



TURKEY PROGRAMME

Turkey-Iran: Managed Rivalry under Maximum Pressure

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May 2026

Working Paper #138/2026

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Summary

Turkey–Iran relations are generally characterized as managed rivalry. After the October 2023 Hamas attack and Israel’s war on Gaza, the region had entered a new era of escalating conflicts and Iran’s network of proxies has been significantly weakened. In February 2026, the US and Israel waged war on Iran, which in turn prompted Iran’s attack on the Gulf countries. The new era of conflict had evolved into an era of war. This paper explores the pressures for change emanating from the global and regional levels on this managed rivalry. With that purpose, the paper first maps out the different dimensions of the bilateral relations, noting the resilient and challenging aspects. Then, the paper looks at developments over the last two years at the global and regional level and how they impacted both bilateral relations and the two countries’ positioning within their regions—the Middle East mostly, but also South Caucasus. Finally, the paper assesses the potentials and limits of managed rivalry and Turkey’s statecraft by identifying stress tests that lie ahead under war and post-conflict conditions. Turkey's economic statecraft toward Iran, as well as increased geopolitical rivalry, reveal the conditions under which middle-power geoeconomic and diplomatic tools hit a ceiling, demonstrating that middle-power economic statecraft operates within, not outside, the structures set by global politics and regional security dynamics.

Introduction

The Gaza war 2023 and the fall of the Assad regime in 2024 opened a new era of increased conflict in Middle Eastern regional politics. Israel's attacks on Iran's proxies— Hamas and Hezbollah—as well as Iran itself; Houthi attack on maritime trade in the Red Sea; Druze and Kurds fighting Damascus forces in Syria on different occasions, as well as violence against Alawites in the coastal regions; UAE-backed separatist forces rapidly seizing most of southern Yemen, provoking Saudi airstrikes and forcing the UAE to withdraw its military personnel in 2025 are a few episodes from this era of conflict. This momentum, centred around increased Israeli aggression in the region and friction with Iran's proxies, culminated first in the June 2025 attacks on Iran, which were joined by the US. In February 2026, the US president, together with Israel, declared 'special combat operations' on Iran to eliminate any nuclear threat, destroy the country's ballistic missile programme and bring about regime-change in Iran.

This new era in the region coincides with the weakening of the norms-based international order and the growing resort to armed force at the global level. There is [an ongoing debate over whether there is a transition to a new order](#) at both the regional and international levels, or whether they constitute a rupture whose aftermath cannot yet be foreseen. In either case, the depth and scale of the changes are undeniable, and with change on this scale comes stress tests for seemingly resilient relationships in the region. Turkey–Iran relations are generally regarded as just a such resilient relationship—one [fraught with tensions which do not escalate into confrontation](#), and with some degree of cooperation in important domains, such as energy.

Türkiye-Iran relations are generally framed as a managed rivalry: both are pragmatic and cautious, eager to contain each other's regional activism, yet insistent on avoiding confrontation with each other. Historical episodes are transformed into myths in support of both these rivalry (Ottoman-Safavid wars, WWI attacks) and management (long-standing border agreements) elements. This paper explores whether this relationship can withstand the pressures of change and war emanating from the global and regional levels. Answering this question requires an examination of the existing dimensions of the bilateral relationship, along with both states' positioning within the new regional and global politics; only then can we identify the actual and potential stress tests those dimensions will need to withstand.

The core argument of this paper is as follows: Turkey–Iran bilateral relations are, in essence, a managed rivalry with increasingly intensifying limitations. In recent years, Turkey has increased the potency of its diplomatic and economic statecraft across the region, achieving a deepening of its relationship with Iraq and normalization with key Arab states. Iran, by contrast, has weakened in terms of both regional influence and domestic stability; as of March 2026, it is also weakened in terms of both military capabilities and civilian infrastructure (logistics, industrial, health and energy sectors). However, Iran is not necessarily defeated and has demonstrated significant strategic leverage over both the Gulf region and the world economy and global

