

# TUSIAD Selected News on Turkey

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### **Erdoğan, Biden focus on Iraq, terrorism in two-hour meeting**

Joe Biden, the vice president of the United States, visited Turkish Prime Minister Recep Tayyip Erdoğan at his home in the Üsküdar district of Istanbul on Saturday. The two leaders focused on the fight against terrorism and regional issues, including the future of Iraq, from which American military forces will withdraw as of December 31.

Biden attended the Entrepreneurship Summit before his visit to the PM's home, addressing a group of international guests. In his speech, the US vice president reiterated the importance of the Turkish-American partnership regarding NATO, Afghanistan and Iraq.

He expressed sorrow for the civilian lives lost in recent attacks by the outlawed Kurdistan Workers' Party (PKK), assuring Turkish citizens that the US stands "with Turkey" in its fight against the organization regarded as terrorist by Turkey, the European Union and the United States.

Regarding Syria, Biden told the summit that the United States "shared and supported" the Turkish position against Syrian President Bashar al-Assad. On his meeting with President Abdullah Gül on Friday, Biden had urged Turkey to take additional steps against Iran in addition to those adopted by the United Nations Security Council, at the same time praising Turkey for putting pressure on Syria to stop its bloody crackdown on protesters.

The vice president also commented on the strained state of affairs between Turkey and Israel, two key allies of the US in the region, stating Washington hopes the two nations would soon get a chance to solve their issues.

Biden's speech touched on domestic issues as well, as he said plans to write a new constitution would strengthen democracy and human rights. Biden further drew attention to Internet freedoms, an issue that increasingly draws attention due to new "voluntary filters" and thousands of banned websites. "There is only one world of Internet," Biden said. "And it should be free and open." /Hurriyet Daily News & Today's Zaman/

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## Turkey given possession of nuclear warheads, report says

The United States currently has 70 type B61-12 tactical nuclear bombs at its airbase in İncirlik in the southern province of Adana according to a report by Robert S. Norris and Hans M. Kristensen published on the "Atomic Scientists Bulletin" website, revealing an inventory of the nuclear weapons the US military keeps in Turkey. Number of warheads decreased from 90 in 2001.

Between 10 and 20 of the 70 nuclear warheads at İncirlik were designed to be delivered to their targets by Turkish warplanes, according to the report. The 142nd fighter/bomber squadron of the Turkish Air Forces, nicknamed the "Gazelles," was assigned the task of delivering the nuclear ordnances. The squadron consists of F-16A/B warplanes.

In order to deliver the remaining 50 warheads, the US military needed a different warplane type that is than those stationed at the İncirlik airbase. The Turkish state, however, has declined to allow the US military to deploy the said aircraft at İncirlik. US warplanes would need to land at İncirlik from another location, equip the nuclear warheads and then fly to their targets, according to the report.

Turkey's refusal to station nuclear-capable US warplanes on its soil prevented İncirlik from acquiring a "full NATO position" status. This was a unique case among NATO bases, the report said. /Hurriyet Daily News/

## Turkey, China ink gas storage deal

Turkey's state-run pipeline company BOTAŞ and China's Tianchen Engineering (TCC) have signed a \$559 million deal to build a 1 billion-cubic-meter gas depository under Turkey's Lake Tuz in Central Anatolia.

Energy-hungry Turkey is keen on building the gas depository because of current reliance on Russia, Azerbaijan and Iran for natural gas.

Turkey's Energy Minister Taner Yıldız said "We are planning on building depositories in other regions as well. Turkey's total natural gas capacity is supposed to be 6 billion-cubic-meters, so we are contemplating new investments." The 6 billion-cubic-meters Turkey needs are equivalent to the amount of gas BOTAŞ has been importing via the West Line from Russian Gazprom on an annual basis. However, BOTAŞ has canceled the current deal with Gazprom upon a price dispute. The domestic natural gas market now awaits new Gazprom contracts to be signed by international and Turkish firms to replace BOTAŞ.

The country's underground depository does not currently have the sufficient means to provide gas in the event of a disruption to the gas flow, top Turkish officials said earlier. With this depository and the 2.6 billion-cubic-meter facility in Silivri, in Turkey's Marmara region, Turkey's gas deposits would reach 3.6 billion cubic meters.

