

TUSIAD Selected News on Turkey

Washington

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Questions grow over Uludere intel failure

Turkish Deputy Prime Minister Bülent Arınç has said Turkey will pay compensation to families of victims of a botched airstrike that killed 35 smugglers in Southeast Turkey last Wednesday and said apology may follow once the investigation into the incident concludes. Arınç said Monday one of the steps the Turkish government will take to "alleviate pains" of families of the airstrike victims is to pay compensation in a matter of days. He also added that there will also be other measures taken by the government for the families and immediate relatives of the victims.

Turkish warplanes mistakenly killed 35 smugglers and other villagers in an operation that targeted PKK bases in Iraq last Wednesday night. The government acknowledged that the victims were smugglers, not terrorists. The military said in an earlier statement that the warplanes targeted the group based on intelligence that suggested that a group of weapon-carrying terrorists was heading towards the Turkish border to stage attacks on the military.

Prime Minister Recep Tayyip Erdoğan called the situation unfortunate and distressing. "The flight over this region was conducted upon [receiving certain] information supplied by our intelligence services about 10 days ago. Our two F-16 planes took off for here immediately after unmanned aerial vehicles conducted this flight. Of course, the findings of unmanned aerial vehicles cannot be evaluated so as to [specifically identify the individuals passing through this area]; it is only visuals obtained from there. And it is a group of 40 [people] in the footage," Erdoğan said. The group was engaged in "smuggling cigarettes, diesel oil and the like through mules," he said. The prime minister added that the essential administrative and judicial examinations were currently underway. /Hurriyet Daily News & Turkish Press Review/

Three messages to Maliki from Ankara

Responding to the threat of Iraq's division, Turkey has warned the United States to not "indulge Maliki," and has told Prime Minister Nuri al-Maliki to "protect Iraq's multicultural structure and do not interfere in Syria's internal affairs."

As the political crisis intensifies for Iraq, namely the developments which led to Vice President Tariq Hashimi's seeking refuge in Northern Iraq, Prime Minister Erdoğan has sent a message to Iraq urging normalization. The messages to Maliki as well as to Tariq Hashimi and Massoud Barzani stressed "It is crucial for no single sect to insist on being

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dominant in Iraq because the US presence has withdrawn, it is crucial for the country's future that Iraq's multiculturalism, ethnicity and democratic structure are preserved."

The Syria issue was also touched upon in the messages, stating "Iraq needs to not intervene in Syria's internal affairs, which we consider to be to both Iraq and Turkey's mutual interests." Meanwhile, Ankara also feels that in regards to Hashimi's trial process, the location where it transpires is of importance. While Maliki wants the trial to be held in Baghdad, Ankara supports Hashimi's preference to face trial in Northern Iraq.

Turkey has also made contact with Kurdish-Sunni and Shiite groups with the objective of gathering a national conference in Iraq, in line with Barzani's call for one, to prevent the nation from further division. In order to ensure the Sunni-Shiite conflict does not escalate and the nation becomes divided, Turkey has told the United States to not "Indulge Maliki any further." When Foreign Affairs Minister Davutoğlu spoke with US Secretary of State Clinton during a phone call last week, he stated, "The protection of Sunni leader Hashimi and the continuation of his office are required for Iraq's security." /Sabah English/

Civilian control takes over military intel site

Turkish National Intelligence Organization (MIT) officially took over facilities of the Joint Staff Electronic Systems Command (GES) based 20 kilometers south of Ankara as of January 1. This is one of the strongest symbols of increasing civilian control over the Turkish military. The GES facilities, known as the "Bayrak" (Flag) Garrison, played an important role in the planning phase of the September 12, 1980 coup d'état by the Joint Staff.

Established in the 1950's as a NATO communications facility by the US in order to collect intelligence on Soviet activities and then transferred to Turkish army, the GES facilities have the most sophisticated electronic communication and thus eavesdropping devices in the Turkish system. Its capacities completely for military purposes, such as sustaining the communications with Turkish troops abroad or field intelligence for army commands in Turkey, will continue to stay under the Joint Staff. But the rest of the cutting-edge technology which can be used for civilian purposes are under MIT control as of yesterday. The consolidation work started almost a year ago.

