

November 2011

November 1-7, 2011

CONTENTS:

- Barzani begins talks on terror in Turkey
- Istanbul process launched for Afghanistan
- Turkey, north Cyprus sign new energy deal
- Clinton reveals reason behind Turkey's miracle
- Turkey to assume G20 presidency in 2015
- Çiçek announces constitutional commission's 15-point roadmap
- TUSIAD Highlights

Barzani begins talks on terror in Turkey

Massoud Barzani, the president of the Kurdistan Regional Government (KRG), visited Istanbul on November 4 as part of Turkey's diplomatic initiatives with international circles following the attack of the outlawed Kurdistan Workers' Party (PKK) in Çukurca on October 19 that killed 24 soldiers and wounded 18. The fight against the PKK, as well as opportunities to further develop relations with Iraq and the KRG, were high on the agenda of the meetings.

Different from their previous stance, Iraqi Kurdish officials showed strong support for Turkey against the PKK attacks as Turkey launched comprehensive ground and air operations in northern Iraq. Barzani said attacks by the terrorist group PKK would not contribute either to Turks or Kurds.

However, he did express opposition to any Turkish military raids against the PKK in his territory, suggesting such operations were likely to fail. "My own experience [with guerilla warfare] tells me that no matter how much might and technology you have, conducting raids [against guerillas] is very difficult. It is not a frontal war that we are fighting against an army, military barracks, camps or air force bases," Barzani said.

Barzani also stated that his duty to all concerned parties was to stop the war between the violence in Southeast Anatolia. He said Turkey had not yet asked him to take on a negotiator role with the PKK. "Whether Turkey makes that request or not, I see that as my responsibility to tell the PKK to stop the war. And I believe the moment that the PKK stops fighting, then there will be no reason for Turkey to continue with military operations. The first thing is to stop the war and then the dialogue will start about the next steps."

The outcome of the Syrian uprising will be felt across Kurdish-populated areas in the Middle East regardless of what ultimately transpires, Barzani added. "As far as we are concerned it is very important that there is a democratic system in Syria and rights of Kurdish people are recognized. Unfortunately neither the current government has done this, and we do not know if they will do it in the future." /Hurriyet Daily News/

MEMBER OF THE CONFEDERATION OF EUROPEAN BUSINESS (BUSINESSEUROPE)

Headquarters: Meşrutiyet Cad. No: 46 Tepebaşı 34420 İstanbul – Turkey

Ankara: Iran Cad. No: 39/4 Gaziosmanpaşa 06700 Ankara – Turkey

Brussels: 13, Avenue des Gaulois, 1040 Brussels – Belgium

Washington D.C.: 1250 24th Street, N.W., Suite Nr. 300, Washington D.C. 20037 - USA

Berlin: Märkisches Ufer, 28 Berlin 10179 Germany

Paris: 33, Rue de Galilée 75116 Paris – France

Beijing: Beijing Lufthansa Centre, Office C-319, Beijing 100025, P. R. China

Phone: +90 (212) 249 19 29 **Fax:** +90 (212) 249 13 50

Phone: +90 (312) 468 10 11 **Fax:** +90 (312) 428 86 76

Phone: +32 (2) 736 40 47 **Fax:** +32 (2) 736 3993

Phone: +1 (202) 776 77 70 **Fax:** +1 (202) 776 77 71

Phone: +49 (30) 288 786 300 **Fax:** +49(30) 288 786 399

Phone: +33 (1) 44 43 55 35 **Fax:** +33 (1) 44 43 55 46

Phone: +86 (10) 6462 2066 **Fax:** +86 (10) 6462 3206

www.tusiad.org

e-mail: tusiad@tusiad.org

e-mail: ankoffice@tusiad.org

e-mail: bxloffice@tusiad.org

e-mail: usoffice@tusiad.us

e-mail: berlinoffice@tusiad.org

e-mail: parisoffice@tusiad.org

e-mail: tusiad.china@euccc.com.cn

Istanbul process launched for Afghanistan

Fourteen countries involved in Afghanistan, including neighbors China, Pakistan and India, have agreed to an initiative called the "Istanbul process," which aims for regional security cooperation. Officials from countries involved will work on the measures in order to create joint regional projects and present the outcomes to the ministerial meeting of the initiative in Kabul next June.

Representatives from 20 countries and international organizations gathered in Istanbul on Tuesday aiming to chart the way ahead for Afghanistan. A US-led NATO mission to the country is scheduled to pull out all foreign combat troops by the end of 2014.

The bundle of issues Afghanistan is dealing with, including terrorism, extremism and human and drug smuggling, cannot be solved by a single country alone, Turkish President Abdullah Gül said. During the opening ceremony of the conference, Afghan President Hamid Karzai expressed that "To realize the potentials of regional economic cooperation that is so crucial for the future, the region must come together in cooperation and solidarity to a degree that is not yet achieved. Today in Istanbul we are coming together to subscribe to a new vision of regional cooperation."

The full document for the "Istanbul Process on Regional Security and Cooperation for a Secure and Stable Afghanistan" may be found [here](#). /Hurriyet Daily News/

Turkey, north Cyprus sign new energy deal

The Turkish Petroleum Corporation (TPAO) signed an oil field services and production agreement with the Turkish Cypriot Economy and Energy Ministry in Nicosia on Tuesday. The agreement gives permission to the TPAO to conduct exploration, drill oil wells and run a drilling platform on northern Cypriot soil.

Turkish Energy Minister Taner Yıldız met Turkish Cypriot Prime Minister İrsen Küçük in Nicosia on Tuesday as part of talks in northern Cyprus. Yıldız said it was essential that any resources of oil or natural gas should be shared fairly if such resources were ever found around Cyprus.

Meanwhile, the Piri Reis, a Turkish seismic research vessel, concluded its seismic research in the eastern Mediterranean yesterday. The ship had set sail from İzmir's Urla Port on September 23 for the eastern Mediterranean to conduct geophysical research and collect seismic data on behalf of Turkish Cyprus. /Hurriyet Daily News/

Clinton reveals reason behind Turkey's miracle

Hillary Clinton, speaking to the American-Turkish Council in Washington, DC, said the "Turkish miracle" had seen that country's economy triple in size over the last decade as reforms opened up both the political and economic sectors to new competition. "Turkey's ability to realize its full potential depends upon its resolve to strengthen democracy at home and promote peace in the neighborhood," she added.