The first phase of the depository is projected to be completed by 2019. The depository's first six wells are expected to be ready by 2016 and the remaining six by 2019. /Hurriyet Daily News/

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## No invitation to Ankara for EU's Syria meeting

The European Union has failed to convince Greek Cyprus to invite non-EU member Turkey to the foreign ministers meeting in Brussels where the Syrian crisis was discussed on Thursday. France had earlier proposed Turkish participation in the meeting given its critical role in the Syrian crisis, an idea that was backed by Germany and the UK as well as some other EU countries. But Greek Cyprus vetoed the proposal on the grounds of its ongoing bilateral dispute with Turkey regarding Cyprus. For many in Ankara, this is evidence of the failure of the EU in becoming a global power as its foreign policy is hijacked by Greek Cyprus, one of the bloc's smallest countries. The EU meeting took place with the participation of EU foreign ministers as well as the secretary-general of the Arab League, Nabil al-Araby, who made a presentation on the content of the Arab League's sanctions against one of its own members, Syria. /Turkish Press Review/

## Moody's: Strengthened balance sheet improves positive outlook of Turkey

International rating agency Moody's Investors Service on Wednesday released a new sovereign credit report that said the strengthening of the government's balance sheet in recent years has also improved the positive outlook of the Turkish economy through its sovereign debt's ability to withstand shocks during global financial crises.

The agency said the positive outlook on the Turkish government's sovereign debt rating of Ba2 reflects the resilience of country's economy during such a crisis. Standard & Poor's also raised Turkey's local-currency sovereign credit rating by two notches to BBB- back in September, marking the first time the country's credit rating rose to investment grade in its history.

Moody's underlined that Turkey's most significant challenge is the current account deficit (CAD) and its financing, although the progress that the government has made is improving the financial strength of the economy. Moody's says an upgrade of the rating would be possible if Turkey were to pursue fiscal and monetary policies that reverse the recent growth in internal and, more importantly, external imbalances.

Meanwhile, TurkStat announced on Monday Turkey's annualized inflation of consumer prices increased to 9.48 percent in November from 7.66 percent a month before, inching closer to a double-digit mark by the end of this year. TurkStat's report revealed that consumer prices jumped by 1.73 percent and producer prices by 0.65 percent in November over the preceding month.

Having remained below a level of 5 percent in the first quarter of this year, Turkey's inflation entered a speedy rising trend starting in the second quarter. November data shows inflation has now reached its highest level since April 2010, when it was 10.19 percent. Similar to its assessment last month, TurkStat cited the base effects on prices of processed food items and the weakening of the Turkish lira as the major factors behind the surging inflation. The base effect from hikes in the private consumption tax (ÖTV) on certain products in October along with soaring prices for crude oil in global markets are also responsible for November's high figures. On October 13, the government raised the ÖTV on cars and mobile phones as well as on tobacco and alcohol products. /Today's Zaman/

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**December 6-12, 2011**

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### **Turkey gets EU advice as Croatia gets assent**

Two countries intent on entering the European Union, Croatia and Turkey, received contrasting news on December 9 from the 27-nation organization. As Zagreb signed its accession treaty with the bloc, Turkey received only mild criticism and advice from the EU despite its half-century wait at the union's door.

Turkey's accession process is at a standstill despite a robust economic performance that shines compared to many EU countries that have been struggling with a crippling debt crisis. Having applied for EU membership in 2003, Croatia became a candidate in early 2004 whereas Turkey first applied to the union back in 1959 when it was called The European Economic Community (EEC). Croatia is set to join the bloc July 1, 2013.

The EU called on Turkey to improve freedom of expression "especially on the freedom of the media where the large number of legal cases are launched against writers, journalists, academics and human rights defenders, and frequent website bans all raise serious concerns that need to be addressed."

Turkish EU Minister Egemen Bağış congratulated Croatia on its membership, but said the EU council applied double standards, "revealing that Turkey and Croatia are not negotiating in equal conditions." Bağış still promised to continue the democratization process in Turkey. /Hurriyet Daily News/

### **Ankara ignores another threat from Iran, rules it unofficial**

Ankara has opted to ignore another threat from Iran regarding the NATO missile defense system to be implemented on Turkish soil, on the basis that Turkey, assured by Tehran, did not consider comments that Iran would target the country in case of an attack as "official remarks" reflective of Iranian policy toward Turkey.

