrq Al-Awsat, 24 May 2013.

¹⁵ *Qatar, Turkey explore business opportunities*, in «Gulf Times», 18 March 2013.

in Saudi Arabia (Medina and Jeddah), Qatar (Doha) and Abu Dhabi. While Turkish-GCC relations have improved greatly, there is room to further expand them both in energy and other sectors. Linked to construction sector are a large share of Turkish residents in GCC countries, who at the end of 2010 were estimated at around 115,000 in Saudi Arabia, the country where the presence of Turks is most sizeable.

Strategic regional partners?

Beyond the economic dimension, mutual interests have emerged in the field of regional security and counterterrorism. Turkey has played an important role in developing cooperation between NATO and the GCC through the Istanbul Cooperation Initiative (ICI) established in 2004, in which four Gulf monarchies – Bahrain, Qatar, Kuwait and United Arab Emirates – are partners. In 2008 Turkey became the first country to have strategic dialogue with the GCC with the launch of a High Level Strategic Cooperation Council. Since then periodic intergovernmental meetings have taken place. Gulf security, including food security, the Arab-Israeli conflict, Iraq and the fight against terrorism have been identified as the most important strategic cooperation sectors.

Nevertheless, the further development of these renovated relations has met its limit on the Iranian dossier. Although Turkey and the GCC agreed on a Middle East free of nuclear weapons, they failed to reach a joint position on the Iranian nuclear programme. Before the crisis in Syria intervened to change the regional context and impact on Turkish bilateral relations in its neighbourhood, Iran was one of the best examples of the ‘zero problems with neighbours’ policy, as well as Turkey’s main oil supplier. This explains, on the one hand, Ankara’s attempts to find a diplomatic solution for the nuclear dossier, and on the other hand, the existence of obstacles and disagreements in the development of a joint strategy with Gulf monarchies. Furthermore, Turkey has not been inclined to take on the role of potential counterbalance of the Iranian ascendancy that Gulf monarchies wanted to assign to it.

The Arab Spring deeply changed the regional context and balance of power, also marking the beginning of a new phase in Turkey-GCC relations. When the Arab uprisings broke out, Ankara and GCC governments had different reactions. On one side, GCC rulers were deeply concerned by the fall of longstanding regional allies, such as Hosni Mubarak and Ben Ali, and scared by the contagion effect of protests and

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demands for political reforms in their own countries. However, the Gulf monarchies did not adopt a ‘one size fits all’ approach to the Arab Spring¹⁶. Their response to the uprisings in MENA countries was differentiated and inhomogeneous. A very conservative and even reactionary approach was adopted when facing the unrest, or potential discontent, within the GCC with the aim of maintaining the *status quo*. On the contrary, Gulf monarchies supported regime change in Libya, where Qatar and the United Arab Emirates contributed with their aircraft to patrol the no-fly zone, as well as in Yemen and Syria. This pro-change attitude was not driven by ideological affinity and a sharing of people’s demands for political opening and reforms, freedom and equal opportunities, but rather by the desire to expand their influence in the MENA region and to affect political transformations. It was in particular the case of Saudi Arabia, which has followed a conservative orientation, while Qatar has adopted a more progressive approach. In the wake of the Arab uprisings Doha has been emerging as the most active GCC state in regional affairs, in particular in supporting the rise of Muslim Brothers all over the region. On the other side, after the initial surprise and hesitancy expressed in particular in the case of Libya, Ankara supported regime change and Arab demands for democracy and political reforms. Turkish prime minister Erdogan was the first leader to publically call for the Egyptian president Mubarak to step down. Furthermore, the emergence of the ‘Turkish model’ as a possible example for the Arab countries in transition was skilfully exploited by the Turkish leadership that was keen to propose itself as a ‘source of inspiration’, while at the same time increasing Ankara’s leverage among the new leaderships and public opinions of the region. In spite of these different stances and approaches, Turkey and the Gulf monarchies found themselves on the same side in the Syrian crisis. After unfruitful attempts to pressure the Syrian president Bashar al-Assad to open up to reforms, the Turkish government joined the Gulf front in calling for regime change. Along with Doha and Riyadh, Ankara has emerged as one of the main supporters of the Syrian opposition. Although the decision to join the anti-Assad front did not necessarily stem from sectarian considerations – a Sunni alliance oppose to the Shia crescent –, Turkey’s alignment with Saudi Arabia and Qatar has fuelled arguments