Yet these important developments take place amid a series of controversies about the Turkish secret service's performance over the past year, after the appointment to the leading post of Hakan Fidan, from secret MIT talks with the outlawed Kurdistan Workers' Party (PKK) representatives in Europe (probably in Oslo, Norway) to providing misleading information to the military which ended up of killing of 35 small-scale smuggling villagers at Turkish-Iraqi border last week, mistaken as PKK militants.

Whispers in the security community claim there is a competition from the police intelligence who do not want to be under MIT control, seeking a separate FBI-style domestic intelligence structure which indirectly contributes to the discrediting leaked stories. The sources say the competition is especially on sharing the intelligence on the PKK; the most sensitive issue for Turkey's security now. /Hurriyet Daily News/

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Turk-Russian gas deal follows Azeri accord

Just two days after signing a memorandum of understanding with Azerbaijan to build a massive east-west pipeline, Turkey struck another historic gas deal on Wednesday with Russia, allowing the energy giant to develop its plans for future exports to Europe.

"I would like to thank Turkey for its decision to issue the final approval to construct the South Stream pipeline through Turkey's special economic zone," Premier Vladimir Putin said during talks with Turkish Energy Minister Taner Yıldız. Along with the deal, Turkey and Russia gained extra time to solve a dispute that saw Ankara revoke a contract with Russia earlier this year over the Westline, a pipeline that supplies 6 million cubic meters of gas to Istanbul and its environs every year. The South Stream project, which passes through the Black Sea, is scheduled to start operating in 2015.

The line will ship up to 63 billion cubic meters of gas annually to Bulgaria, Serbia, Hungary, Slovenia, Austria and Italy in one leg and Croatia, Macedonia, Greece and Turkey in another.

South Stream, funded by Gazprom, France's EdF, Italy's Eni and Germany's Wintershall, rivals the EU-backed Nabucco pipeline that is slated to ship gas from the Caspian region to Austria. Turkey has said the two projects should complement each other. However, many analysts believe the recent moves by Turkey cloud the future of Nabucco, nearly two-thirds of which is projected to pass through Turkey. /Hurriyet Daily News/

Ergün announces Research and Development package

Science, Industry and Technology Minister Nihat Ergün announced a Research and Development Package aimed at decreasing current deficit and increasing domestic production which was finalized at the 23rd meeting of Supreme Council for Science and Technology, chaired by Prime Minister Recep Tayyip Erdoğan on Tuesday. The package, consisting of eight arrangements and projects, will be put into practice at the beginning of 2012. Stating that the R&D and innovation efforts will contribute to an increase in share of products of highly added value in production and export, as well as a decrease in current deficit in the medium and long term, Ergün said, "The Research and Development expenditures will be increased to 3 percent of the amount of Gross Domestic Product (GDP) in 2023. We also aim to employ 300,000 researchers in public sector and 180,000 in private sector in the same period." As part of the package, Research and Development funds will be appropriated and a council will be established within ministries to coordinate R&D activities, entrepreneurs will be provided with three-stage contribution in cash, new units will be established at universities to improve innovation and entrepreneurship, the products which are made through R&D activities in public purchases will be prioritized in amendments to be made in the Public Procurement Law, science centers will be established in 81 provinces, policy instruments aimed at encouraging domestic patent licenses will be developed at universities and entrepreneurship courses will be incorporated into primary schools' curriculum. /Turkish Press Review/

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US official in Ankara as Iran tensions soar

The United States is intensifying its pressure on Turkey to lessen its trade and financial ties with Iran and comply with recently imposed sanctions against the country amid escalating tension in the Strait of Hormuz, a key oil transport route.

Ankara, which will host US Deputy Secretary of State William Burns on January 9, said "Sanctions implemented by the US and Europe [against Iran] are not binding for Turkey. Turkey has to be exempted from these sanctions." Burns will meet with Foreign Minister Ahmet Davutoğlu and Undersecretary of the Foreign Ministry Feridun Sinirlioğlu.