"It is Iran's natural right to target the missile defense shield system in Turkey in case of an attack, and we will definitely resort to that," said Hussein Ibrahim, the vice president of the Iranian parliamentary national security and foreign policy panel. However, Turkish officials clarified that the Iranian foreign ministry has assured Turkey they do not back such threats and the threats do not reflect ministerial policy. Ibrahim's remarks came shortly after a similar suggestion by Gen. Amir Ali Hajizadeh, the head of Iran's Revolutionary Guards' aerospace division, who explicitly voiced the warning that "should we [Iran] be threatened, we will target NATO's missile defense shield in Turkey and then

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hit our next targets.”

Both warnings fall in line with previous comments from a number of other Iranian officials, intensifying since Turkey agreed to participate in the new NATO defense system and since the distribution last month of an International Atomic Energy Agency (IAEA) report that states Iran may be conducting nuclear studies specific to the production of nuclear arms. This friction between Iran and Turkey also coincides with an apparent disagreement over the developments in Syria. Despite their conflicting views regarding the Arab Spring movement, Iran and Turkey are bound by agreements and official pledges to cooperate against terrorist activities on their borders. /Today's Zaman/

### Turkey speeds up Libyan reconstruction effort

Turkey is working to make good on its pledges for Libya's reconstruction as the government plans to build a new physiotherapy clinic in Misrata, the Anatolia news agency reported Monday. Turkey also pledged to restore five police stations and a police headquarters in Misrata. Both projects will be funded by the Turkish government.

Misrata was one of the worst-hit cities during the popular uprising that ended Muammar Gaddafi's 42-year rule. Over 1,500 Libyans were killed and 13,000 others were wounded during the fighting between forces loyal to Gaddafi and dissidents, and nearly 1,200 people went missing. Most of the buildings in the city were destroyed or heavily damaged.

Turkey's state-run air carrier Turkish Airlines (THY) is scheduled to begin direct flights to Misrata on December 15. The city will be THY's third destination in Libya after Tripoli and Benghazi. /Today's Zaman/

### Erdoğan: “Chronic problems of Middle East should be solved”

Prime Minister Recep Tayyip Erdoğan sent a recorded video message for the UN's Alliance of Civilizations meeting in Doha yesterday. Stating that he is very proud and excited to see that the Alliance of Civilizations initiative, which was started six years ago by him and his counterpart Jose Luis Rodriguez Zapatero, has turned into a global humanitarian movement, Erdoğan reiterated that pirate activities were carried out on Mavi Marmara, a humanitarian aid ship, one day after the summit which was held in Rio, Brazil last year in May. “While we were fighting for global peace, welfare and justice in Rio, the peace, welfare and international law were violated and sabotaged in Mediterranean. The High Level Group was set up in order to work on the initiative's objectives before we have officially initiated the Alliance of Civilizations with Zapatero. The group published an important report, stressing that the Alliance of Civilizations is needed to decrease tension between the West and the Islam world, and the Middle East issue is the main element continuously escalating this tension. The chronic problems of Middle East should be solved and bloodshed and tears must end in the Middle East in order to restore peace both in the region and around the world. Peace won't be seen on the horizon while state terrorism continues, peace efforts are sabotaged, bombs are pounding on innocent children, and innocent people are imprisoned in open-air penitentiaries,” Erdoğan said. /Turkish Press Review/

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### Rights violations surging

On the occasion of world Human Rights Week, lawyers, human rights workers and academics said Turkey has been taking backwards steps on human rights issues, especially since 2005. "The regulations in the enlargement of the police authority after 2005 and changes in Turkey's anti-terror law in 2006 leave Turkey with an unsatisfactory judicial process," head of Human Rights Foundation of Turkey, Metin Bakkalcı, said.

Human Rights Foundation of Turkey's (TİHV) recently released 2011 report shows in the past year 473 people have applied to the association for being subjected to violence and 19 people have been killed by police and security forces for failure to obey stop warnings or by police's haphazard shots. Zafer Üskül, former president of Parliament's Human Rights Commission, stated "Unfortunately only a small percentage of the security officers who exert violence are investigated. During my term, only two percent were convicted."