The United States and Turkey have seen trade and diplomatic ties expand as NATO-member Turkey assumes a more prominent regional role. Turkish Prime Minister Tayyip

MEMBER OF THE CONFEDERATION OF EUROPEAN BUSINESS (BUSINESSEUROPE)

TUSIAD Selected News on Turkey

Washington

Erdoğan's government played an important role in the NATO-led alliance that helped Libyan rebels topple longtime leader Muammar Gaddafi, and has been an outspoken critic of President Bashar al-Assad's bloody crackdown on protests in neighboring Syria. In addition, Ankara agreed in September to host an early-warning radar system to help spot missile threats coming from outside Europe, including from Iran.

Clinton said Turkey's new power provided it with an opportunity to demonstrate "responsible leadership" and urged Ankara to work with Israel to overcome differences over Israel's Palestinian policies and its killing last year of nine Turks aboard a Gaza-bound activist ship.

Clinton underscored US support for United Nations mediation efforts in Cyprus and stated "While we recognize the right of the Republic of Cyprus to explore for natural resources in its Exclusive Economic Zone, including with the assistance of US firm Noble Energy, we look forward to both sides benefiting from shared resources in the context of an overall agreement."

Finally, Clinton stressed that Washington would continue to back Ankara in its fight against the PKK, and that the United States hoped Turkey would one day achieve its long-deferred goal of joining the European Union.

"Reducing tensions with neighbors and increasing stability in the neighborhood is a recipe for expanded growth and influence," Clinton said. "Turkey's leaders understand this. But it will take bold choices and strong political will to leave the past behind and embrace the future Turkey deserves." /Sabah/

Turkey to assume G20 presidency in 2015

Turkey will assume the G20 presidency following the Australian term in 2014, and 2012 and 2013 terms will be assumed by Mexico and Russia, respectively. Rotation of the G20 presidency will change after 2015 as the president will be elected from among a regional group of countries. Asia Group, consisting of China, Indonesia, Japan, and South Korea, will be the first group to elect the G20 president.

During the G20 Summit held in Cannes, France, last week, Turkish Prime Minister Erdoğan delivered a speech at a session over energy, environment and agriculture, stating "Fluctuations in food prices constitute a major obstacle before production and efficiency increase in the agricultural sector. To prevent those fluctuations we need to take urgent steps that include effective mechanisms for crisis management and agricultural policies that avoid protectionism." He reiterated that fluctuations in prices of goods had negative effects on food safety, inflation, current account deficit and growth, adding that Turkey attached great importance to the prevention of this. "Together with France, we hosted in Istanbul an international conference on preventing fluctuations in the prices of goods and discussed at length the development of markets, reasons of fluctuations, regulation and supervision of derivative markets," he pointed out.

Erdoğan also attended a session titled "financial sector regulations," during which he said that the recent global economic crisis showed that macro-prudential arrangements were indispensable for financial stability and that Turkey had proactively implemented macro-prudential arrangements with monetary and fiscal policies, stating that it yielded

MEMBER OF THE CONFEDERATION OF EUROPEAN BUSINESS (BUSINESSEUROPE)

Headquarters: Meşrutiyet Cad. No: 46 Tepebaşı 34420 İstanbul – Turkey
Ankara: Iran Cad. No: 39/4 Gaziosmanpaşa 06700 Ankara – Turkey
Brussels: 13, Avenue des Gaulois, 1040 Brussels – Belgium
Washington D.C.: 1250 24th Street, N.W., Suite Nr. 300, Washington D.C. 20037 - USA
Berlin: Märkisches Ufer, 28 Berlin 10179 Germany
Paris: 33, Rue de Galilée 75116 Paris – France
Beijing: Beijing Lufthansa Centre, Office C-319, Beijing 100025, P. R. China

Phone: +90 (212) 249 19 29 **Fax:** +90 (212) 249 13 50
Phone: +90 (312) 468 10 11 **Fax:** +90 (312) 428 86 76
Phone: +32 (2) 736 40 47 **Fax:** +32 (2) 736 3993
Phone: +1 (202) 776 77 70 **Fax:** +1 (202) 776 77 71
Phone: +49 (30) 288 786 300 **Fax:** +49(30) 288 786 399
Phone: +33 (1) 44 43 55 35 **Fax:** +33 (1) 44 43 55 46
Phone: +86 (10) 6462 2066 **Fax:** +86 (10) 6462 3206
www.tusiad.org

e-mail: tusiad@tusiad.org
e-mail: ankoffice@tusiad.org
e-mail: bxloffice@tusiad.org
e-mail: usoffice@tusiad.us
e-mail: berlinoffice@tusiad.org
e-mail: parisoffice@tusiad.org
e-mail: tusiad.china@euccc.com.cn

TUSIAD Selected News on Turkey

Washington

successful results. /Anadolu Agency/

Çiçek announces constitutional commission's 15-point roadmap

Parliament's Constitutional Reconciliation Commission, which has been assigned the task of drafting the text of a new constitution for Turkey, has shared with the public a 15-point plan on the principles to be followed while conducting its work. Parliament Speaker Cemil Çiçek introduced the roadmap according to which the Commission will form three technical delegations of five persons each by November 15.

Çiçek said that the three delegations will coordinate the process of collecting views and suggestions from groups outside Parliament. "The first delegation will be in contact with political parties and constitutional agencies, the second with professional unions, the third with civil society groups, associations, foundations and representatives of religious and minority communities." He said the planned deadline for collecting, sorting and reviewing suggestions was scheduled for the end of next April but urged any contributors to send in their suggestions by the end of this year.

Three subcommittees with a deputy from each political party will evaluate the suggestions after their assessment by the technical delegations.

During a press conference, Çiçek reiterated the need for a new constitution, saying that the current constitution has been changed 17 times with 113 articles amended during these changes. "Despite all these changes, the 1982 Constitution has failed to outgrow the shadows of military custodianship cast around it and its image as a coup constitution, and it has never been approved by the people." Çiçek said Parliament wanted to draft a new constitution focused on the individual, one that is pro-freedoms and for a pluralist democracy and human rights. He noted that world examples showed that drafting a new constitution is a difficult process, often fraught with problems, but the process was not to be about imposing one's opinions on others, but about creating a social contract through consensus and reconciliation. /Today's Zaman/

TUSIAD Highlights

TUSIAD, as the institutional representative of Turkish business community, attended the B20 Summit, the business leg of G20, on November 2-3.