Burns' visit to Turkey coincides with growing concerns about an armed conflict between Iran and the US in the Strait of Hormuz after Washington issued a series of sanctions on Iran that would penalize foreign financial institutions that do business with Iran's Central Bank, the main conduit for its oil revenues.

Burns is expected to brief Ankara on the content of the sanctions and to demand more support from Turkey in the international community's diplomatic fight against Iran to stop its nuclear program. Washington is concerned about the nearly \$15 billion trade volume and the still-growing trade ties between Turkey and Iran, arguing this relationship encourages Tehran to not heed demands of the international community on its nuclear program.

The sanctions could hurt Tüpraş, Turkey's sole refinery, which purchased 9 million tons of crude oil from Iran in 2011 and recently made a deal to purchase the same amount of oil in 2012. Turkey, which supplies one third of its oil from Iran, is one of the most reliant countries on Iranian crude oil. /Hurriyet Daily News/

Iran nuclear talks to resume in Turkey, Davutoğlu says

Turkey's Foreign Minister Ahmet Davutoğlu said yesterday that Iran and P5+1 would resume negotiations on Iran's nuclear program in Turkey. Davutoğlu said he had talks with the European Union's foreign policy chief, Catherine Ashton, about his recent visit to Tehran and that he now expects the talks with Tehran to resume as soon as possible." Both parties agreed in principle to hold talks in Turkey, and I hope negotiations will begin as soon as possible," the foreign minister was quoted as saying in an interview with the Japanese newspaper Nihon Keizai Shimbun (Nikkei), published yesterday. Davutoğlu reiterated in the interview that the US and European sanctions were not binding on Turkey and that Turkey should be exempted from the new sanctions. The

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foreign minister also said Turkey and Japan could sign an extensive preliminary agreement on nuclear cooperation, covering a wide array of areas ranging from medicine to agriculture in the spring. He added that Turkey was interested in maintaining cooperation with Japan in the planned construction of a nuclear power plant. Turkey and Japan were in negotiations over Turkey's nuclear plans, but the talks were interrupted after a quake-triggered tsunami that crippled a main Japanese nuclear facility. /Turkish Press Review/

Turkey formally decides to buy US made F-35 fighter aircraft

Turkey's top decision-making body on Thursday paved the way for its formal participation in a US-led program for the production of next-generation F-35 Joint Strike Fighter Lightning II fighter aircraft. "The defense industry executive committee has authorized the Undersecretariat for the Defense Industry [SSM, Turkey's procurement agency] to conduct talks for the aircraft's purchase order," the committee said in a statement after its meeting. The committee's members include Prime Minister Recep Tayyip Erdoğan, Defense Minister İsmet Yılmaz, Chief of the General Staff Gen. Neçdet Özel and procurement chief Murad Bayar.

SSM and Lockheed Martin, the plane's main manufacturer, now are expected to sign a formal document for the sale of the first two aircraft. This decision enables Turkey to begin the reception of the aircraft in 2015. Turkey is a member of the F-35 consortium but earlier had not been committed officially to buy the aircraft. It plans to operate around 100 aircraft eventually.

The committee also has chosen the US Bell Helicopter Textron as the main producer of the Turkish police force's next light helicopter type. The committee's decision came at a time when the Turkish police prepare to assume a larger role in the fight against the outlawed Kurdistan Workers' Party (PKK). The Security Directorate will buy up to 15 light helicopters in a first batch to bolster the force's capabilities.

In addition, the committee decided that SSM would buy 10 Anka unmanned aerial vehicles from Turkish Aerospace Industries (TAI). After the first three tests of the vehicle ended with crash-landings, the final three flight tests held recently were successful. TAI already would have delivered three Ankas to the military this year, but the committee's decision paves the way for the serial production of the 10 platforms. /Hurriyet Daily News/

Former chief of staff arrested over plot claims

Turkey's former Chief of General Staff Gen. İlker Başbuğ has been arrested for allegedly attempting to destabilize Turkey's Islamic-rooted government through an Internet campaign. This makes him the most senior officer to be jailed in a series of investigations into alleged plots to bring down Prime Minister Recep Tayyip Erdoğan's government.

