

Russian Federation: President Medvedev in Turkey

During the Russian President Dmitri Medvedev's visit to Turkey on 11-12 May, a range of agreements was signed, the most important concerning the construction and use by Russia of a nuclear power plant in Akkuyu. The results of the visit showed that Russia's increased presence on the Turkish energy market is key instrument of Moscow building up its political influence in Turkey.

In accordance with the agreement (which must still be ratified by parliaments of both countries), the Atomstroyeksport company will be responsible for financing, constructing and running the power plant. The cost of four blocks will reach around US\$20 bn. Russia will remain the owner of the power plant, although it has declared itself ready to concede 49% of the shares to Turkish or foreign investors. Turkey will donate the land under the power plant, and will agree to buy half of the energy generated there over a 15-year period at an agreed price. The remainder of company can be sold on the Turkish market or exported (20% of the profits will go to Turkey).

This agreement is another significant step in Russia increasing its presence on the Turkish energy market. In 2009, a Russian/Turkish consortium won the tender to build the power plant, but this decision was annulled by a court. The key point of contention was the price of the energy to be generated, which Russia finally agreed to reduce. Another concession to Turkey was a memorandum which stated that Russia would support the construction of the Samsun-Ceyhan oil pipeline, bypassing the Black Sea straits, and that it is ready to invest US\$3 bn in it. At the same time, Moscow failed to convince Ankara to make any concessions on the question of the South Stream gas pipeline (which would run from Russia to the EU along the bottom of the Black Sea); despite official declarations by Russian Federation representatives, no agreements were signed which would delineate the conditions for laying the gas pipeline in Turkey's exclusive economic zone.

The level of political dialogue between the parties was raised during the visit, with the creation of a high-ranking Council for Cooperation. An agreement on visa-free movement was also concluded, but it will come into effect only after the conclusion of a readmission agreement. <MaK>