Long-term Effects of the Refugee Crisis on Greek Public Opinion Regarding Immigration

connectivity. It is not yet certain when—or how—the 2026 war will end, but if Iran comes out of the war with sanctions lifted and the Strait of Hormuz under its partial control, there might be path ahead for reconstruction. Bilateral relations in the 2020s exhibit a structural ceiling which has constrained Turkey's statecraft—a ceiling whose principal sources are the international sanctions regime and the stances of the United States and Israel towards Iran. Although both Ankara and Tehran demonstrate a commitment to preserving the bilateral relationship, the "maximum pressures" cascading from the global level, coupled with the fluidity of the regional environment, are testing that commitment in unprecedented ways.

Dimensions of Turkey–Iran Bilateral Relations in the 21st Century

The Border

The Turkey–Iran border is one of the oldest settled boundaries in the Middle East. It is also the first dimension of what scholars have called [a managed rivalry](#). The origins of this stability are conventionally traced to the Kasr-i Shirin Agreement of 1639 between the Ottomans and Safavid Iran. Four centuries of interaction across this frontier, which at times endured [conflict, occupation and turmoil in the life of frontier communities](#), culminated in the finalization of the boundary during the First World War, with the final treaty settling all remaining disputes signed in 1937. As [Turkey's Ministry of Foreign Affairs](#) puts it: "Iran is an important neighbour with whom we share a 560 km border that has remained unchanged for nearly 400 years." This is Turkey's second longest land border, after the Syrian border. In a region marked by civil wars, external interventions and territorial disintegration, the durability of this border has been a focal point of current bilateral affairs. Despite [high volumes of irregular migrant crossings facilitated by smuggling networks](#), neither side has allowed border disputes to destabilize the relationship. The narrative of an unchanging boundary, though a myth, has itself become a political resource, repeatedly invoked by both states to affirm the mutual recognition on which their modern statehood rests.

Yet the length of this border, with its many potential crossing points, is also a shared vulnerability. Turkey in particular fears mass migration in a prolonged war scenario on its eastern flank. [The start of the war prompted the suspension of day trips to Turkey](#). Even in the absence of armed conflict, irregular migration through this border, especially by Afghan nationals, is deeply intertwined with Turkey's domestic politics. The issue has become especially salient in the context of [rising secular nationalist politics](#), where an [anti-migration agenda](#) has gained significant traction. It is also a topic addressed in bilateral discussions during official visits. [As Foreign Minister Fidan acknowledged](#), the two countries "have fallen somewhat behind on connectivity, transport and logistics," noting the need to increase the number of border crossings and improve their efficiency, while also addressing joint efforts to combat irregular migration originating from Afghanistan. So, while the border is a point of strength in peaceful times, it may turn out to be a crucial vulnerability during times of war and in a post-conflict economic crisis. It is also a dimension amenable to further improvement via greater control over the border and by increasing border crossings to facilitate the flow of goods and people in times of peace. The depth of the border as a problem will be partially determined by the length of the 2026 war and the destruction it causes. As of April 2026, number of border crossings have not risen to alarming levels.

Pragmatism

The restraint that Turkey and Iran have shown towards one another, particularly at moments of domestic, regional and global crisis, constitutes the second dimension of the bilateral relationship. Scholars have framed this restraint in different ways: as "[compartmentalization](#)", as "[managed rivalry](#)", or as a product of contending but coexisting "strategic depths" (Şen 2024). What all these framings share is an emphasis on pragmatism. Turkey and Iran's foreign policy establishments have consistently demonstrated the ability to prevent tensions in one domain, such as opposing positions in the Syrian civil war, from spilling over into another, such as energy relations. The success of the management part of this relationship can be best observed in economic relations. Table 1 shows the bilateral trade over the last four years, with Turkish exports remaining at around the same value while Iranian exports, have been reduced somewhat. That reduction has improved the asymmetry in trade relations, with the trade balance favouring Turkey since 2023.