The report also shows almost 45 percent of the people in prisons have not yet been convicted. The rate is close to 90 percent when looking at child prisoners. In addition, the report shows that Turkey has imprisoned 322 people this year for speech, writing or ideas. "Arbitrary detentions and arrests have tremendously increased and the Turkish judicial system has become nothing more than allegations and punishments. There is no judgment process," lawyer Hülya Gülbahar said. /Hurriyet Daily News/

### Gül: Time to work harder to realize 2023 goals in R&D

Turkey should intensify efforts to boost research and development (R&D) investments if it wants to realize the goals in innovation stipulated in the government's 2023 vision, President Abdullah Gül said at the opening session of the Turkish Innovation Conference held in Istanbul on Wednesday. Turkey aspires to become a leading technology investment hub in its region, attracting people of science to carry out studies jointly with the country's universities. The share of funds allocated from Turkey's gross domestic product (GDP) to R&D investments climbed from 0.4 percent in 2003 to 0.85 percent last year. The president said it is a must for Turkey to develop its innovation capacity, a major step before the country could minimize its current account deficit (CAD) and increase the competitive power of its entrepreneurs in global markets. The conference, running between December 7 and 8, was held for the first time this year with the participation of some leading foreign and local figures from the technology industry. Also delivering a speech at Wednesday's event, Science, Industry and Technology Minister Nihat Ergün said the government plans to give incentives by providing financial and logistic support to 500 entrepreneurs in technology in Turkey every year starting in 2012, with every of the 500 "techno-entrepreneurs" receiving TL 100,000 in monetary aid. "One of our goals in the long term is to establish a science and technology center in our 81 provinces with the growing number of qualified personnel," Ergün added. /Turkish Press Review/

### Turkey to rank the 10th biggest economy in 2050

The Business Insider journal has published a study regarding the countries to become the world's richest countries in 2050. The list, based on Goldman Sachs' report,

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excluded oil-rich countries such as Qatar and Saudi Arabia. The US and Canada will rank the first and second, respectively, in terms of income per capita by 2050. According to the list, Turkey will rank the 10th richest country by 2050 with \$50,000 USD per capita and China will become the biggest economy worldwide in terms of its GDP, according to Goldman Sachs. /Turkish Press Review/

**December 13-19, 2011**

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### Turkey to freeze Paris ties if 'genocide' bill passes

Turkey will recall its ambassador and freeze ties with Paris if French lawmakers approve a bill punishing the denial of the "Armenian genocide" next week, said Engin Solakoğlu, the Turkish ambassador's spokesperson, adding that the ambassador expected to be recalled to Ankara for an indefinite period from December 22 if the bill is passed.

France's National Assembly is discussing whether to pass a law banning the denial of the 1915 incidents as genocide. "Turkey considers this a hostile act by the French executive," Solakoğlu said. "All cooperation with the French government, all joint projects, will be frozen." He said Ankara had already instructed the Turkish Embassy to France to freeze relations and leave the country if the bill goes through, adding that relations between the two states would be at their lowest level if this occurred.

He said he did not expect the economic relations to freeze, however, while France said yesterday that Turkey was an important ally and partner for France. French Foreign Ministry spokesman Bernard Valero told reporters yesterday that France attached importance to consultations with Ankara regarding regional and international matters.

The French parliament recognized Armenian genocide claims in 2000, but the legislature is now seeking to adopt a law banning any denial of the claims. Deniers would be assessed a fine of 45,000 euros if the law is adopted. The bill also calls for a prison term for those who reject the genocide claims. /Hurriyet Daily News/

### US Secretary of Defense Panetta arrives in Turkey

Before arriving in Ankara for a two-day official visit, US Secretary of Defense Leon Panetta had a stopover in Baghdad to join the flag lowering ceremony of the American forces there. On his arrival, Panetta first met with Defense Minister İsmet Yılmaz in Ankara yesterday, thanking him for contributions made by the Turkish Armed Forces (TSK) to Afghanistan. He discussed with his counterpart the issue of armed predators that Turkey plans to buy from the US. Both Turkey and the US attach importance to

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Panetta's visit in terms of finding an exact solution to three important issues which has been causing uneasy dialogues between Washington and Ankara throughout 2011, namely, the missile defense system, Turkey's requests with regard to fighting the terrorist PKK which will need to be adopted by the US Congress, as well as relations between Turkey and Israel. As part of Panetta's contacts, regional issues such as the Arab Spring, efforts exerted by Iran regarding the nuclear issue and developments in Syria will be discussed. Panetta will also inform Ankara on the impression he got from his visits to Afghanistan and Iraq. /Turkish Press Review/