On November 3, TUSIAD President Mrs. Ümit Boyner chaired the "Global Governance" working group roundtable meeting. In addition, Mrs. Boyner also attended the meeting that the French President Mr. Nicolas Sarkozy hosted for the chairpersons of the B20 working groups before the summit.

For more information on G20 and B20, please click [here](#) (Turkish).

MEMBER OF THE CONFEDERATION OF EUROPEAN BUSINESS (BUSINESSEUROPE)

Headquarters: Meşrutiyet Cad. No: 46 Tepebaşı 34420 İstanbul – Turkey
Ankara: Iran Cad. No: 39/4 Gaziosmanpaşa 06700 Ankara – Turkey
Brussels: 13, Avenue des Gaulois, 1040 Brussels – Belgium
Washington D.C.: 1250 24th Street, N.W., Suite Nr. 300, Washington D.C. 20037 - USA
Berlin: Märkisches Ufer, 28 Berlin 10179 Germany
Paris: 33, Rue de Galilée 75116 Paris – France
Beijing: Beijing Lufthansa Centre, Office C-319, Beijing 100025, P. R. China

Phone: +90 (212) 249 19 29 **Fax:** +90 (212) 249 13 50
Phone: +90 (312) 468 10 11 **Fax:** +90 (312) 428 86 76
Phone: +32 (2) 736 40 47 **Fax:** +32 (2) 736 3993
Phone: +1 (202) 776 77 70 **Fax:** +1 (202) 776 77 71
Phone: +49 (30) 288 786 300 **Fax:** +49(30) 288 786 399
Phone: +33 (1) 44 43 55 35 **Fax:** +33 (1) 44 43 55 46
Phone: +86 (10) 6462 2066 **Fax:** +86 (10) 6462 3206
www.tusiad.org

e-mail: tusiad@tusiad.org
e-mail: ankoffice@tusiad.org
e-mail: bxloffice@tusiad.org
e-mail: usoffice@tusiad.us
e-mail: berlinoffice@tusiad.org
e-mail: parisoffice@tusiad.org
e-mail: tusiad.china@euccc.com.cn

TUSIAD Selected News on Turkey

Washington

November 8-14, 2011

CONTENTS:

- Turkey calls for unity against Syrian regime
- US Senator: Iraq pullout risks Turkey
- US Congress approves gunship sale to Turkey
- Turkey dives into Balkan diplomacy amid violence
- Year-end current account deficit up

Turkey calls for unity against Syrian regime

Following the suspension of Syria's membership in the Arab League, thousands of Assad supporters attacked embassies, targeting Turkey, France, Qatar and Saudi Arabia. In addition to the Turkish Embassy in Damascus, the Turkish Consulate in Aleppo and the honorary consulate in Latakia were also targeted. The street violence against foreign diplomatic presence triggered strong condemnation as the regime of President Bashar al-Assad becomes increasingly isolated.

Ankara strongly protested Syria on Saturday as it evacuated 68 people, the families of its diplomatic staff in Syria, but is keeping Ambassador Ömer Önhon and other diplomats in the country for the time being. Turkey used the same method when the Libyan crisis escalated, gradually completing the evacuation of Turkish citizens from the North African country.

In a surprise development, Turkish Foreign Minister Ahmet Davutoğlu was to meet with Syrian opposition leaders in Ankara yesterday evening. /Hurriyet Daily News/

US Senator: Iraq pullout risks Turkey

The withdrawal of US troops from Iraq by the end of the year will increase the security threats to Turkey while also allowing Iran to gain more influence in the region according to US Senator John McCain. McCain criticized the Barack Obama administration for not agreeing on a deal to keep US troops in Iraq beyond 2011.

Obama announced last month that the remaining 40,000 US troops in Iraq would leave by the end of the year after negotiations with Baghdad on retaining some US soldiers in the country collapsed over the question of legal immunity for American troops. McCain issued a warning about the Iraqi government's lack of capacity. "If you think that the Iraqi government does not have the required capacity for...intelligence sharing while the tension is high in some cities like Kirkuk, the withdrawal of US troops will produce a greater security risk for Turkey," he said.

McCain also said Iran was supporting the outlawed Kurdistan Workers' Party (PKK) "to disturb the balances of the Kurdish-populated regions in Turkey and other countries." Commenting on recent PKK attacks against Turkish troops, McCain said Masoud Barzani, the head of the Kurdistan Regional Government (KRG) in northern Iraq, should cooperate with Turkey to eliminate the PKK. "The PKK is a problem for both Turkey and [the KRG] which can be handled. However, there is no doubt that there is a great role for Turkey in the region, especially in a decade that the Arab Spring will direct countries

MEMBER OF THE CONFEDERATION OF EUROPEAN BUSINESS (BUSINESSEUROPE)

Headquarters: Meşrutiyet Cad. No: 46 Tepebaşı 34420 İstanbul – Turkey
Ankara: Iran Cad. No: 39/4 Gaziosmanpaşa 06700 Ankara – Turkey
Brussels: 13, Avenue des Gaulois, 1040 Brussels – Belgium
Washington D.C.: 1250 24th Street, N.W., Suite Nr. 300, Washington D.C. 20037 - USA
Berlin: Märkisches Ufer, 28 Berlin 10179 Germany
Paris: 33, Rue de Galilée 75116 Paris – France
Beijing: Beijing Lufthansa Centre, Office C-319, Beijing 100025, P. R. China

Phone: +90 (212) 249 19 29 **Fax:** +90 (212) 249 13 50
Phone: +90 (312) 468 10 11 **Fax:** +90 (312) 428 86 76
Phone: +32 (2) 736 40 47 **Fax:** +32 (2) 736 3993
Phone: +1 (202) 776 77 70 **Fax:** +1 (202) 776 77 71
Phone: +49 (30) 288 786 300 **Fax:** +49(30) 288 786 399
Phone: +33 (1) 44 43 55 35 **Fax:** +33 (1) 44 43 55 46
Phone: +86 (10) 6462 2066 **Fax:** +86 (10) 6462 3206
www.tusiad.org

e-mail: tusiad@tusiad.org
e-mail: ankoffice@tusiad.org
e-mail: bxloffice@tusiad.org
e-mail: usoffice@tusiad.us
e-mail: berlinoffice@tusiad.org
e-mail: parisoffice@tusiad.org
e-mail: tusiad.china@euccc.com.cn

to democracy or to radical Islam," McCain said. "Everyone I speak to talks about the 'Turkish model.' They want the Turkish model, and Turkey can secure a vital role in which it has not only political influence, but also economic influence."