The prosecutor charged Başbuğ with leading a terrorist organization and attempting to overthrow the Turkish government. Başbuğ arrived at an Istanbul courthouse and testified as a suspect in an ongoing case for seven hours making it the first time in Turkey's history that a former chief of staff is being testified by a prosecutor.

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The ongoing Internet Memorandum case refers to an alleged document by the General Staff about setting up 42 Internet sites to distribute propaganda against the ruling Justice and Development Party (AKP) the outlawed Kurdistan Workers' Party (PKK), as well as Greeks and Armenians. Suspects in the Internet Memorandum case, including Dursun Çiçek, a retired colonel, have said a number of websites that are being investigated as part of the probe were set up with Başbuğ's knowledge. Başbuğ reportedly approved the document that ordered the foundation of the websites.

Gen. Hüseyin Nusret Taşdeler, Gen. Hasan Iğsız, Gen. Mehmet Eröz, Gen. İsmail Hakkı Pekin, Gen. Mustafa Bakıcı, Adm. Alaettin Sevim, Col. Sedat Özür and retired Col. Fuat Selvi are among the arrested suspects in the trial.

Sezgin Tanrikulu, deputy leader of the main opposition Republican People's Party (CHP), questioned the timing of the prosecutor's move. Despite choosing to conduct a probe into a botched air raid that killed 35 civilians last week in secret, the judiciary has openly "provided all the information available regarding İlker Başbuğ being called to testify, down to the questions he will be asked," Tanrikulu said. /Hurriyet Daily News/

Probe launched against CHP leader for 'attempting to influence fair trial'

The Silivri Public Prosecutor's Office has launched an investigation into main opposition Republican People's Party (CHP) leader Kemal Kılıçdaroğlu for "attempting to influence a fair trial" and "insulting a public official" and has asked for the removal of his parliamentary immunity.

The TRT Haber news channel reported on Monday that the investigation was launched over Kılıçdaroğlu's statements to the press in November following a visit he paid to Mustafa Balbay and Mehmet Haberal, who are both jailed in Silivri Prison as part of an investigation into Ergenekon, a clandestine criminal network charged with plotting to overthrow the government. During his speech, Kılıçdaroğlu likened Silivri Prison to "concentration camps" and said he "cannot digest" calling the judges hearing the Ergenekon case "judges."

Silivri Public Prosecutor Ali İlgören launched an investigation into Kılıçdaroğlu's remarks and accused him of "attempting to influence a fair trial" and "insulting a public official." The prosecutor has also requested the removal of the CHP leader's parliamentary immunity and forwarded the request to the Ministry of Justice, reports said. If Kılıçdaroğlu's parliamentary immunity is removed, an indictment can be filed against him and he may face trial.

The CHP leader is a staunch critic of the Ergenekon investigation. Balbay and Haberal were elected as deputies for the CHP in 2011's parliamentary elections, but the İstanbul 13th High Criminal Court hearing the Ergenekon case ruled with a majority of votes not to release them from prison. /Today's Zaman/

Agriculture sector's exports up 19 percent in 2011

The Union of Chambers of Agriculture (TZOB) Chairman Şemsi Bayraktar said on Tuesday that agriculture sector broke a record in exports last year and reached 17.8

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billion USD. It was 15 billion USD in 2010.

Bayraktar said that animal products' export was on the first rank with 47.73 percent rise from 962.2 million USD in 2010 to 1.4 billion USD in 2011. He noted that the export of vegetable products increased 17.43 percent from 11.1 billion USD in 2010 to 13 billion USD in 2011. The exports of wood and forest products also rose 15.91 percent from 2.9 billion USD in 2010 to 3.3 billion USD in 2011. /Cumhuriyet/

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Iraq dilemma: Arbil thaw vs Baghdad chill

Already tense ties between Turkey and Iraq were further strained yesterday as both countries summoned each other's ambassador to accuse one another of interfering in their internal affairs in the wake of growing sectarian conflict in war-torn Iraq.