### Syrian National Council opens office in Ankara

The Syrian National Council (SNC) has opened its first official headquarters in Ankara on Wednesday. The Council aims to be recognized by international society as the sole representative of Syrian opponents. Amid tensions in Syria, Munir Dural, a Turkish citizen working in Saudi Arabia as a truck driver, was shot dead by security forces in the Iblid province near the Turkish border. The dead man's brother said that Dural was seized after crossing the border in his vehicle, and lost his life during a crackdown on an anti-regime protest in Syria. Turkish trailer trucks and pilgrim convoys passing from the region have been also attacked before. Speaking at the year-end consultative group meeting yesterday, UN Secretary General Ban Ki-moon said, "In Syria, more than 5,000 people are dead. This cannot go on. In the name of humanity, it is time for the international community to act." Furthermore, Turkish Foreign Ministry issued a travel warning to Turkish citizens for Syria, indicating that clashes in Syria poses a threat to people traveling close to Turkish border in Syria and that Turkish citizens should not travel in Syria unless they were obligated to do so. /Turkish Press Review/

### Bill chiding Turkey passed with 2 votes

The US House of Representatives passed a bill calling on Turkey "to safeguard its Christian heritage and to return confiscated church properties." The legislation passed with only two votes. The rest were absent.

"The bill, House Resolution 306, is unfair, unjustified and uncalled for. Yet the House approved it. Who benefits when Congress acts at the expense of its allies?" said Turkish Ambassador to Washington Namık Tan via his Twitter account on Wednesday.

Congressmen Howard Berman and Edward Royce first introduced the bill in June to the House Committee on Foreign Affairs as the "Return of Churches." The bill urges the US Secretary of State to raise issues with Turkish officials related to Christian heritage in Turkey, such as returning church properties to Christian foundations. The bill, however, is non-binding.

Adam Schiff, Frank Pallone, Eliot Engel and Brad Sherman gave speeches supporting the bill. Ed Whitfield, founder of the Congressional Caucus on Turkey and Turkish Americans, spoke against the bill. Only a number of representatives were present during voting on the bill, and the legislation passed with the votes of Sherman and Engel. /Hurriyet Daily News/

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## Turkey and Romania sign a strategic partnership document

President Abdullah Gül welcomed Romanian President Traian Basescu at the Çankaya Presidential Palace on Monday as part of a ceremony in which a 21-gun salute was fired and national anthems of the two countries were played. The two presidents signed a strategic partnership document which aims to boost the fight against terrorism, as well as cooperation in security, economy and foreign policy. Speaking at a joint press conference organized after the meeting, Basescu said, "Romania fully and resolutely supports Turkey's EU bid," adding "In [our] relations with our European colleagues, we continue to advocate the need for the EU to send more positive signals to Turkey." President Gül thanked his Romanian counterpart for this country's support for Turkish membership in the EU. "We are very pleased to have the sincere support of Romania regarding the EU and we are grateful," he said. /Turkish Press Review/

## 2012 named Chinese Culture Year in Turkey

The '2012 Year of China,' aimed at developing the cultural ties between Turkey and China which span back thousands of years, kicked off in Istanbul with a gala event entitled 'A new Message from the Silk Road.' Held with the contribution of the Ministry of Culture and Tourism, the gala was to commemorate the start of a year's worth of events aimed at bringing the Turkish and Chinese cultures together.

The '2012 Chinese Culture Year' marks the longest and most comprehensive event held in Turkey celebrating the Chinese culture. Events held throughout the year will involve literature, art, cultural legacy, radio, films, education, acrobatics, and puppetry to name a few and will be held in Istanbul, Ankara, Izmir, Bursa, Antalya, Mersin, Trabzon as well as in other provinces dependent on the requests that come in. In 2013, China will be hosting its own series of events for 'Turkey Culture Year.'