Table 1: Turkey–Iran Bilateral Trade, 2022–2025 (USD billions)

	2022	2023	2024	2025*
Turkey's exports to Iran	3.07	3.31	3.23	2.80
Turkey's imports from Iran	3.35	2.18	2.45	2.30
Total trade volume	6.42	5.49	5.68	5.10
Trade balance	−0.28	+1.13	+0.78	+0.50

Source: Turkish Statistical Institute (TurkStat). *2025 figures cover January–November.

Despite a lack of progress in trade volumes, the Turkish business community insisted on keeping its options open regarding investment and trade with Iran. This trend continued even under structural constraints that will be detailed in the next section. Both Turkey's Ministry of Trade and the Presidential Office supported this push, arguing that two major regional powers should cooperate more closely with regard to investment, trade, construction and tourism—these being the four factors that are always underlined in official speeches during visits and at forums. Erdoğan himself [declared in 2024, at the Joint Business Forum](#) convened in Ankara, that, despite the sanctions, both governments intended to proceed with deepening economic relations, since Ankara did not adhere to the principle of unilateral sanctions. This bore some results, including [an increase in product diversity \(from 700 to 1,383 items\)](#), but was not consequential overall. Iran supplies energy, Turkey supplies manufactured goods; there has been little structural

deepening, and the [main asymmetry](#) remains, whereby exports to Turkey are important for Iran, but Iran ranks low among Turkey's export destinations.

There is one bilateral factor that impacts economic relations as negatively at both global and regional levels, if not as structurally, and that is the prominence of the Islamic Revolutionary Guards Corps (IRGC) in the Iranian economy, and how that can sometimes impede economic relations. In the mid-2000s, two major Turkish investment bids in Iran—TAV's contract to operate Imam Khomeini International Airport (IKA) and Turkcell's licence to become Iran's first private mobile operator—were derailed by conservative forces within the Iranian system. [Most dramatically, in May 2004, the IRGC physically seized IKA just hours after it opened to air traffic](#), deploying vehicles on the runways and diverting an incoming passenger jet with a fighter escort on the pretext that TAV's Turkish partners had links to Israel. [Akdevelioğlu argues](#) that the primary driver was not anti-Turkish sentiment but rather the intra-regime struggle between Reformists favouring economic liberalisation and Conservatives—with the IRGC at their core—defending Iran's state-capitalist model and their own commercial interests, given that an IRGC-affiliated consortium had lost the airport bid to TAV. This episode is an example of national level factors preventing the deepening of economic relations.

Three forthcoming developments will serve as stress tests for the durability of bilateral economic ties and the political will underpinning them. The first is [the renewal of the Iran–Turkey gas deal, which is due in 2026](#). In 2024, [Iranian and Russian gas constituted 20 % and 45 % respectively of Turkey's long-term contract imports](#). Turkey has already [started its pivot to LNG](#) purchases from US companies, with reduced Russian imports. Whether Turkey opts to renew, renegotiate, or allow the Iranian contract to lapse will reveal much about the limits of Ankara's realignment with Washington, both globally and in the Middle East and South Caucasus. Energy agreements, alongside trade frameworks, remain among the most deliberately managed components of the bilateral rivalry.

The second test concerns the future of proclaimed agreements, most notably the Maku Free Trade Zone on Iran's northwestern border. First discussed in [2014 at the Turkey–Iran Economic Commission](#) following the signing of the [Preferential Trade Agreement](#), the Maku MoU was only finalized a decade later, in January 2024, [during Raisi's visit to Ankara](#)—one of ten agreements signed on that occasion. In principle, a functioning cross-border free zone would boost bilateral connectivity and position both countries along the China–Europe transit corridor. In practice, progress has been so incremental as to resemble a declaration of intent rather than an actionable programme: Iranian officials themselves [have acknowledged the slow pace](#), urging their own stakeholders to accelerate implementation. The project exemplifies a broader pattern: genuine economic complementarity that cannot be realised under the weight of prevailing global and regional constraints. These constraints have now been intensified immensely by the war, and will remain so during any immediate ceasefire period.