The first move came Monday morning from Iraq when Deputy Foreign Minister Muhammed Jawad al-Dooreki summoned Yunus Demirer, Turkish ambassador in Baghdad, urging his government to consider the "necessity of avoiding anything that might disturb" good relations. Hours after its envoy to Baghdad was summoned, Ankara invited Iraq's ambassador to Turkey in a move to express the Turkish government's disturbances over al-Maliki's recent statement, warning that Turkey itself would suffer if its interventions in Iraq sparked conflict in the Middle East.

The Iraqi move came a week after Prime Minister Recep Tayyip Erdoğan said Iraq's neighbors should not stoke Sunni-Shiite tensions in Iraq, which he said could engulf the entire Islamic world, and said Iraq faced a "historical" responsibility. The same day Erdoğan held a phone conversation with Iraqi Prime Minister Nouri al-Maliki and reiterated Turkey's concerns.

Ties between Baghdad and Ankara have been strained by Turkey's position on the Shiite-led government's move to arrest Sunni Vice President Tariq al-Hashemi, a measure that has triggered political turmoil that risks stirring more sectarian tensions.

The rise in tension between the neighboring countries apparently made Ankara and Arbil become closer. At a moment when both Ankara and Arbil's relations with Baghdad are strained, Foreign Ministry Undersecretary Feridun Sinirlioğlu's unannounced visit to Arbil over the weekend sparked fresh thoughts about a possible Ankara-Arbil alliance in the face of ongoing internal conflict in Iraq. Sinirlioğlu met with Masoud Barzani and Iraqi Kurdistan Democratic Party leader Nechirvan Barzani to discuss a variety of bilateral issues. /Hurriyet Daily News/

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Burns received by Davutoğlu and Sinirlioğlu

US Deputy Secretary of State William Burns met with Foreign Minister Ahmet Davutoğlu and Turkish Foreign Ministry Undersecretary Feridun Sinirlioğlu last week to discuss Iran's decision to resume nuclear talks with international society, possible problems to be caused by closure of the Strait of Hormuz by Tehran administration and the latest situation in Iran and anti-terrorism efforts. In response to Sinirlioğlu's concerns over a possible escalation of tension by Iran's nuclear activities, Burns indicated that they would neither allow the closure of Strait of Hormuz, nor avoid any military intervention, in case of any blockage. The political deadlock in Iraq was also discussed during the meeting, in which the two countries reiterated their determination to continue their cooperation in fighting the terrorist PKK particularly through the intelligence headquarters established in Incirlik. Sinirlioğlu also stressed that Turkey was disturbed by the impact of the escalating ethnic tension in Iraq on PKK and by the increasing confusion on the Iraqi-Syrian border. Stating that everybody is concerned about dangers of polarization, whether this is along sectarian lines, or other lines in the region, Burns said that Turkey offered a very important model of a state which has built a quite strong democracy and economy and contributed to stability in the region, adding that Washington had attached great importance to working with Ankara for the transformation of countries in the Arab world. /Turkish Press Review/

Turkey to take Iranian gas price to arbitration

International arbitration over the price of Iranian natural gas is "inevitable" due to Tehran's reluctance to provide a discount, Energy Minister Taner Yıldız said yesterday, just a day before Iran's foreign minister comes to Turkey for economic cooperation talks.

"We have close cooperation with Iran in natural gas and we shared with them our unease about the high gas price. They did not share the same view," Yıldız told reporters. "Our demand for a discount continues. An international arbitration tribunal is inevitable," he said, adding that there was only a week left for negotiations. "If they want to talk, we are ready."

The issue was not initially supposed to be on the agenda of the Turkey-Iran Joint Economic Commission meeting, which is scheduled for January 18 and will feature Iranian Foreign Minister Ali Akbar Salehi.