Finally, the senator praised Turkey's approach toward Syria. "I would like to convey my gratitude to the Turkish leadership on the Syria issue due to the government's effort to build a refugee camp," he said. Sounding a note of warning to President Bashar al-Assad in regards to continued bloodshed in the nation, McCain said, "Look at what happened to [Libyan leader Col. Moammar] Gadhafi when he rejected the Arab League." /Hurriyet Daily News/

US Congress approves gunship sale to Turkey

US Congress formally approved the sale to the Turkish Army of three US-made AH-1W attack helicopters from the US Marine Corps inventory. The Defense Security Cooperation Agency (DSCA) had notified Congress on October 28 of its intention to sell three AH-1W Super Cobra gunships, made by the US Bell Helicopter Textron, to Turkey, whose Army uses these gunships effectively against the outlawed Kurdistan Workers' Party (PKK), which has been waging a violent campaign in the country's southeast.

The deal is worth \$111 million and three helicopters are expected to be sent to Turkey in the next few months and be ready for combat before the summer, when the PKK usually launches its attacks. Turkey had acquired 10 such helicopters in the 1990s, but only six remain operational. The arms deal was prompted by Ankara's decision last month to host an X-band radar on its soil as part of a planned NATO shield system to counter potential ballistic missile attacks from rogue states.

Toward the end of next year, Italy's AgustaWestland, which has a multibillion-dollar contract for joint production of 50 T-129 attack helicopters with Turkish Aerospace Industries, is expected to begin deliveries to the Turkish Army.

In addition, Ankara has claimed it will have sole responsibility for the routes and missions of four US Predator drones deployed to an air base in southeastern Turkey last month to help with efforts to track down and gather intelligence on Kurdistan Workers' Party (PKK) terrorists. The drones in Turkey will be operational after those in Iraq take off for their last mission on November 22. Foreign Minister Ahmet Davutoğlu confirmed that two of the Predators were already based at Incirlik Air Base in Adana and would be taking up surveillance in a timely manner so as not to leave any gaps after US forces leave Iraq. "The data provided by those predators will be shared in real time by a unit in Turkey and the routes for the Predators will be determined solely by the Turkish Armed Forces [TSK] and our military officials," Davutoğlu said, brushing off speculation that the US might remain in charge of the drones' operations after they are based in Turkey. The foreign minister clarified it was Turkey that requested the continuation of drone surveillance after the US pullout as the country has greatly benefited from data obtained by the unmanned aerial vehicles in its fight against the PKK. /Hurriyet Daily News & Turkish Press Review/

MEMBER OF THE CONFEDERATION OF EUROPEAN BUSINESS (BUSINESSEUROPE)

Headquarters: Meşrutiyet Cad. No: 46 Tepebaşı 34420 İstanbul – Turkey
Ankara: Iran Cad. No: 39/4 Gaziosmanpaşa 06700 Ankara – Turkey
Brussels: 13, Avenue des Gaulois, 1040 Brussels – Belgium
Washington D.C.: 1250 24th Street, N.W., Suite Nr. 300, Washington D.C. 20037 - USA
Berlin: Märkisches Ufer, 28 Berlin 10179 Germany
Paris: 33, Rue de Galilée 75116 Paris – France
Beijing: Beijing Lufthansa Centre, Office C-319, Beijing 100025, P. R. China

Phone: +90 (212) 249 19 29 **Fax:** +90 (212) 249 13 50
Phone: +90 (312) 468 10 11 **Fax:** +90 (312) 428 86 76
Phone: +32 (2) 736 40 47 **Fax:** +32 (2) 736 3993
Phone: +1 (202) 776 77 70 **Fax:** +1 (202) 776 77 71
Phone: +49 (30) 288 786 300 **Fax:** +49(30) 288 786 399
Phone: +33 (1) 44 43 55 35 **Fax:** +33 (1) 44 43 55 46
Phone: +86 (10) 6462 2066 **Fax:** +86 (10) 6462 3206
www.tusiad.org

e-mail: tusiad@tusiad.org
e-mail: ankoffice@tusiad.org
e-mail: bxloffice@tusiad.org
e-mail: usoffice@tusiad.us
e-mail: berlinoffice@tusiad.org
e-mail: parisoffice@tusiad.org
e-mail: tusiad.china@euccc.com.cn

Turkey dives into Balkan diplomacy amid violence

A silent and meticulous diplomacy between Turkey and Serbia is nearing an end to produce a blueprint for unifying divided Muslims living mainly in the Sandzak region of Serbia. The diplomacy is aimed at preventing Muslims from potential separation from the mainland, with provisions that they will have special connections with Bosnia and Herzegovina and Turkey.

Under the shadow of the ongoing Kosovo quagmire, potential problems erupting from Sandzak, which affect both internal stability of Serbia and the already fragile ties with neighboring Bosnia, has not received much international attention. However, Sandzak's being composed of more than 60 percent by Muslim Bosniaks with some minor fundamentalist groups under the influence of Wahhabism is seen as a potential headache for the Serbia as these groups are more loudly voicing their demands of special autonomy or even of subordination to Bosnia.

The following are elements of a possible deal between Serbia and its Muslim communities: The division among the Muslim groups will be ended by the establishment of the Islamic Communities Union of Serbia, which will introduce a sustainable organization. Serbia will take steps to meet Muslim communities' regional, societal and political needs. The state will not interfere in the Muslims' practices of their religion. In this respect, Serbia will meet Muslim communities' need of worship through building mosques and will take steps to increase the living standards of this region, which is reported to be the least developed part of the country. In addition, the deal will also envisage a special connection between Serbian Muslims with Bosnia and Turkey due to their historical, religious and sociological ties.