Connectivity corridor competition represents the third stress test for the geoeconomics of the Turkey–Iran rivalry. Whether it will be a zero-sum game will depend on how well the rivalry is managed, and whether there is stability in the Middle East and South Caucasus. Turkey is pursuing multiple routes to position itself as a transit hub: the Development Road Project linking Basra to Europe via Turkey, the Middle Corridor across the Caspian, which is attracting growing but still modest EU investment, and the US-backed TRIPP route through Armenia. Iran, for its part, is anchoring its connectivity ambitions in the [International North–South Transport Corridor \(INSTC\)](#)—a 7,200-kilometre route that is approximately 75 % complete and saw freight volumes rise 19 % in 2024. However, the constant postponement of the completion of the Rasht–Astara railway segment has [led China to route shipments via the Trans-Caspian instead](#). Tehran is also pursuing the [Shalamcheh–Basra railway link to Iraq](#). In addition, in the wake of the June 2025 war, an Iranian company has [proposed a full share acquisition of the Russian Astrakhan port](#) to secure its northern corridor access. Notably, both countries find themselves excluded from the India–Middle East–Europe Economic Corridor (IMEC), which was stalled by the Gaza war and the June 2025 Israel–Iran conflict, but has shown [signs of revival](#) following the Trump–Modi announcement in February 2025 and the EU–India FTA agreed in January 2026. [Iran's Chamber of Commerce has publicly acknowledged](#) that the country has been "practically ignored" in major connectivity initiatives in recognition of the fact that sanctions and geopolitical isolation are eroding Iran's transit relevance with regards to new infrastructural investment. Turkey's corridor portfolio is broader and has attracted more international backing, but its constituent corridors each face significant implementation risks, ranging from Iraqi political fragmentation to unresolved regional conflicts. Crucially, the two countries' networks are not inherently incompatible: both share an interest in border infrastructure that could complement rather than undercut their respective corridor strategies, provided the political will exists to coordinate rather than compete.

The war on Iran, and Iran using the Strait of Hormoz as leverage in its retaliation against US and Israel attacks, has only increased the importance of the issue of corridors for Turkey, Iran and the regional and global economy. Turkey's proposed corridors—the Development Road and Middle Corridor—have gained traction. Yet, if the war spills over to Iraq, and even to the Caspian Sea, no regional corridor is totally safe for trade transit. Additionally, the Development Road was going to be financed by Qatar and the UAE, two GCC countries which will need to rebuild their own infrastructure and revitalize their economies, both of which have been severely damaged in the war. So, while in principle all of Turkey's alternative corridors have gained in prominence, their financing will need to be rethought. Multilateral Development Banks such as AIIB and EBRD constitute a large financial pool of institutions capable of doing so, but hostilities would need to end for them to invest.

Maximum Pressure and an Increasingly Fluid Region

The third dimension of Turkey–Iran relations is the consistent influence of global-level developments on bilateral economic and political relations and on managed rivalry dynamics in the region. Such developments, including the recent Iran war, increase and intensify the rivalry. Some argue that nature of the change at other levels has augmented this influence: what was once a largely compartmentalized rivalry, in which competition in one arena did not necessarily spill over into another, has transformed into a multilayered and interconnected contest spanning the Middle East and the South Caucasus (Azizi 2025). In the 2020s, global- and regional-level developments interacted in such a way as to intensify the rivalry.

Globally

At the global level, as we witnessed with Iran’s recent firing of missiles at Turkey, Turkey’s anchors in NATO and its bilateral relations with the US are the primary frame within which Turkey and Iran managed their relationship. These anchors translate to Turkey [complying with the sanctions regime](#) enforced by EU, and most notably US, actors in peace time. Turkey does so with some frictions. The maximum pressure campaigns of the first and second term Trump administrations, and increased military pressure in 2025 and early 2026, highlight this issue further. NATO air defence systems dealt with the missiles that Turkey declared to have come from Iran’s territory but Iran denied firing, arguing that this was provocation by third parties. Turkey and Iran managed this military tension in a manner consistent with the managed rivalry approach, but it was a test that will weigh on the future of their relationship.