The discount Russia recently made for Turkey had led to "quite a difference" between the prices of Russian and Iranian gas, an official said, adding that Iran also failed to deliver the promised quantities. Turkey has already won an arbitration case against Iran over deliveries of sub-standard quality gas, he added. Turkish officials involved in the negotiations are said to be using the growing pressure on Tehran as a bargaining chip to secure a discount. /Hurriyet Daily News/

US vendors near monopolies in Turkey's arms acquisitions

US arms makers are re-establishing themselves in the narrower but still lucrative Turkish market, where European rivals appear to have lost their competitive edge. Defense analysts said political disagreements with countries whose arms makers Turkey

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TUSIAD Selected News on Turkey

Washington

once favored have earned US contenders a "near-monopoly" position in off-the-shelf purchases.

US companies recently won two contracts and are viewed as front-runners in two others. In April, Sikorsky Aircraft defeated Italy's AgustaWestland in a multibillion-dollar competition to lead the co-production of more than 100 T-70 utility helicopters, a Turkish version of the US company's S-70i Black Hawk International. And earlier this month, in selecting a producer of light police helicopters, Turkey's top procurement decision-making body chose Bell Helicopter Textron over AgustaWestland and Eurocopter Deutschland, the German arm of Eurocopter.

But between 2000 and 2010, US companies tried but failed to secure several Turkish contracts. In general, they won only US foreign military sales-related contracts and single-source deals in Turkey.

Until 2011, units of Italy's Finmeccanica were the top foreign players in the Turkish market. In fact, Italian firms won every Turkish contract between 2006 and 2007. But the two countries' defense relationship suffered as political ties weakened between Turkish Prime Minister Recep Tayyip Erdoğan and his former Italian counterpart, Silvio Berlusconi. Another major non-US competitor was Israel. But procurement and military cooperation between Turkey and the Jewish state came to a standstill after the former allies froze their diplomatic relations last year. Recently, another major player on the Turkish market, France, has fallen from grace. Last month, the French Parliament's Lower House passed a bill criminalizing the denial of World War I-era Armenian "genocide" by the Ottoman Empire, modern Turkey's predecessor. In response, Turkish government officials unofficially said French bidders, and those who partnered with them, would be blacklisted in Turkish procurement competitions. /Hurriyet Daily News/

Man gets life for role in Hrant Dink murder

A Turkish court has sentenced a man to life in prison for his role in the killing of an ethnic Armenian journalist who was hated by hardline nationalists.

A panel of judges found Yasin Hayal guilty Tuesday of instigating the killing of Hrant Dink outside of his office five years ago, and gave him the life term.

The court, however, acquitted Hayal and several others of charges of acting under a terrorist organization's orders, angering lawyers who say the trial failed to shed light on alleged connections between the suspects and some state officials.

Gunman Ogün Samast was sentenced to nearly 23 years in prison in July for "premeditated murder." /Hurriyet Daily News/

Turkey's industry in progress & current deficit narrows

According to data released by Turkish Statistics Institute (TurkStat) yesterday, monthly industrial production index increased by 8.4 percent in November 2011. Compared to the same month of 2010, the index for the mining and quarrying increased by 2.9%, the manufacturing sector index increased by 7.6% and electric, gas and steam production and distribution index rose by 16.9% in November 2011. The calendar-adjusted index in

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November 2011 increased by 5.2%, while the seasonal and calendar-adjusted industrial production index decreased by 2.5%.

Turkey posted a \$5.2 billion current account deficit in November, amounting to a 13.2 percent drop as from the same period last year. On a 12-month basis, the current account deficit narrowed from \$78.6 million to \$77.8 million. The foreign trade deficit of Turkey also decreased by 4 percent to amount to \$6.6 billion in November 2011. Furthermore, Turkey's tourism revenues increased by 13.2 percent as from the same period last year and reached \$22.4 billion, whereas tourism expenses decreased to \$4.4 billion in November 2011. Economy Minister Zafer Çağlayan yesterday stated that direct investment into Turkey amounted to \$12.1 billion in the first 11 months of 2011 as a result of an increase by 70 percent as from the same period last year with 86 percent of these figures coming from Europe. Çağlayan stressed that Turkey enjoyed the best climate in terms of investments and that the government's new incentive system would constitute a mechanism to help further reduce the current account deficit. /Turkish Press Review/

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Ankara looks for no Iranian oil options

Turkey is working on a plan to avert the political and economic difficulties it could face as a result of the Washington-proposed sanctions against Iranian crude oil exports, which make up nearly one third of the country's daily consumption. Though Turkish officials voiced their intention to seek exemption from sanctions, only abiding by UN Security Council resolutions, the government is weighing various ways to gradually reduce Iranian oil imports, including using Saudi Arabia and Russia as potential alternative suppliers.