Given Serbia's thorough negotiations with the European Union to join the EU in return for launching political dialogue with Kosovo, Turkish diplomats believed it was the right moment for advancing a solution on Sandzak. "The EU process is very important for Serbia to keep on the track. A positive sign from the EU can change many things," Turkish diplomats have said. /Hurriyet Daily News/

Year-end current account deficit up

The Central Bank of Turkey projected on Friday that the year-end current account deficit would be around 73.6 billion USD, up from the projected 72.6 billion USD at the second term survey in October. The year-end inflation expectation rose to 9.08 percent from 8.01 percent, year-end annual gross domestic product rose to 6.8 percent from 6.7 percent. Also, the bank projected the year-end USD currency around 1.79 Turkish liras (TL).

In addition, Turkey's statistical authority, TurkStat, released industrial production figures for September. Industrial production index increased 12 percent in September 2011 compared to the same month of 2010. TurkStat announced that in the subsectors, mining sector rose 2.2 percent, manufacturing sector index increased 12.8 percent, electricity, gas, steam and air conditioning supply index was up by 9.9 percent in September 2011 when compared to the same month of 2010. Calendar adjusted production index in the mentioned month increased 6 percent, and seasonal calendar

MEMBER OF THE CONFEDERATION OF EUROPEAN BUSINESS (BUSINESSEUROPE)

Headquarters: Meşrutiyet Cad. No: 46 Tepebaşı 34420 İstanbul – Turkey
Ankara: Iran Cad. No: 39/4 Gaziosmanpaşa 06700 Ankara – Turkey
Brussels: 13, Avenue des Gaulois, 1040 Brussels – Belgium
Washington D.C.: 1250 24th Street, N.W., Suite Nr. 300, Washington D.C. 20037 - USA
Berlin: Märkisches Ufer, 28 Berlin 10179 Germany
Paris: 33, Rue de Galilée 75116 Paris – France
Beijing: Beijing Lufthansa Centre, Office C-319, Beijing 100025, P. R. China

Phone: +90 (212) 249 19 29 **Fax:** +90 (212) 249 13 50
Phone: +90 (312) 468 10 11 **Fax:** +90 (312) 428 86 76
Phone: +32 (2) 736 40 47 **Fax:** +32 (2) 736 3993
Phone: +1 (202) 776 77 70 **Fax:** +1 (202) 776 77 71
Phone: +49 (30) 288 786 300 **Fax:** +49(30) 288 786 399
Phone: +33 (1) 44 43 55 35 **Fax:** +33 (1) 44 43 55 46
Phone: +86 (10) 6462 2066 **Fax:** +86 (10) 6462 3206
www.tusiad.org

e-mail: tusiad@tusiad.org
e-mail: ankoffice@tusiad.org
e-mail: bxloffice@tusiad.org
e-mail: usoffice@tusiad.us
e-mail: berlinoffice@tusiad.org
e-mail: parisoffice@tusiad.org
e-mail: tusiad.china@euccc.com.cn

TUSIAD Selected News on Turkey

Washington

adjusted industrial production index rose 1.5 percent in September when compared to August. /Anadolu Agency/

November 15-21, 2011

CONTENTS:

- Ankara sharpens warnings to Syria
- Turkey to sign deal with Shell for gas exploration in Eastern Mediterranean
- France offers to host Turkish-Armenian history meeting
- Ankara, London to sign military accord
- Capital fleeing Europe doubles FDI in Turkey at \$10.9 bln in 9 months

Ankara sharpens warnings to Syria

Turkey warned last week it might cut electricity sales to Syria as top leaders escalated criticism of Damascus after attacks on Turkish diplomatic missions, calling for the punishment of the perpetrators in addition to a formal apology.

Energy Minister Taner Yıldız said that the Turkish Petroleum Corporation (TPAO) has already suspended joint work with its Syrian counterpart at six wells in Syria. He stressed that cutting the flow of water to Syria was out of the question in line with Foreign Minister Ahmet Davutoğlu's statement that sanctions would not affect the Syrian people negatively,

In a harshly worded address to one-time friend Bashar al-Assad, Prime Minister Recep Tayyip Erdoğan said the Syrian president had lost all his credibility and should be careful "to avoid stepping onto the road of no return," condemning the attacks on Turkish diplomatic missions over the weekend and asked for an apology and called for the Syrian administration to find those who are responsible.

President Abdullah Gül voiced disappointment that Damascus failed to choose the path of reform despite the fact that "Turkey's biggest foreign policy investment in recent years was made to Syria" in the hope of encouraging democratic change.

Later in the week, President Gül expressed that Turkey does not favor foreign military intervention in Syria to end the ongoing crackdown in the neighboring country, indicating that a solution to the current stalemate should be found within Syria.

When asked whether he fears a civil war in Syria, Gül said, "Yes." "People do not want to live under authoritarian regimes but people—involuntarily—preferred authoritarian regimes if they thought chaos, civil war and instability would result in the event of a [regime] change. That is why this issue will be solved once the Syrian people believe there will be no chaos and feelings of revenge after change," he added.

Turkey, once a close ally of the Syrian president, has gradually toughened its criticism of the Syrian regime for its brutal crackdown on anti-regime protests. Turkish leaders have on many occasions called on Syrian leader Bashar al-Assad to end the crackdown and step down. /Hurriyet Daily News & Today's Zaman/

MEMBER OF THE CONFEDERATION OF EUROPEAN BUSINESS (BUSINESSEUROPE)

Headquarters: Meşrutiyet Cad. No: 46 Tepebaşı 34420 İstanbul – Turkey

Ankara: Iran Cad. No: 39/4 Gaziosmanpaşa 06700 Ankara – Turkey

Brussels: 13, Avenue des Gaulois, 1040 Brussels – Belgium

Washington D.C.: 1250 24th Street, N.W., Suite Nr. 300, Washington D.C. 20037 - USA

