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**Essay for Application to 'Bosphorus Young Leader in Energy' Awards
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Selected Theme: Would geopolitical confrontation or international/regional collaboration prevail in future cross-border energy and infrastructure projects?

A Multi-Layered Energy Decision Model and Turkey's Choices

Nexus of Geopolitics & Energy

In no other sector geopolitical factors play a bigger role than in energy. Economic and political stability of countries are inherently dependent on the extent to which their energy policies are congruent with geopolitical realities. In a world of rapidly changing circumstances, policy-makers often find themselves between a rock and a hard place. Their limited ability to predict even the short-term outcomes of events leads to equivocal decision-making. This is, needless to say, a major challenge in energy industry, because decisions made by business and government leaders have long-lasting consequences.

In many ways the situation is similar to game theoretical models, where actors are supposed to choose between confrontation and collaboration in the absence of sufficient information. Each actor makes decisions and behaves in a way that supposedly provides the greatest benefit, only assuming how other actors would act under the same circumstances. This is why governments and firms strive to gather as much information as possible before making their next moves. This is especially the case in geopolitical issues. Thus, the blurred line between confrontation and collaboration becomes much more complex than it seems, due to the unknowns rooted in geopolitical dynamics.

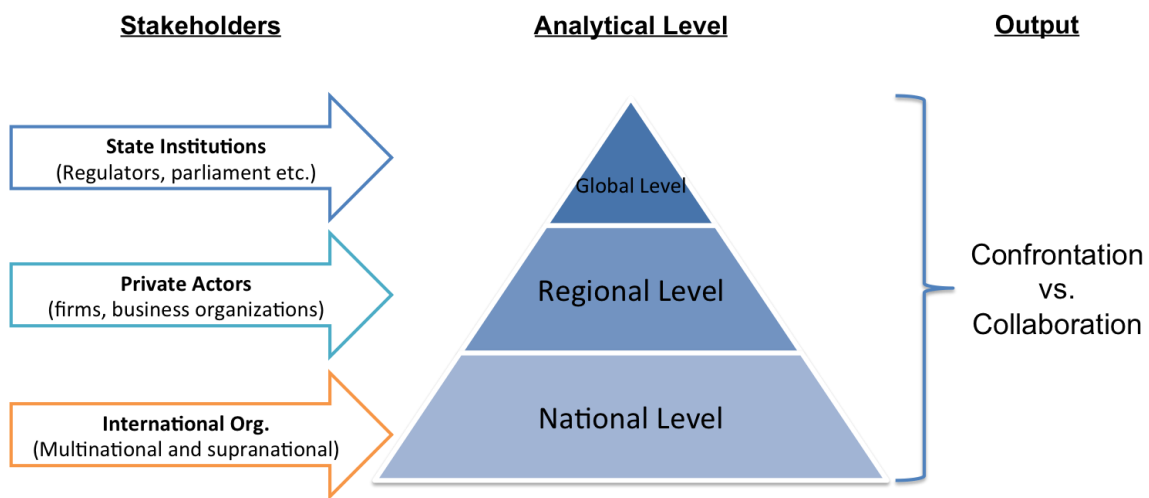
In this essay I argue that predicting whether geopolitical confrontation or international/regional collaboration will prevail in future cross-border energy and infrastructure projects hinges on various factors that should be considered in the broader context. These factors can be analyzed at national, regional and global levels where multiple stakeholders (both public and private) take part. By understanding how various factors play out at each level, this paper develops a multi-layered decision model. I then study Turkey's energy choices as a case to test the model and possible outcomes to predict whether confrontation or collaboration will prevail. Finally, I discuss the broader implications of the case and whether findings can provide generalizable rules.

Arguments and findings in this paper are limited by the data available at public sources as well as general principles of social sciences.