In official remarks, Turkey has openly said it would only implement sanctions if they were imposed by the UN Security Council but also added it would consider seeking an exemption from US measures against Iran given its unique position. However, whether Turkey abides, US sanctions will have a direct effect on Turkish financial institutions as a result of the country's nearly 9 million tons of crude oil purchases from Iran. The country's sole refiner, Tüpraş, renewed a deal to buy the same amount of oil from Iran in 2012, but Reuters reported that it was planning to meet Saudi Arabian oil authorities this month in order to secure an alternative supply.

Turkey has two ways to protect its financial institutions from US sanctions. Sanctions will not be imposed on the financial institutions of a country if it significantly reduces the volume of crude oil purchased from Iran in the designated time frame, or if the price and

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supply of petroleum and petroleum products in countries other than Iran is sufficient. Obama is set to submit reports every 180 days to analyze the global situation. The second way is to get a waiver from the US administration, under certain conditions, for a limited time of not more than 120 days. Even if Turkey could get a waiver it would only be valid for two terms of 120 days, as described by the law.

Amid ongoing discussions over sanctions against Iran, Ankara and Tehran signed a deal late Thursday to increase their trade volume to \$30 billion by 2015. Apart from commitments to further deepen cooperation in the field of energy, Urban Planning and Environment Minister Erdoğan Bayraktar said the two countries were working on improving cooperation in the banking system. However, cooperation with Iran on the banking system seems to be unlikely, as Turkish financial institutions have been directly warned that engaging in such transactions from or to Iran will put their business with the American companies in danger. /Hurriyet Daily News/

FM: Turkey backs League decision on Syria

Turkish Foreign Minister Ahmet Davutoğlu yesterday said Turkey would support a decision from the meeting of the Arab League scheduled for later today.

"I would like to express that we will support the decisions from the critical meeting of the Arab League this afternoon. We are in close consultations with the Arab League, but if the regional initiatives cannot produce results to end bloodshed in Syria, then it is only natural the issue becomes a humanitarian one which needs international attention and the attention of the United Nations," Davutoğlu told reporters in Konya. Davutoğlu said he had a telephone meeting with Arab League Secretary-General Nabil Elaraby ahead of the meeting, adding the goal was to make sure that human rights violations and massacres in Syria came to an end. Davutoğlu added if "the humanitarian tragedy continues to prompt the UN to step in, we are ready to work with the UN."

Davutoğlu said he was scheduled to visit Russia on January 24 for consultations over the Syrian issue and that he held talks with Iran on the developments in Syria. /Hurriyet Daily News/

France debates genocide law, faces Turkish reprisals

Prime Minister Recep Tayyip Erdoğan warned hours before a French Senate debate on a denial bill that runs a high risk of wrecking Turkish-French ties that the bill could provoke reactions from "hundreds of thousands" if it passes through the senate, pledging Turkey would reciprocate a senate approval in its own determined fashion.

The denial bill seeks punishment for anyone who refuses to term the killings of Armenians in 1915 by Ottoman Turk as genocide, on the grounds that such a rejection is equal to making racist and xenophobic remarks and can spark hatred in French society. Contrary to the French argument, Turkey has been fighting the bill, saying that such a move would mean blocking freedom of expression in France and take away Turks' right to defend their ancestors against the alleged crime of genocide, a claim Turkey takes as an insult to its identity.

The Turkish prime minister announced Turkey had "decisions to make in response to the

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decision the French Senate is going to make today," signaling Turkey is readying to counter the French move with measures if it passes through the French Senate. In addition, Erdoğan hinted the possibility that his future visits to France might fall under question in the event the bill passes as law in France. Turkey briefly recalled its ambassador to Paris and suspended military, economic and political ties when the bill was passed in France's lower house last month. Forty-thousand Turks from all over Europe gathered in Paris on Saturday to raise their voice against the Senate debate, hoping the Senate might drop the bill off the agenda or vote against it.