Berlin: Märkisches Ufer, 28 Berlin 10179 Germany

Paris: 33, Rue de Galilée 75116 Paris – France

Beijing: Beijing Lufthansa Centre, Office C-319, Beijing 100025, P. R. China

Phone: +90 (212) 249 19 29 **Fax:** +90 (212) 249 13 50

Phone: +90 (312) 468 10 11 **Fax:** +90 (312) 428 86 76

Phone: +32 (2) 736 40 47 **Fax:** +32 (2) 736 3993

Phone: +1 (202) 776 77 70 **Fax:** +1 (202) 776 77 71

Phone: +49 (30) 288 786 300 **Fax:** +49(30) 288 786 399

Phone: +33 (1) 44 43 55 35 **Fax:** +33 (1) 44 43 55 46

Phone: +86 (10) 6462 2066 **Fax:** +86 (10) 6462 3206

www.tusiad.org

e-mail: tusiad@tusiad.org

e-mail: ankoffice@tusiad.org

e-mail: bxloffice@tusiad.org

e-mail: usoffice@tusiad.us

e-mail: berlinoffice@tusiad.org

e-mail: parisoffice@tusiad.org

e-mail: tusiad.china@euccc.com.cn

Turkey to sign deal with Shell for gas exploration in Eastern Mediterranean

Turkey will sign an agreement with oil giant Shell for exploration of natural gas in the Eastern Mediterranean, Turkish Energy Minister Taner Yıldız said on Wednesday. The deal would pave the way for exploration of oil and natural gas both in Turkish territory and off Turkey's coasts.

Turkey's state oil company Turkish Petroleum Corporation (TPAO) and Shell have already agreed in principle to a deal and the agreement is expected to be signed by the end of this month. According to the report, Turkey will license Shell to dig for oil and gas in Turkey's exclusive economic zone in the Eastern Mediterranean, off the coast of the southern province of Antalya.

If the agreement is finalized as planned, Shell will undertake to finance the drill, which is expected to be at least \$300 million. It will bring a massive oil exploration platform to the Mediterranean and will share revenues from hydrocarbon finds with Turkey. TPAO has ascertained that there are potential oil and gas reserves in three areas in the Eastern Mediterranean. There was no information on the estimated market value of the estimated reserves. /Today's Zaman/

France offers to host Turkish-Armenian history meeting

France's foreign minister on Friday said that his country could host a Turkish-Armenian joint history commission meeting.

Alain Juppe defined the incidents of 1915 as a challenging issue and as troublesome for both Turkey and Armenia, at a joint press conference with Turkish Foreign Minister Ahmet Davutoğlu in Ankara. Juppe thought that significant progress could be made in a joint history meeting.

Davutoğlu said Turkey would welcome any initiative from France regarding establishment of a joint history commission between Turkey and Armenia, and hoped that it would contribute to Turkish-Armenian rapprochement and normalize relations. Davutoğlu also expressed however, Turkey was against laws and resolutions that would make its self-defense impossible, and noted that there was such a resolution at the French Senate today.

In 2005, Turkish Prime Minister Recep Tayyip Erdoğan had sent a letter to the then Armenian President Robert Kocharyan and proposed to establish a joint commission of historians to study the Ottoman-era incidents of 1915. /Hurriyet Daily News/

Ankara, London to sign military accord

Turkey and the UK are set to sign a military pact, President Abdullah Gül told reporters as he departed for an official visit to Britain. "The agreement on training in military, technical and scientific cooperation, along with a memorandum for cooperation in the defense industry will contribute to strengthening our cooperation with the UK," he said. "Our relations with the UK, our ally and strategic partner, are enjoying a golden age. Therefore, I will pay a historic visit to the UK, a country whose visible support for our negotiation process with the EU and our overlapping vision on international issues give

MEMBER OF THE CONFEDERATION OF EUROPEAN BUSINESS (BUSINESSEUROPE)

Headquarters: Meşrutiyet Cad. No: 46 Tepebaşı 34420 İstanbul – Turkey

Ankara: Iran Cad. No: 39/4 Gaziosmanpaşa 06700 Ankara – Turkey

Brussels: 13, Avenue des Gaulois, 1040 Brussels – Belgium

Washington D.C.: 1250 24th Street, N.W., Suite Nr. 300, Washington D.C. 20037 - USA

Berlin: Märkisches Ufer, 28 Berlin 10179 Germany

Paris: 33, Rue de Galilée 75116 Paris – France

Beijing: Beijing Lufthansa Centre, Office C-319, Beijing 100025, P. R. China

Phone: +90 (212) 249 19 29 **Fax:** +90 (212) 249 13 50

Phone: +90 (312) 468 10 11 **Fax:** +90 (312) 428 86 76

Phone: +32 (2) 736 40 47 **Fax:** +32 (2) 736 3993

Phone: +1 (202) 776 77 70 **Fax:** +1 (202) 776 77 71

Phone: +49 (30) 288 786 300 **Fax:** +49(30) 288 786 399

Phone: +33 (1) 44 43 55 35 **Fax:** +33 (1) 44 43 55 46

Phone: +86 (10) 6462 2066 **Fax:** +86 (10) 6462 3206

www.tusiad.org

e-mail: tusiad@tusiad.org

e-mail: ankoffice@tusiad.org

e-mail: bxloffice@tusiad.org

e-mail: usoffice@tusiad.us

e-mail: berlinoffice@tusiad.org

e-mail: parisoffice@tusiad.org

e-mail: tusiad.china@euccc.com.cn

weight to our relations," Gül added. He also expressed that in his discussions primarily issues regarding the EU and Cyprus would be discussed.

The second meeting of the Turkish-British CEO Forum will take place on November 23 in London and Gül will be the guest of honor. Participants will discuss opportunities for investments and cooperation. /Turkish Press Review & Hurriyet Daily News/

Capital fleeing Europe doubles FDI in Turkey at \$10.9 bln in 9 months

Turkey received \$10.9 billion in foreign direct investment (FDI) in the first nine months of this year, more than twice the amount for the same period a year ago, Economy Minister Zafer Çağlayan has said in a written statement on Tuesday, underlining that 87 percent of this amount has entered Turkey from financially troubled EU countries.

The most attractive sectors for foreigners to invest in were banking and insurance, with \$5.3 billion for the first nine months this year, Çağlayan said, adding that this also indicated how financially sound the Turkish economy's foundations are and how safe Turkey is seen to be by international investors.

According to the United Nations Conference on Trade and Development (UNCTAD), Turkey attracted \$9.1 billion in FDI in 2010 and became the 27th most appealing destination for investment around the world. Turkey ranked 30th in UNCTAD's list of the world's top FDI destinations in 2009, attracting \$8.5 billion in FDI. The country attracted the highest amount of FDI between 2006 and 2008, with an annual average of more than \$20 billion.

