

Turkey: first nuclear power plant under Russian rules

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On Thursday, 27 April, a ceremony was held to mark the placement of nuclear fuel in the first reactor of the Akkuyu nuclear power plant. The event, held at the site, was attended by the Turkish energy and natural resources minister Fatih Dönmez and Rosatom's director Aleksei Likhachev. The Turkish president Recep Tayyip Erdoğan did not attend in person, citing ill health, but joined the ceremony via video conference, as did Russian president Vladimir Putin.

Akkuyu is Turkey's first nuclear power plant. It will eventually have four reactors, which are to be commissioned by 2026. Preparations for constructing the facility began in 2010, when the governments of Turkey and Russia signed an agreement under which Rosatom set up the Akkuyu Nükleer special-purpose entity. The ground on the project was broken in 2018. The company is carrying out the investment under the 'build-own-operate' model: it is responsible for its design, construction, maintenance, operation for 60 years (including the supply and use of the fuel) and its subsequent decommissioning. Akkuyu Nükleer is wholly owned by subsidiaries of Russia's state-owned Rosatom company, which is providing about \$20 billion in financing for the project. Ultimately, the plant will generate up to 35,000 GWh of electricity per year, equivalent to about 10% of Turkish demand (the country's total consumption in 2021 was 319,000 GWh). According to the Turkish-Russian agreement, 70% of the energy from the first and second reactors and 30% from the third and fourth reactors will be sold to Ankara at a fixed price of 12.5 cents per 1 kWh.

Commentary

- The decision to build Turkey's first nuclear power plant results from the country's growing demand for electricity, due to its rapid economic development. Ankara is also keen to increase its energy security by diversifying its energy sources and transferring technology. Currently, most of Turkey's electricity comes from coal, gas and hydroelectric power plants, and the country is dependent on energy imports: gas, oil and coal. Running a nuclear power plant could reduce the share of gas in electricity generation, allowing it to increase its re-exports, in line with the plan to make Turkey a gas hub (see *'Turkey's dream of a hub. Ankara's wartime gas policy'*).
- Although the facility is located on Turkish territory, Rosatom will control it through the ownership structure. The agreement allows the Russian company to sell up to 49% of its stake in the project, although no such talks are currently underway. Local maintenance staff for the power plant are being recruited and trained, but the company's board of directors does not include any Turkish nationals. Also, the companies operating in Turkey

are merely subcontractors on the construction site. In practice this means that the Turkish side has very limited influence over the work at Akkuyu. One test of Ankara's control over the investment came when last July the Russian side abruptly terminated its contract with the main Turkish subcontractor, the IC İçtaş construction company. It was replaced by Russia's TSM Enerji, which caused significant delays to the work. It was only as a result of bilateral negotiations and a direct meeting between the leaders of the two countries that IC İçtaş was reinstated to the construction of three of the four reactors.

- When the first reactor of the Akkuyu power plant comes online, this will increase Ankara's energy dependence on Moscow. Due to the cooperation formula, the Turkish government will be dependent on Rosatom in virtually every aspect of the unit's operation, from its construction, operation and personnel training, through the fuel supplies, to its ultimate decommissioning. Moreover, the facility is being built in a strategic location – in Mersin province, on the Mediterranean coast. The power plant also includes port infrastructure. The US base at Incirlik and the oil transshipment terminal at Ceyhan are in close proximity. Due to Moscow's control over Akkuyu, it is expected that Russian technical and personnel facilities responsible for ensuring the security of critical infrastructure will also be located at the site.
- The opening ceremony took place at the height of the campaign ahead of the presidential and parliamentary elections scheduled for 14 May. President Erdoğan and the Justice and Development Party (AKP) are courting votes by emphasising their agility and efficiency. Infrastructural megaprojects occupy an important place on their economic agenda. Close cooperation with Russia and Erdoğan's direct contact with Putin enable the ruling party to present themselves as the formation through which Turkey has achieved the high position it deserves on the international stage – although they are keeping the issue of total Russian control over the power plant quiet. However, the plan has tangible benefits for those in power: for example, in the form of the advance transfer of \$20 billion to the accounts of the Akkuyu Nükleer company registered in Turkey. This has contributed to an increase in foreign currency reserves in the country's banking system; against the backdrop of a deficit in Western currencies last August, this has helped the government stabilise the lira exchange rate and contain the financial crisis just in time for the start of the electoral campaign.
- Turkey stands on the brink of presidential and parliamentary elections, the outcome of which will determine the further direction of Ankara's economic development and international cooperation, including its relations with Moscow. It is possible that the opposition will win and remove the AKP, which has ruled the country for two decades. Although the opposition (like the ruling camp) favours the further development of cooperation with Russia, the position of the new government would be weaker in view of the importance of Erdoğan and Putin's personal relations. In any scenario, Ankara will still try to balance the influence of its partners in its foreign policy, so the shape of Turkish-Russian relations also depends on Turkey's relations with the West. If the latter deteriorates, Ankara may move even closer to Moscow; the two are already cooperating – in addition to energy – on security and Middle East policy.
- The implementation of the Akkuyu project represents a genuine success for the Russians in both propaganda and political terms. The construction of the plant – the first venture

under the 'build-own-operate' model – is likely to have a positive impact on Rosatom's ratings and make it a more attractive partner for developing nuclear projects in other countries as well. The corporation's success in Turkey is also important because of Russia's ongoing diplomatic isolation and the Western sanctions imposed on it since 2022. If Moscow delivers on its commitments to Ankara, that will help it come across as a reliable partner in business relations, while highlighting the importance of bilateral economic relations: Russia is Turkey's largest supplier of natural gas, and after the EU embargo on Russian oil, Turkish customers took over some of the crude which had previously gone to the EU. In the context of bilateral relations, however, Turkey's deepening structural dependence on Russia poses the danger of the Russians using this advantage as a tool of leverage. Moscow could thus influence Turkey – a NATO member – and deepen divisions within the Alliance, including over the issue of Russia's attack on Ukraine. The existence of the power plant will make it much more difficult for Turkey to change its current policy toward Russia.