

## Turkey tries to monopolize the continental trade through the Persian Gulf ARVAK Center comment, 11.11.2024<sup>1</sup>

At the end of January 2023, the Organization of the Petroleum Exporting Countries (OPEC) put forward a project on creation of a new trade route in the Middle East called the “*Development Road*”, which envisages to construction of a railway and a multi-lane highway from the Persian Gulf through Iraq to Turkey, to the Mediterranean port of Mersin. Already in March 2023, Turkish President Recep Tayyip Erdogan stated that this project was fully in line with Ankara’s interests and could become “*a new Silk Road for Turkey*”<sup>2</sup>.

According to preliminary calculations, the construction of the Port Grand–Faw–Port Mersin railway will be completed by 2038. The announced cost of the project is more than €18 billion, which is supposed to be paid by the UAE. The Iraqi section of the railway will be about 1,200 km long and will pass through Basra, Ad-Diwaniyah, Najaf, Karbala, Mosul and then to reach the Turkish border. The Turkish part of the route is still in the development stage, considering the country’s complicated mountainous terrain and, most likely, security issues in the Kurdish-populated regions.

R. Erdogan visited Baghdad on 22.04.2024 for the first time in 12 years, where he held large-scale talks with his Iranian counterpart Abdul Latif Rashid and the country’s Prime Minister Mohammed Shia Al-Sudani. According to media reports, the leaders and the delegations they led discussed the security situation in the region, the “water crisis” in Iraq, as well as a range of issues related to oil and gas exports<sup>3</sup>. As a result of the discussions, a package of intergovernmental agreements was signed to regulate the division of the Tigris and Euphrates waters, the construction of a new system of dams and reservoirs in Iraq by Turkish companies, and to legitimize the permanent strikes and raids of the Turkish army in the areas where PKK forces are concentrated in northern Iraq. At the same time, Turkish and Iraqi media have provided relatively little coverage to the ongoing negotiations on the “*Development Road*”, probably due to Ankara’s and Baghdad’s reluctance to prematurely attract undue attention to this project from their main regional rivals and partners. Meanwhile, it should be especially noted that Turkey and Iraq would hardly have been able to reach agreements on the very sensitive “water” and “Kurdish” issues if there had not been a coincidence of their interests regarding the “*Development Road*” project proposed by OPEC. Therefore, it can be assumed that the increased mutual interest in the creation of the Persian Gulf–Iraq–Turkey–Mediterranean Sea trade route contributed by Ankara and Bagdad to overcome their contradictions on these issues that they had not been able to resolve for decades.

As for the caution of the parties in covering the “*Development Road*” project, it concerns Ankara’s and Baghdad’s reluctance to worsen the already difficult relations with Israel, Iran and Egypt, because it is these countries that would be geopolitical and economical losers in

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<sup>1</sup> The original (in Rus.) was posted on our website on 11.11.2024.

<sup>2</sup> Bykova Anastasia, «“New trade route “Road of Development” to connect Iraq and Turkey” (in Rus.): Logist. Today (28.03.2023) [https://logist.today/ru/dnevnik\\_logista/2023-03-28/irak-i-turtsiyu-soedinit-novyj-torgovyj-marshrut-doroga-razvitiya/](https://logist.today/ru/dnevnik_logista/2023-03-28/irak-i-turtsiyu-soedinit-novyj-torgovyj-marshrut-doroga-razvitiya/) (download date: 08.11.2024).

<sup>3</sup> «Erdogan visits Iraq for first time in 12 years» (in Rus.): Interfax (22.04.2024) <https://www.interfax.ru/world/957135> (download date: 07.11.2024).

case if the designed Turkish-Iraqi route is realized. Egypt is already suffering major financial and economic costs due to the undermined security in the Red Sea. According to experts' calculations, by January 2024, cargo traffic through the Suez Canal had already dropped by 40%, by June by 80%, and imports to Europe through this waterway had fallen to record lows, worse than during the Covid-19 pandemic<sup>4,5</sup>. Hypothetically, the “*Development Road*” project, coupled with the sea route, surrounding Africa, currently preferred by the world's largest carriers, could deal a significant blow to the Egyptian economy, tied to the transit. For Cairo, which relies on tourism and maritime transit through Suez as its main source of foreign exchange, such a prospect will have, without exaggeration, disastrous consequences.