Speaking after the show, People's Republic of China Consul General Zhang Qingyang emphasized that the events this year will work to further develop ties between the two nations. "Two strong nations with the world's most dynamic economies, will now be signing on to further collaboration both culturally and in diplomacy." /Sabah English/

## TUSIAD Highlights

TUSIAD and the Turkish Union of Chambers and Commodity Exchanges (TOBB) issued a joint statement on December 15, 2011, in regards to the French proposal to make it illegal to deny that the Armenian massacres were an act of Genocide. They expressed concern that the passing of such a bill was a step in limiting free debates on the subject and could harm not only the Turkish-French political and economic relations but also scientific, social, and cultural relations as well. TUSIAD and TOBB also announced that they are sending a delegation to France on December 19, 2011 as representatives of Turkish business to discuss the issue further.

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# TUSIAD Selected News on Turkey

Washington

**December 20-27, 2011**

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### **Turkey aims to limit France's Mideast role**

Immediately after the French Parliament voted December 22 in favor of a bill penalizing the denial of the 1915 events as genocide, the Turkish government announced that it would retaliate in kind with sanctions falling into eight categories. Four of them are military-related, three are political and the last spells out the cancelation of an economic and trade meeting.

In addition to the cancelation of joint military drills and joint exchange and training programs, Turkey has canceled annual blanket over-flight permission for French state planes and will instead issue permission on a case-by-case basis. It will also halt requests for port visits by French warships.

These military and political sanctions against France aim to limit French influence in the Middle East and Caucasus, two important regions associated with ongoing ethnic and sectarian conflicts.

Two of the Middle East's key countries, Syria and Lebanon, are seen as being crucial for the entire region's stability and have close ties with Paris. Though the turmoil in Syria precipitated rapprochement between Turkey and France, recent developments indicate that the power struggle between the two sparring countries will now be exercised in the Middle East. However, this development has seriously disturbed the United States since the tension is likely to weaken the international community's position vis-à-vis Syria.

In the Caucasus, even before the adoption of the law, Turkish Foreign Minister Ahmet Davutoğlu complained about France's membership in the Minsk Group at a meeting with Lamberto Zannier, secretary-general of the Organization for Security and Co-operation in Europe (OSCE). The Minsk Group was established in 1992 to solve the dispute between Armenia and Azerbaijan and consists of France, Russia and the United States. "We have made clear to the OSCE secretary-general that France membership in the OSCE [Minsk Group] would damage the group's works as Paris openly took sides with the Armenians on this issue due to strong pressure from the Armenian diaspora," a diplomat told the Daily News. On December 23 President Abdullah Gül asked for France's immediate removal from the Minsk Group membership on the grounds that it had lost its neutrality on the matter. /Hurriyet Daily News/

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## Ankara cautiously welcomes Syria deal

The signing of a long-expected deal between Syria and the Arab League has been cautiously welcomed by the government, which underlined the need to see its implementation rather than signature. However, for the opposition parties, the deal is a clear indication of the Turkish government's failure in its Syria policies.

Turkish diplomats said Turkey was advocating the Arab League-backed process from the very beginning and will continue to work with the 22 country bloc afterward. "Turkey will very closely follow the plan's implementation and whether it will help in ending the crackdown on protestors," diplomats said, referring to the distrust created by the Bashar al-Assad regime.

Foreign Minister Ahmet Davutoğlu's zero-problems-with-neighbors policy totally nixed Turkey's influence in the region, said Faruk Loğoğlu, deputy leader of the Republican People's Party (CHP), following a week-long trip to the United States last week. "Contrary to what is claimed by the government, Turkey's influence is becoming confined both from the East and the West. France is likely to adopt a resolution on so-called Armenian genocide, the US recently passed a bill [calling on Turkey "to safeguard its Christian heritage and to return confiscated church properties"] despite the fact we are having brilliant ties nowadays."

Loğoğlu, following his US trip, said he got the impression the government's Syria policy was making US officials "very happy." "Washington seems to be focused on Syria. As they find Turkey's policies sufficient and right, they are 'happy.' In addition, we understand that Turkey's stance vis-a-vis Iran does also add to their happiness. But the Syria case will not help to build a healthy and lasting relationship between Turkey and the US, Loğoğlu reiterated. "It has to be built on more solid ground based on lasting joint values and interests." /Hurriyet Daily News/