Russia’s preoccupation with its war against Ukraine and withdrawal from Syria is another global-level development that has affected Turkey–Iran relations. Iran’s Shahed drones were used by Russia in the Ukraine conflict, while Turkey supplied military assistance to Ukraine, creating a proxy military tension. Ukraine’s new military deals with GCC countries to counter Iran’s attacks highlight the regionalization of this global tension.

Turkey’s compliance with the Western sanctions has had a direct and measurable impact on bilateral Iran-Turkey economic relations. [Sen provides a detailed account](#) of how successive rounds of sanctions have constrained mutual investment and trade, narrowing the scope of bilateral commerce to a handful of exempted sectors such as food, agricultural products, and medical supplies. The 2018 US withdrawal from the JCPOA triggered a sharp contraction in Turkey–Iran trade, which fell by nearly half within a single year. The Halkbank prosecution further disciplined Turkish actors, with business associations explicitly committing to operating within the boundaries of international sanctions.

Turkey’s sanctions compliance is not a single isolated issue; rather, it is part of the two actors’ global positioning, whereby Turkey is still comfortable following US visions for the regions while simultaneously seeking to increase its strategic autonomy and revise the international order

through narratives such as “the world is bigger than five”. The main point of contention between Turkey and the US was the latter’s support in Syria for the SDF, [which Turkey viewed as a threat to its national security](#). This tension has mostly resolved in this new era, especially since the fall of Asad and in parallel with domestic processes including the domestic reset vis-à-vis the Kurdish issue. Turkey is also adamant about finding itself a place [in the Gulf-based regional order](#).

After some very turbulent years in its engagement with the Middle East regions, [Turkey has entered a phase of normalization](#) with Arab states in the region, most notably Saudi Arabia, the UAE and Egypt. This normalization period underlines the coming together of geopolitics and geoeconomics in Turkey’s statecraft vis-à-vis the region and the opportunities it creates. In the 2020s, [Turkey has also substantially increased its political, security and economic footprint in Iraq](#) through bilateral agreements and regular joint permanent committee meetings. In addition, 2025 saw [the signing of a water deal](#)—a crucial component in regional politics in an age of water scarcity. In 2024, the Development Road Project also made headway, with [Qatar and UAE also co-signing the project](#) together with Turkey and Iraq. Turkey also seems to be quelling most of its security concerns in Syria. The 29 January 2026 deal between Damascus and the SDF seems to be [a step in the right direction for Turkey](#) in terms of post-conflict settlements in Syria. Through these bilateral—and, in the case of the Development Road Project, quadrilateral—agreements, Turkey has developed a distinctive model of middle-power economic statecraft (whose features include the capacity to align state institutions, capital groups, and infrastructure investment toward strategic ends) which is most fully demonstrated in Turkey–Iraq relations. This statecraft facilitated Turkey’s deepening of relations with Saudi Arabia in particular, and also multilateral ventures such as the recent discussions on [Pakistan–Saudi Arabia–Turkey defence](#) cooperation.

In contrast to Turkey’s realignment with the US and normalization with the Arab states, Iran objects to the US presence in the region and has been a revisionist actor in terms of the international order. At the regional level, Iran had embarked on [a diplomatic and economic rapprochement](#) with Saudi Arabia and [the larger Gulf region](#). If the Gaza war had not brought this rapprochement to a halt, there could perhaps have been a deepening of relations, but any relational depth is now prevented by the larger existential threats confronting Iran. It can thus be seen that Turkey and Iran both attempted normalizations, but with diverging outcomes.