On the other hand, the Turkish-Iraqi route is a potential competitor to the Indian-Iranian “Persian Gulf–Black Sea” logistics project, which includes the territories of Iran, Armenia and Georgia in the transit scheme. Tehran cannot help but be worried as Ankara and Baghdad are essentially trying to intercept the lion's share of cargo traffic from South Asia to Europe, thus displacing Iran from key positions in the transcontinental North-South program, which is mainly lobbied and financed by India. The “*Development Road*” announced by the OPEC countries has a number of major advantages over the Iranian-Armenian-Georgian project promoted by Tehran. First, the money for the construction of the railroad has been practically found and, what is very important, it will come from one source, the UAE government funds. Secondly, the “*Development Road*” assumes the minimization of financial and time costs for the uninterrupted cargo flow, since in this case it deals with a straightforward railway line connecting the Indian Ocean with the Mediterranean Sea, which eliminates the need for transshipment of goods along the route of more than 2,000 km. Thirdly, the parties involved in the “*Development Road*” project have committed themselves to creating an effective preferential operating regime, including the concentration of material, financial and information flows, combined with high-quality forwarding services to ensure the acceleration of the capital turnover and the synchronization of the passage of goods, payments and other documents. According to Hellenic Shipping News, the port of Grand Faw in the Persian Gulf, which is modernized by UAE and Qatar, will be able to provide the “*Development Road*” route with the handling and transfer of more than 36 million tons of containers and 22 million tons of bulk cargo by 2028<sup>6</sup>. If this capacity is achieved and the announced logistics services are implemented, Iran's Chabahar Port in the Persian Gulf will get a strong competitor, Grand Faw, capable of attracting the attention of major Asian and European trading and shipping companies. Considering the fact that Tehran's work on launching the Iranian-Armenian-Georgian, Iranian-Azerbaijani and Iranian-Russian trans-Caspian routes has been delayed for a number of political, financial and technical reasons, the “*Development Road*” may come out ahead in the competition for trans-Asian trade flows along the North-South axis.

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<sup>4</sup> «Analyst tells how much cargo flow through the Suez Canal has decreased» (in Rus.): РИА НОВОСТИ (20.01.2024), <https://ria.ru/20240120/gruzopotok-1922465965.html> (download date: 07.11.2024).

<sup>5</sup> Sarkisyan Laura, «How Turkey Uses Palestine to Redraw Trade Routes» (in Rus.): SPUTNIK (28.06.2024), <https://am.sputniknews.ru/20240628/v-obkhod-armenii-kak-turtsiya-ispolzuet-palestinu-dlya-perekroyki-torgovykh-putey-77760475.html> (download date: 07.11.2024).

<sup>6</sup> Ibid.

However, in addition to the aforementioned Egyptian and Iranian routes, the “*Development Road*” has actually called into question another large-scale regional energy and logistics project, the key beneficiary of which is Israel. And this circumstance is one of the shadow factors in the growing tension in the Turkish-Israeli relations, which Ankara and Tel Aviv prefer not to polemicize about in the public space.

It should be noted that on the sidelines of the G-20 summit in New Delhi on September 9, 2023, US President J. Biden announced the creation of the *India–Middle East–Europe Economic Corridor (IMEC)*, a multimodal rail and maritime corridor that is supposed to connect India, the Middle East, and Europe. According to the text of the Memorandum of Understanding published on the White House website, *IMEC* was aimed at “*stimulating economic development through increased connectivity and integration between Asia, the Gulf, and Europe*”. The project envisaged two corridors. According to the announced plans, the Eastern Corridor would connect India by sea to the Persian Gulf and the UAE, and the Northern Corridor would connect the Persian Gulf to the Greek port of Piraeus via the UAE, Saudi Arabia, Jordan and Israel by. Along the planned railway, power and digital communications cables would have to be laid, as well as a pipeline for pumping “green” hydrogen (produced from water using electricity from renewable energy sources) would have to be laid<sup>7</sup>.

The concept of the new *IMEC* route was proposed two years before Biden's statement. It was first announced on 18 October, 2021 following a meeting of the Foreign Ministers of India, the United States, Israel and the United Arab Emirates (UAE)<sup>8</sup>. Since then, the United States has been actively working with Saudi Arabia, as the main section of the railway from the Persian Gulf to the Israeli Mediterranean coast was planned to be built through its territory. Negotiations resulted in the Saudis' consent to participate in the project and their willingness to allocate \$20 billion for the construction of the corridor. Immediately after Biden's presentation of the project in 2023 in New Delhi, the American media dubbed this event the biggest foreign policy success of the United States in at least the last decade. It was believed that *IMEC* would, first, become an insurmountable geostrategic competitor to Beijing's transcontinental "One Belt, One Road" project and, through India's growing industrial power, displace Chinese products from European and African markets<sup>9</sup>. Secondly, it was noted with satisfaction that this route would become an additional connecting point between Israel, on the one hand, and the key countries of the *League of Arab States (LAS)*, Saudi Arabia, the United Arab Emirates and Jordan, on the other, which is in line with the American-Israeli doctrine of preventing the solidarity among Asian countries and the Maghreb on the basis of national (in this case, Arab) or Islamic identity.