The rise in the amount of FDI the country receives each year is also good news as it enables Turkey to finance its widening current account deficit (CAD) with long-term rather than highly volatile short-term funds. Some still say that the widening CAD is a very serious problem for Turkey. According to most observers, however, this interpretation is disconnected from the facts. Turkey's CAD used to be because of its high public debt, but today it has such a gap mainly because of private, not public, indebtedness, and there is no apparent problem for private entities, including banks and other corporations, to pay their debts on time. /Today's Zaman/

November 22-28, 2011

CONTENTS:

- First official apology for killings in Dersim
- Turkey to declare its own sanctions on Syria
- Turkey would open ports to Greek Cyprus, no diplomatic strings
- France invites Turkey to EU meeting on Syria
- Iran threatens to hit Turkey if US, Israel attack
- Turkish, Georgian citizens to pass between countries passport-free

First official apology for killings in Dersim

Prime Minister Recep Tayyip Erdoğan apologized last Tuesday on behalf of the state for the Dersim (present-day Tunceli) killings in the late 1930s, marking the first time a

MEMBER OF THE CONFEDERATION OF EUROPEAN BUSINESS (BUSINESSEUROPE)

Headquarters: Meşrutiyet Cad. No: 46 Tepebaşı 34420 İstanbul – Turkey
Ankara: Iran Cad. No: 39/4 Gaziosmanpaşa 06700 Ankara – Turkey
Brussels: 13, Avenue des Gaulois, 1040 Brussels – Belgium
Washington D.C.: 1250 24th Street, N.W., Suite Nr. 300, Washington D.C. 20037 - USA
Berlin: Märkisches Ufer, 28 Berlin 10179 Germany
Paris: 33, Rue de Galilée 75116 Paris – France
Beijing: Beijing Lufthansa Centre, Office C-319, Beijing 100025, P. R. China

Phone: +90 (212) 249 19 29 **Fax:** +90 (212) 249 13 50
Phone: +90 (312) 468 10 11 **Fax:** +90 (312) 428 86 76
Phone: +32 (2) 736 40 47 **Fax:** +32 (2) 736 3993
Phone: +1 (202) 776 77 70 **Fax:** +1 (202) 776 77 71
Phone: +49 (30) 288 786 300 **Fax:** +49(30) 288 786 399
Phone: +33 (1) 44 43 55 35 **Fax:** +33 (1) 44 43 55 46
Phone: +86 (10) 6462 2066 **Fax:** +86 (10) 6462 3206
www.tusiad.org

e-mail: tusiad@tusiad.org
e-mail: ankoffice@tusiad.org
e-mail: bxloffice@tusiad.org
e-mail: usoffice@tusiad.us
e-mail: berlinoffice@tusiad.org
e-mail: parisoffice@tusiad.org
e-mail: tusiad.china@euccc.com.cn

TUSIAD Selected News on Turkey

Washington

representative of the Turkish Republic had ever apologized for the attacks.

He insisted that the Republican People's Party (CHP), which ruled Turkey under a single-party regime at the time, was responsible for the military operation in the rebellious Alevi-populated region and must apologize.

He referred to an official report that called for "definitive action against the dangerous boil" of Dersim a decade before the crackdown and to papers that put the death toll at 13,800 in the period from 1936 to 1939, in addition to at least as many people forcefully resettled.

The following day, CHP leader Kemal Kılıçdaroğlu, rebuked the Prime Minister charging that his apology on the issue was inadequate. "You need to follow up on your apology. There are the Dersim deportations. The archives pertaining to those deportations also need to be made public. You ought to return the lands of those deported families. We have no problems if you can do that," he said. "It does not suffice to apologize. None of the documents he disclosed are new. The book he disclosed is the same book I read in the 1970s. Apologizing is inadequate, you ought to open up the state's archives," Kılıçdaroğlu, who is from Tunceli, added. He said he had previously requested the documents Erdoğan presented while making his apology on November 23 but was denied permission. /Hurriyet Daily News/

Turkey to declare its own sanctions on Syria

Hours after the Arab League approved sanctions against its own member, the Turkish government met in a rush meeting in Ankara to finalize a draft of sanctions in what diplomats described as "parallel and complementary to those of the Arab League."

Cutting electricity sales to Syria, suspending all joint projects and investments, halting flights to and from Syria, freezing the assets of top Syrian officials in Turkey, halting ongoing financial cooperation with the Syrian Central Bank and other institutions and continuing a land and air blockade to stop arms transfer to Syria are among sanctions Turkey will implement against its southern neighbor. The specific measures are expected to be announced in the next few days by a government statement.

According to Turkish diplomatic sources, sanctions to be imposed on Syria were based on three main principles. The first principle is that sanctions would never include cutting the flow of water to Syria. Second, steps that would affect daily lives of Syrian citizens would be avoided as much as possible. And third, sanctions would not harm Turkish interests in Syria, especially in the fields of transportation and trade. /Hurriyet Daily News/

Turkey would open ports to Greek Cyprus, no diplomatic strings

Turkey offered to bow to EU demands and open its ports, airports and airspace to Greek Cyprus under what it called a "Taiwanese-style" diplomatic arrangement to help drive Cyprus reunification talks resuming today under UN pressure for a breakthrough.