The 28 February US and Israeli attack on Iran and Iran’s retaliatory attacks on GCC countries, of which the heaviest hit was the UAE, changed the normalization dynamics between Iran and the Gulf countries, most notably the UAE and to some extent Saudi Arabia. Qatar and Oman are attempting a more neutral approach in the conflict. Turkey’s normalization path brought it ever closer to Saudi Arabia, as explained above, and the recent Iran war has intensified Iran and Turkey’s divergence vis-à-vis the Gulf countries. Turkey has participated in joint declarations and meetings in Saudi Arabia, with Minister of Foreign Affairs Hakan Fidan being vocal and active in regional de-escalation efforts. Here de-escalation is a large and ambiguous agenda item, as the post-conflict positions of various Gulf countries and Turkey vis-à-vis Iran will diverge.

Overall, the two countries' global and regional positioning are divergent and there are structural constraints imposed by the global level. Together, these two trends have served to intensify the managed rivalry, making its management more of a challenge.

Regional intensification of rivalry

The 2003 Iraq war and 2011 Arab Uprisings had the effect of [extending Iran's network in the region](#), especially in Iraq and Syria. This expansion increased the threat perception of Iran among policy makers in Turkey, and even more so in GCC countries such as Saudi Arabia. It also increased bilateral rivalry, as the two states positioned themselves on opposing sides in the Syrian civil war. The 2020s brought new regional challenges that intensified this rivalry. In that regard, what [Sen argues](#) with regard to the 2010s is equally valid for the 2020s: "The Turkish–Iranian rivalry intensified as states in their vicinity—Syria and Iraq—got weaker and more penetrable with institutional, political, and territorial fragmentation." In that regard, both the fall of Assad in 2024 in Syria, which bolstered Turkey's influence in Syrian affairs, and the current governmental transition in Iraq, which is to be finalized in 2026, are current developments that will test the delicate management of this rivalry. When Iran had to withdraw from Syria, it rendered its influence over Iraq even more crucial for its survival. Turkey's own dual-track relations with the KRG and Baghdad, along with Ankara's realignment with the US over Syria and Iraq, has been simultaneous with Iran weakening in Syria and attempting to retain its influence in Iraq. As a result, issues such as the future of the PMF in Iraq or the new Iraqi president cease to simply be Iraqi domestic issues and become issues of rivalry between Turkey and Iraq. This is especially true given increased US pressure to eliminate Maliki's presidential candidacy and Iranian elements from Iraq. That Turkey has sought to support the attempts to disarm PMF and establish communications with them are evidence both of that rivalry and of Turkey's managing of it.

However, Israel's increased military aggression in the region, including the unprecedented attack on Qatar, a US ally, in 2025 as well as the 2026 attack on Iran, is another regional-level development that has reshaped bilateral and regional affairs, leaving Iran weakened militarily, but perhaps emboldened strategically. While it has an immediate defence need against Iran, Israel's posturing in the region creates a need for balancing. Israel has emerged as a shared but asymmetric threat for Iran the most but also Turkey and even less so some Gulf countries such as Oman and Qatar. In that regard, Turkey has attempted to play a role it persistently pursues: that of a mediator between US and Iran in collaboration with Arab counterparts, especially Qatar, Oman and Saudi Arabia. Turkey explicitly opposed the US military action against Iran. In January 2026, when the widespread protests in Iran were being suppressed in a bloody military crackdown, [Fidan stated](#): "We are against a military intervention against Iran. Iran needs to solve its authentic internal problems on its own". Erdoğan was also vocal, calling Iranians their brothers: "By prioritizing dialogue and diplomacy, we believe our Iranian brothers will overcome this trap-filled period." Tensions with Israel also surfaced in statements over Turkey's positioning towards Iran: AKP spokesperson Çelik explicitly named Israel as instrumentalizing protests.

Following several bilateral meetings and consultations with the US, Turkey proposed Istanbul as the venue for US-Iran talks; however, the talks shifted to Oman at Iran's insistence. This insistence underlines the presence of rivalry and mistrust in bilateral relations, and both states' intolerance towards increased activism on the part of the other. In April 2026, the ceasefire negotiations were mediated by Pakistan; although they were supported by Turkey, it is another instance of the limits of the managed rivalry approach.