Although many experts considered the *IMEC* initiative a “*hastily sewn anti-project*” to the Chinese program, it had a good chance of becoming a reality, and in a relatively short time. First, the main advantage of the *IMEC* initiative was that almost all the countries

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<sup>7</sup> “US and India to Build Corridor to Europe” (in Rus.): Vedomosti (11.09.2023), <https://www.vedomosti.ru/politics/articles/2023/09/11/994386-ssha-i-indiya-postroyat-koridor-v-evropu> (download date: 10.11.2024).

<sup>8</sup> “With One Goal: Will the IMEC and Belt and Road Transport Corridors Compete?” (in Rus.): TACC (22.09.2023), <https://tass.ru/opinions/18817749> (download date: 08.11.2024).

<sup>9</sup> “Economic Corridor” from India to Europe: New US Plan against China”: Military and Political Analysis” (in Rus.), (17.09.2023), <https://vpoanalytics.com/geopolitika-i-bezopasnost/ekonomicheskij-koridor-iz-indii-v-evropu-novyj-plan-ssha-protiv-kitava/> (download date: 09.11.2024).

participating in the project, unlike China's partners in the "One Belt, One Road" project, are financially self-sufficient and ready to invest in the work without delay. European heavyweights France, Germany and Italy were ready to cover the costs of the *IMEC* Greek section, being most attracted by the "green energy" component of the initiative, which promised to supply the Old World with additional sources of environmentally friendly energy.

Overall, it can be assumed that by now *IMEC* would have recorded a large body of work to its credit, where it not for an extremely important circumstance that has turned the course of events in the Middle East and in the world, as a whole. Less than a month after J. Biden presented the project, Hamas launched a massive attack on Israel, in response to which Tel Aviv unfolded the "Operation Iron Swords" in Gaza. The new bitter Palestinian-Israeli war has at least frozen the initiative, making it impossible to implement, at least at this stage. According to open sources, there are currently no meetings or discussions within the *IMEC* project. Israel, where the route should end, is engaged in a war on two fronts. Jordan is in the potential explosion zone, given its strategic partnerships with Tel Aviv and the United States. Saudi Arabia is focused on Prince Mohammed bin Salman's creative projects. It is clear that *IMEC* is frozen at best, if not completely without prospects for resuming work on it in the future.

It is probably within the framework of the above logic that many Western politicians and experts insist that Iran had a hand in organizing the violent attack on Israel on October 7, 2023,. That is, one of the main motives for Iran's participation in last year's attack on Israel is considered to be *IMEC*, which is a competitor to the Indian-Iranian "North-South" project and has attracted New Delhi's attention. Tehran, fearing the loss of attractiveness of its proposed routes and finding itself on the sidelines of the geostrategic and geo-economic link between South Asia and Europe, decided to "play ahead" and fundamentally destabilize the region, through which the competing logistics corridor was supposed to run. Again, the current blockade of the Strait of Bab-el-Mandeb in the Red Sea by the Houthis, who are allied with Tehran, is considered the part of this logic, as a result of which the Suez Canal has largely lost the interest of international sea freight carriers. One way or another, the devaluation of the security of the above-mentioned routes serves the interests of the IRI in the context of Tehran's intentions to offer its territory and infrastructure to India and Europe with Russia as the most convenient transit area.

Iran's interests in the logic under consideration are quite clear. However, we should not forget Turkey, which, as events show, is also one of the regional actors interested in a long and bitter the Palestinian-Israeli war. To date, there is no evidence that Turkish intelligence was involved in the events of October 7, 2023, but the fact that the outbreak and prolongation of hostilities in Gaza and then in Lebanon continue to contribute to Turkey's plans to create the "Development Road" route is undeniable. This explains in part why R. Erdogan adheres to the anti-Israeli rhetoric, claims to be the defender of the Palestinians and, at the same time, continues to supply Tel Aviv with strategic raw materials and products. Israel's prolonged military operation in Gaza and *Tsahal's* invasion of Lebanon have opened a window of opportunity for R. Erdogan to stabilize relations with Syria, as well as attempts at rapprochement with Iran, with which Ankara has been accumulating contradictions for decades. These initiatives have also been greatly facilitated by the UAE

and Qatar, which do not want to lose the opportunity to take advantage of India's strategy of entering the Middle East and through the Gulf to Europe after the *IMEC* project was frozen. It is also important to keep in mind that the UAE is trying to prevent transferring the issue of India's global trade with Europe from falling into the hands of Iran, which is not always friendly. Turkey for its part, is also taking steps to devalue the Iranian route "Persian Gulf–Black Sea". It can be assumed that Baku's, and in its time Ankara's aggressive rhetoric regarding the communication through Syunik is aimed at maintaining an atmosphere of tension on the northern borders of Iran and the South Caucasus as a whole. From this point of view, it is quite possible that the Turkish-Azerbaijani tandem does not actually have the occupation of the so-called "*Zangezur corridor*" on its agenda, as this would be extremely dangerous for Ankara and Baku, but there is a desire to devalue the security of the Syunik artery in New Delhi's eyes and therefore to limit the prospects of its widespread use.