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¹⁶ V. TALBOT, *The Gulf monarchies in a changing MENA region*, ISPI Analysis n. 138, October 2012, http://www.ispionline.it/sites/default/files/pubblicazioni/analysis_139_2012.pdf.

in favour of a Turkish sectarian led-agenda in regional affairs. It was also the case of policy and ties towards Hamas; together with Egypt, Turkey and Qatar played a mediator role in halting the escalation of violence between Israel and Hamas in November 2012. Yet, the Sunni front displays some rifts as different positions coexist. A striking example is the stance towards the Syrian heterogeneous opposition: while Turkey and Qatar back the Muslim Brotherhood-dominated Sunni wing, Saudi aid goes to the Salafi fringes and more recently, it would seem, also to the secular component within the Syrian National Coalition. Another country, after Egypt, dominated by the Muslim Brotherhood is a scenario that Saudi Arabia wants to avoid in Syria¹⁷.

The affiliation with the Muslim Brotherhood would bring Turkey closer to Qatar than to Saudi Arabia on the Syrian dossier, although no player appears to have a clear strategy for post-Assad Syria. However, this affinity has not prevented Turkey from strengthening its defence cooperation with Riyadh and other Gulf monarchies. In the light of the regional turmoil, over recent years the Gulf monarchies have emerged as important arms customers and a growing number of Turkish arms firms have gained several contracts. In 2011 Saudi Arabia, the United Arab Emirates and Bahrain were in the top 10 Turkish defence export destinations. “In 2012 Saudi Arabia was Turkey’s third largest defence industry customer with Turkish exports valued at \$99 million or 7.8 percent of Turkey’s entire defence and aerospace exports. Turkish defence exports to the UAE totalled \$101 million, and to Bahrain \$91 million. The three Gulf countries accounted for nearly a quarter of all Turkey’s defence exports in 2012”¹⁸. In May 2013 military cooperation between Turkey and Saudi Arabia was further strengthened by the signature of defence pacts and a cooperation agreement on the defence industry¹⁹. Previously, cooperation agreements in the training of military personnel were signed separately by Turkey with both Saudi Arabia and Qatar as a consequence of the escalation in the Syrian crisis. Furthermore, Riyadh

¹⁷ F. TASTEKIN, *Saudi Arabia Vies With Qatar For Influence Post-Arab Spring*, «Al Monitor», 23 April 2013, <http://www.al-monitor.com/pulse/politics/2013/04/saudi-arabia-qatar-influence-mideast-arab-spring.html>.

¹⁸ Hurriyetdailynews, 24 May 2013.

¹⁹ *Saudi Arabia and Turkey announce defense cooperation*, «Al Arabiya», 23 May 2013, <http://english.alarabiya.net/en/News/middle-east/2013/05/22/Saudi-Arabia-and-Turkey-announce-defense-cooperation.html>.

plans to buy Turkish tanks (Anka) and surveillance drones (Altay) worth \$2 billion²⁰.

The increase in defence expenditures is strictly linked to the deterioration of the regional security environment. Renewed sectarianism is also emerging as one of the main threats in the Middle East, as Sunni-Shia tensions are spreading from Syria to Lebanon and Iraq. Recent developments would suggest that Turkey is joining Qatar in strengthening the emergence of the Muslim Brotherhood within the Sunni front. However, this move contrasts with the interest of Saudi Arabia which fears that growing affirmation of the Muslim Brothers would also affect other countries, especially Jordan, and spread to the GCC.

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Conclusion

The axis between Turkey and the GCC is acquiring major weight in the Middle East context and mutual relations have great potential to further develop. While this is particularly true in the economic field – Turkey's bilateral trade with the Gulf monarchies is expected to increase in the coming years along with mutual investments in key sectors –, it remains to be seen in regional strategic issues. Strategic cooperation could in fact suffer some setbacks because of the evolution of regional crises, in particular the civil war in Syria. This country is crucial for the stability of Turkey as well as for regional equilibriums. The big questions here are whether the convergence could transform in competition in the post-crisis scenario and how Ankara and the Gulf rulers will act to shape the political future of Syria. Beyond the Syrian crisis, Turkey's support for democracy, political freedom and reforms in the MENA region in the wake of the Arab awakening does not seem in line with the agendas of the Gulf monarchies.

²⁰ *Saudi Arabia considers \$2 bln Turkish arms deal*, «Worldbulletin», 23 April 2013, <http://www.worldbulletin.net/?aType=haber&ArticleID=107223>.