The European Union, which Ankara seeks to join, demands Turkey end an embargo on Greek Cypriot traffic that damages Nicosia's economy. Turkey for its part says the EU

MEMBER OF THE CONFEDERATION OF EUROPEAN BUSINESS (BUSINESSEUROPE)

Headquarters: Meşrutiyet Cad. No: 46 Tepebaşı 34420 İstanbul – Turkey
Ankara: Iran Cad. No: 39/4 Gaziosmanpaşa 06700 Ankara – Turkey
Brussels: 13, Avenue des Gaulois, 1040 Brussels – Belgium
Washington D.C.: 1250 24th Street, N.W., Suite Nr. 300, Washington D.C. 20037 - USA
Berlin: Märkisches Ufer, 28 Berlin 10179 Germany
Paris: 33, Rue de Galilée 75116 Paris – France
Beijing: Beijing Lufthansa Centre, Office C-319, Beijing 100025, P. R. China

Phone: +90 (212) 249 19 29 **Fax:** +90 (212) 249 13 50
Phone: +90 (312) 468 10 11 **Fax:** +90 (312) 428 86 76
Phone: +32 (2) 736 40 47 **Fax:** +32 (2) 736 3993
Phone: +1 (202) 776 77 70 **Fax:** +1 (202) 776 77 71
Phone: +49 (30) 288 786 300 **Fax:** +49(30) 288 786 399
Phone: +33 (1) 44 43 55 35 **Fax:** +33 (1) 44 43 55 46
Phone: +86 (10) 6462 2066 **Fax:** +86 (10) 6462 3206
www.tusiad.org

e-mail: tusiad@tusiad.org
e-mail: ankoffice@tusiad.org
e-mail: bxloffice@tusiad.org
e-mail: usoffice@tusiad.us
e-mail: berlinoffice@tusiad.org
e-mail: parisoffice@tusiad.org
e-mail: tusiad.china@euccc.com.cn

should ease isolation of Turkish Cyprus, something Greek Cypriots reject as implicit recognition of a the Turkish Republic of Northern Cyprus (KKTC), currently recognized only by Ankara.

Turkish EU minister Egemen Bağış said he believed a simple arrangement could help free up talks over the east Mediterranean island. "The minute a British Airways, an Air France, a KLM, a Lufthansa plane lands at Ercan airport (in northern Cyprus), Turkey is ready to open all of her airports, sea ports and air space to Greek Cypriot planes and vessels," Bağış said, "This would be like the Taiwanese model - a trade relationship." This is the first time Turkey has officially invoked the "Taiwanese model," seeking explicitly to decouple such ties from any suggestion of diplomatic recognition.

An arrangement over the travel restrictions could help move talks along, but other important differences remain. The two sides have yet to agree on the powers of a central government and the territorial swaps and questions of property restitution rooted in the partition of the island in 1974. /Today's Zaman/

France invites Turkey to EU meeting on Syria

France has asked its European Union partners to invite non-member Turkey to this week's foreign ministers' meeting in Brussels to discuss the next steps in dealing with Syria's crackdown on anti-government protests.

France has proposed that Turkey, which shares an 800-km (500-mile) border with Syria, be used for a secured humanitarian corridor to protect civilians in the eight-month popular uprising against President Bashar al-Assad. "The risk of spilling over into a humanitarian crisis situation is real," the ministry said on Monday, citing a plea by the Arab League for the United Nations to support its efforts.

The Arab League's sanctions, the ministry said, should serve "as an example to the whole international community and drive a deeper and concerted mobilization within all international bodies in order to end the bloodbath in Syria." /Today's Zaman/

Iran threatens to hit Turkey if US, Israel attack

Iran will target NATO's missile defense installations in Turkey if the US or Israel attacks the Islamic Republic, a senior commander of Iran's powerful Revolutionary Guard said Saturday. Gen. Amir Ali Hajizadeh, the head of the Guards' aerospace division, said the warning is part of a new defense strategy.

Tensions have been rising between Iran and the West since the release of a report earlier this month by the International Atomic Energy Agency that said for the first time that Tehran was suspected of conducting secret experiments whose sole purpose was the development of nuclear arms. The US and its Western allies suspect Iran of trying to produce atomic weapons, and Israel, which views Tehran as an existential threat, has warned of a possible strike on Iran's nuclear program.

Tehran says NATO's early warning radar station in Turkey is meant to protect Israel against Iranian missile attacks if a war breaks out with the Jewish state. Ankara agreed to host the radar in September as part of NATO's missile defense system aimed at

MEMBER OF THE CONFEDERATION OF EUROPEAN BUSINESS (BUSINESSEUROPE)

TUSIAD Selected News on Turkey

Washington

countering ballistic missile threats. A military installation in the eastern town of Kürecik, some 435 miles (700 kilometers) west of the Iranian border, has been designated as the radar site.

The comments have come at a time when tensions have increased in recent weeks between Iran and the US, with several American neoconservatives urging the Obama administration to use covert action against Iran and kill some of its top officials. /Today's Zaman/

Turkish, Georgian citizens to pass between countries passport-free

Turkish and Georgian citizens will be able to travel between the two countries without a passport as of December 10, announced Georgian Deputy Foreign Minister Nino Kalandadze, in a weekly press conference held in Tbilisi. Turkish citizens will be able to enter Georgia by showing their national identity cards and vice versa. /Today's Zaman/

MEMBER OF THE CONFEDERATION OF EUROPEAN BUSINESS (BUSINESSEUROPE)

Headquarters: Meşrutiyet Cad. No: 46 Tepebaşı 34420 İstanbul – Turkey

Ankara: Iran Cad. No: 39/4 Gaziosmanpaşa 06700 Ankara – Turkey

Brussels: 13, Avenue des Gaulois, 1040 Brussels – Belgium

Washington D.C.: 1250 24th Street, N.W., Suite Nr. 300, Washington D.C. 20037 - USA

Berlin: Märkisches Ufer, 28 Berlin 10179 Germany

Paris: 33, Rue de Galilée 75116 Paris – France

Beijing: Beijing Lufthansa Centre, Office C-319, Beijing 100025, P. R. China

Phone: +90 (212) 249 19 29 **Fax:** +90 (212) 249 13 50

Phone: +90 (312) 468 10 11 **Fax:** +90 (312) 428 86 76

Phone: +32 (2) 736 40 47 **Fax:** +32 (2) 736 3993

Phone: +1 (202) 776 77 70 **Fax:** +1 (202) 776 77 71

Phone: +49 (30) 288 786 300 **Fax:** +49(30) 288 786 399

Phone: +33 (1) 44 43 55 35 **Fax:** +33 (1) 44 43 55 46

Phone: +86 (10) 6462 2066 **Fax:** +86 (10) 6462 3206

www.tusiad.org

e-mail: tusiad@tusiad.org

e-mail: ankoffice@tusiad.org

e-mail: bxloffice@tusiad.org

e-mail: usoffice@tusiad.us

e-mail: berlinoffice@tusiad.org

e-mail: parisoffice@tusiad.org

e-mail: tusiad.china@euccc.com.cn