A Multi-Layered Decision Model

Geopolitical actors choose to confront and collaborate with other players based on various factors involved in decision-making. However, continuous flow of information in the digital age makes it harder for decision-makers to reach accurate conclusions. Those factors appear in disarray unless put in a proper context, because it is hardly possible to turn disconnected pieces of information into insightful knowledge, which in turn leads to ambiguous predictions of the future. For this reason, it is important to build a cognitive model within which each piece provides input to the understanding of a complex whole.

In order to come up with a coherent analysis of whether actors would act in a confrontational or collaborative manner under given circumstances, this chapter lays the groundwork for building a decision-model to understand how decisions are made in energy sector. I suggest a multi-stakeholder and three-level approach to gauge the actor behavior regarding the transnational energy/infrastructure projects.



The model above demonstrates how policy makers perceive the world and respond to opportunities as well as constraints. On the left side, various stakeholders come into play. Decision makers consider information provided by state institutions, such as regulators, parliaments and other bureaucratic bodies. They matter greatly as any decision can be blocked by domestic veto players. Private actors are also important particularly in energy sector, because governments rely on their business capacity to embark upon cross-border projects. Thus, firms and business organizations affect policy making to a certain degree, especially when their support are critical to the implementation. Lastly, international organizations have sway over governmental policy making, because they have the capacity to urge national

governments to act in a certain manner. This is especially the case for supranational organizations, such as the European Commission.

In the middle section of the model, systems thinking idea is applied to distinguish three levels of analysis. At the first level, policy makers consider national factors, such as the capacity of opposition groups and upcoming elections. They also need to take economic growth into account, for energy being an important component of it. Lastly, public opinion plays a crucial role in energy and infrastructure projects, because environmental and social movements could impact their implementation. At regional level, policy makers make higher-level analysis, including regional balance of power. An important aspect in energy sector is supply & demand routes, because they are strategic factors in determining government behavior. From a geopolitical perspective, choke points and conflict zones are elements to consider. At global level, macro issues such as climate change, commodity prices as well as great power politics affect both regional and national factors.

Having proposed a conceptual framework to analyze decisional processes, we can now study Turkey as a case to test the model and reach conclusions.

Turkey: A Regional Power Seeks Reliable Projects

When Turkey as a case is applied to the multi-layered decision model developed above, we reach the conclusion that Turkish policy makers will prefer collaboration in cross-border infrastructure and energy projects, but they will also get into confrontation occasionally to receive more benefits when national, regional and global level factors permit.

Turkey's national level factors are quite stable, yet urges seeking for more. Single party rule means policy makers are less worried about the political capacity of opposition parties. However, the necessity to grow the economy requires cheaper and stable energy. This will be the case in near future, as stagnating Turkish economy will have to be revitalized. On the other hand, environmental movements draw attention of the public opinion to giant projects and are likely to impact how they will be implemented. At regional level, things look less promising. Conflict zones near Syria pose great danger and creates insecurity inside Turkish borders. Iran emerges as a regional competitor in the aftermath of nuclear deal and will play a much bigger role in energy chessboard. Iraq is not immune to internal conflicts either. At the global level, confrontation between USA and Russia over Ukraine creates some room to maneuver for Turkey, while declining commodity prices put Ankara in a more advantageous position. Growing concern for climate change is likely to set some obligatory precedents in terms of imposing rules.

Conclusion: Principled Collaboration, Positional Confrontation

Turkey is an interesting case to draw general conclusions regarding national behavior in cross-border projects, because it is an emerging economy with limited political power in the region. Obviously, each country should be analyzed in its specific context. But as a general principle, it can be concluded that geopolitical collaboration will prevail in future infrastructure and energy projects, primarily because countries seek economic growth and social stability. Political institutions, private actors and international organizations are also facilitating this approach. This, however, does not mean that governments will not choose confrontational tactics occasionally. As shown in the decision-making model, leaders respond to opportunities and constraints. Expected utility could urge them to be confrontational, albeit temporarily, and seek benefits of collaboration in the long term.