The bilateral meetings between Iran and Turkey through January 2026 were presented by Turkey as [an attempt to prevent regional destabilization](#). War on Turkey's eastern border may trigger refugee flows; the collapse of the Iranian state would create a vacuum with consequences far worse than managed rivalry. By attempting to mediate, Turkey has increased its geopolitical capital as a mediator and is potentially protecting its economic interests (gas contract, trade, exposure to secondary sanctions) in the near future, should the tensions ease. The January 2026 negotiations and March 2026 de-escalation diplomacy were the diplomatic track of Turkey's revised statecraft towards the Middle East and were in alignment with the managed rivalry approach. Turkey did gain from the normalization with the region achieved by its economic and diplomatic statecraft over the last five years. However, a prolonged and broad US attack on Iran jeopardizes bilateral relations and border security, and affects those achievements in the region negatively. Turkey's approach to the region hinges on a relative absence of conflict and on the security of larger borders, infrastructure, trade routes and investment platforms. A region that is continuously being intervened in militarily by great powers and having to allocate funds to reconstruction is not conducive to such statecraft. The war rendered the delicate balance that Turkey needs to perform between the US, the Gulf countries and Iran even more difficult, but not impossible.

Conclusion: Turkey's Statecraft

Turkey-Iran relations, despite several achievements in the 21st century, have exposed the *limits* of Turkey's revised statecraft towards, and engagements with, the Middle East. The geoeconomic tools that Turkey deploys effectively in Iraq, but also with Qatar and Saudi Arabia (trade-led investment penetration, construction sector expansion, corridor development, defence sector deals, institutional committee structures) are structurally constrained in the Iranian case. The constraints do not originate primarily at the bilateral level, where more potential for economic complementarity exists and the Turkish side has shown itself willing; rather, the constraints mostly originate from the global and regional levels. At the global level, the limitations stem from a multilayered sanctions architecture including US and EU sanctions, as well as from the military conflict itself. As of January 2026, [the already slow trade trend was slowing down](#) due to Trump administration policies. "Trade with Iran has become extremely difficult due to intensifying US pressure and the ongoing protests," [a member of the Turkish Exporters Assembly \(TİM\) stated during the January protests in 2026](#).

At the regional level the factors range from corridor competition in the South Caucasus, which is now facing the potential threat of Iranian attacks; proxy conflicts in the Middle East; Israel's disruptive role in the region; Iraq's domestic political and military tensions in the wake of national elections in 2025; and Syria's contested reconstruction. These limitations constrain the 'management' of Turkish–Iranian rivalry and stress the rivalry aspect between two actors in the Middle East and South Caucasus.

Turkey's economic statecraft over the last couple of years vis-à-vis the Middle East underline the benefits of merging economic statecraft with military posturing. However, Turkey's economic statecraft toward Iran also increased the nations' geopolitical rivalry, revealing the conditions under which middle-power geoeconomic tools hit a ceiling. Turkey–Iran relations demonstrate that middle-power economic statecraft operates *within* not outside the structures set by global politics and regional security dynamics. The 2026 war only highlighted this ceiling further. US pressure on Iraq to reduce its dependence on Iran *may open space* for Turkey, while US pressure on Iran itself *threatens* Turkey's interests. The same power, the US, has opposing effect on Turkey's relations with its neighbours. This structural ceiling on Turkey's statecraft stemming from the US and Israel's position on the Middle East also underline Turkey's reliance on regional stability, which it needs if it is to perform as a trading, connecting, constructing middle power at bilateral and regional levels. Returning to the broader discussion on the changing international order, in which middle powers are expected to play an enlarged role, Turkey–Iran relations illustrate the limits of middle-power statecraft in fostering interdependence and stability. Both the military action launched against Iran by Israel's Netanyahu government and the Trump administration, and the mobilisation of Turkey and Gulf states to avert and then end it, expose new potentials and constraints in middle-power activism—Turkey's, but also that of other [aspiring regional middle powers](#), such as Saudi Arabia.