## Israel and Turkey reactivate air force mechanism

Reportedly, the coordination mechanism allowing the prevention of aerial problems between Israel and Turkish Air Forces over the Mediterranean Sea has been reactivated. Speaking to the Jerusalem Post daily, a senior Israeli official said the coordination mechanism was recently reactivated as part of efforts to stabilize ties which have come to an end following the Blue Marmara operation. Israeli official said Turkish military attaché to Israel attended an Israeli Air Force (IAF) briefing for foreign military officers at the Ovda Air Force Base on the sidelines of the IAF joint maneuvers with Italian Air Forces two weeks ago. The official said Israel would also probably invite Turkey to take part in large-scale international exercises. /Turkish Press Review/

## Turkey, Azerbaijan sign gas pipeline deal

Turkey's Energy Minister Taner Yıldız signed an agreement in Ankara today with his Azerbaijani counterpart Natig Aliyev for the construction of a natural gas pipeline. The deal on Trans-Anatolian Natural Gas Pipeline envisages sale of Azerbaijani natural gas in Turkey as well as in Europe via Turkey. Azerbaijani SOCAR, Turkish Petroleum Pipeline Corp. (BOTAŞ) and Turkish Petroleum Corporation (TPAO) will set up a consortium for the construction of the pipeline. Other international oil and natural gas companies will be

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allowed to join the consortium later during the process. /Hurriyet Daily News/

### Libya's new army to be trained in Turkey

Libya's National Transitional Council Chairman Mustafa Abduljalil has announced that they have reached an agreement for their new army to be trained in Turkey. On his visit to Istanbul last week, Abduljalil commented, "We had the opportunity to discuss a number of issues with Prime Minister Erdoğan. We reached an agreement for Libya's new army to receive training in Turkey. Meanwhile, our efforts for a transition to an organized military continue. Next week, we will announce the work we have done led by Minister of Defense Osama al-Juwali." During his trip, Abduljalil also paid a visit to the 'freedom fighters' that were wounded in the uprising against Muammer Gaddafi and were in Turkey to receive treatment. /Sabah English/

### Turkey and Ukraine agree to abolish visa requirements

Turkey and Ukraine agreed to reciprocally abolish visa requirements between the two countries. Speaking after bilateral meetings with Ukrainian President Viktor Yanukovich, Prime Minister Recep Tayyip Erdoğan said in a joint press conference that a visa exemption agreement was signed between Turkey and Ukraine. "I believe that these steps aimed at strengthening our friendship with Ukraine will be accelerated in the future," Erdoğan said. Turkish prime minister also underlined that Turkey and Ukraine agreed on a free trade deal. "We are planning to increase our bilateral trade volume to 20 billion American dollars by 2015 and 40 billion American dollars by the end of 2020." /Turkish Press Review/

### Company closings tell about slowing economy

There has been a dramatic spike in the number of local firms closing their doors in Turkey over the past month, according to statistics released December 23 by the Turkish Union of Chambers and Commodities Exchanges (TOBB). These findings could refute rose-tinted growth and industrial production data released earlier this month.

At the same time, the number of new firms being established also dropped sharply, adding fuel to the findings above. According to the TOBB data, there was an almost 19 percent decrease in the number of new firms established between October and November. The total number of new firms in the first 11 months of 2011 was 46,308, while there were 4,413 firms set up in October. This number dropped to 3,603 in November. Likewise, the number of company closings witnessed a 22 percent increase from October.

When looking at an 11 month timeline, however, the total number of new firms has seen a 7.5 percent increase, further highlighting the significance of the sharp drop over the last month. A graph of new company openings provided by TOBB depicts there was a steady decline since the peak between May and June, a rise again in October and then another sharp decline. The only time there was a similar phenomenon, with a spike in company openings followed by a steady decline, was right before the 2008 economic crisis in Turkey.

The research on company openings and closings points to a similar trend, which could

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*Washington*

be a harbinger for what is looming for the economy as a whole in 2012. The government's revised growth expectation for 2011 is 7.5 percent. For 2012, the government expects 4.5 percent growth, but the International Monetary Fund estimates a much lower growth rate at 2 percent. /Hurriyet Daily News/

## **TUSIAD Highlights**

TUSIAD will institutionally participate in the Saint Petersburg International Economic Forum (SPIEF) to be held on June 21-23, 2012 and organize a session entitled "Russia-Turkey Business Dialogue" on June 21, 2012. During the forum, participants will discuss the most important issues that economies around the world will be facing in the near future and attempt to find solutions to these problems through discussion groups. SPIEF is fast becoming a leading global event and is an important international channel to meet representatives of different economies around the world.

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