The idea of the fundamental importance of the "*Development Road*" project for Turkey is suggested by the country's extremely cautious behavior toward India. On October 22, 2024, the BRICS summit started in Kazan, after which it became known that Turkey, which was personally represented at the event by President Erdogan, was denied membership in this organization. The international media immediately noted that it was India that opposed Turkey's full participation in the organization. Almost all experts commenting on this issue suggested that India had taken such a step because of Ankara's alliance with Islamabad, which is hostile to New Delhi<sup>10</sup>. One way or another, what happened was a severe blow to Turkey's reputation and R. Erdogan's pride. The Turkish presidential administration hastened to refute rumors about the "*Indian veto*", stating that the question of Turkey's or any other country's membership was not at all on the agenda of the Kazan BRICS summit at all<sup>11</sup>. However, both R. Erdogan and his Foreign Minister H. Fidan, in their interviews on the topic of the Kazan meetings, avoided rumors about the "*Indian veto*", thereby indirectly confirming that Turkey's membership application is still up in the air<sup>12,13</sup>. It should have been expected that under different circumstances, and with a different opponent, R. Erdogan would not have failed to comment on such an "unfriendly demarche", but this time the Turkish leader showed composure. It is also noteworthy that both Erdogan and Aliyev have never expressed their dissatisfaction with New Delhi over the delivery of Indian weapons to Armenia, although they have more than once openly criticized France and even the USA for "similar activities".

Overall, it appears that Turkey is taking a cautious stance towards India, trying to show that despite its alliance with Pakistan, Ankara intends to maintain smooth relations with New Delhi and does not rule out their development into partnership. Such a behavior,

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<sup>10</sup> «Expert: Turkey's entry into BRICS is blocked by India due to Ankara's good relations with Pakistan» (in Rus.): Военное Обозрение (24.10.2024), <https://topwar.ru/252479-jekspert-vstuplenie-turcii-v-briks-blokiruet-indija-iz-za-horoshih-otnoshenij-ankary-s-pakistanom.html> (download date: 07.11.2024).

<sup>11</sup> «Ankara denies reports of India blocking Turkey's BRICS membership» (in Rus.): TACC (24.10.2024) <https://tass.ru/mezhdunarodnaya-panorama/22222061> (download date: 07.11.2024).

<sup>12</sup> «Fidan said that the prospects for BRICS expansion will be understood in the future» (in Rus.): TACC (03.11.2024), <https://tass.ru/mezhdunarodnaya-panorama/22302867> (download date: 09.11.2024).

<sup>13</sup> «Erdogan called development of relations with BRICS beneficial» (in Rus.): Lenta.ru (28.10.2024), <https://lenta.ru/news/2024/10/28/erdogan-nazval-vygodnym-razvitie-otnosheniy-s-briks/> (download date: 09.11.2024).



unconventional for Turkish policy, becomes understandable, when one considers the importance of the “*Development Road*” for Turkey. Without India’s interest and consent, this project cannot take place as such, since New Delhi is the main beneficiary of the global North-South program that has challenged the Chinese “One Belt, One Road” project. Turkey understands that the final word on the agenda of establishing convenient routes from the Persian Gulf to Europe, Russia and North Africa belongs to India as the Asian power with a nuclear arsenal, the world’s fourth most powerful army, the largest population on the planet, rapidly developing economy and, in line with all this, growing geopolitical ambitions.

Consequently, Ankara will continue to play a delicate game on the Indian track of its foreign policy, trying to curry favor with New Delhi and trying to convince it that the route from the Persian Gulf to Mersin is the best alternative for Indian economic expansion in the western direction. However, Turkey will still be forced to prove that the warming of its relations with Iraq would stand the test of time, and that the Kurdish issue, to whose “peaceful solution” Ankara is currently trying to get closer, could no longer threaten the transnational trade. In parallel, of course, Turkey will have to continue its tough rhetoric on the Palestinian-Israeli and Lebanese-Israeli wars, as well as to maintain tensions between Azerbaijan and Armenia. It is a difficult and dangerous game for Ankara, but the Turkish authorities are probably convinced that it is “worth the candle”.