Meanwhile, the European Democratic and Social Rally (RDSE) in the French Senate defined the bill as "dangerous and unnecessary." RDSE's group chairman Jacques Mézard and member Jean-Michel Baylet held a joint press conference on Monday and said they would vote "no" on the bill. The bill sets a punishment of up to one year in prison and a fine of 45,000 euros for those who deny or "outrageously minimize" the killings, putting such action on par with denial of the Holocaust. France formally recognized the 1915 killings as genocide in 2001 but provided no penalty for anyone who rejected it. /Today's Zaman/

Turkish Parliamentary Speaker: Current charter has 'passed expiration date'

Turkey's current charter has "passed its expiration date" and is incapable of carrying Turkey into the future, according to Parliamentary Speaker Cemil Çiçek.

"Those who say the current Parliament is [unable] to produce a new constitution only have fantasies in their minds," Çiçek said yesterday at "Turkey Speaks," a meeting organized by nongovernmental organizations in the Central Anatolian province of Konya. "The four parties of this Parliament cannot accept these arguments. The current Parliament will produce the new constitution. Our aim is to present it to our people by the end of this year," Çiçek said.

Çiçek also said the Constitution Conciliation Commission, which has an equal number of representatives from each party represented in Parliament, will come up with a draft charter.

"Every segment of society is needed during the preparation period. We want to see what people have in mind. I believe society has been wasting its time for the past 30 years arguing about the Constitution – let's not waste that energy anymore," he said. /Hurriyet Daily News/

Istanbul, Ankara and Izmir are in the first ten on the fastest growing cities league

Three metropolitans in Turkey, Istanbul, Ankara and Izmir, were covered by a list of the fastest growing metropolitans of the world. A study on economic growth in the world's 200 largest metropolitans, which was prepared by the US think-tank Brookings Institute, reveals that 90 percent of the world's fastest-growing metropolitan economies are located outside North America and Western Europe. On the contrary, 95 percent of the slowest-growing metro economies are in the US, Western Europe and Japan. The report shows that the fastest growing 10 cities of the world are in China, Turkey and Saudi Arabia. In this context, the fastest growing city of the world is Shanghai. While

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Izmir has outdistanced Istanbul and Ankara and ranked the fourth, Ankara became the sixth and Istanbul the seventh largest city. Athens, Lisbon, and Dublin make up the bottom three. /Turkish Press Review/

Prime Minister Erdoğan awarded the most prestigious Polish award

Prime Minister Recep Tayyip Erdoğan has been awarded the 'Gold Statue 2012 Special Award' by the Polish Business Center Club (BCC), which is considered the most prestigious award in Poland. Deputy Prime Minister Ali Babacan received the award on behalf of Erdoğan during a ceremony which was organized at Warsaw's National Opera House. Erdoğan sent a video message to the ceremony, saying that he believes Turkey and Poland would make major contributions to their regions and the global economy by merging their powers and through more cooperation and more solidarity, and that the two countries would set an example for others to overcome economic crisis. "I would like to thank the president, executives and all members of the BCC for presenting me the Gold Statue 2012 Special Award on behalf of myself, my country and my nation" Erdogan said. /Turkish Press Review/

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Turkey, Russia converge on Syria and Iran crisis

Turkish Foreign Minister Ahmet Davutoğlu and his Russian counterpart Sergei Lavrov said Turkey and Russia had a similar stance regarding Iran and on ending the bloodshed in Syria, adding that Turkey is ready to work with Russia on solving the crisis.

"An immediate halt to the bloodshed and an implementation of the reform process in Syria is important. Turkey and Russia share a similar stance on these issues," Davutoğlu said on the close cooperation between Turkey and Russia at a joint press conference with his Russian counterpart. Lavrov stated that Russia would consider "constructive proposals" to end the bloodshed in Syria but was opposed to force or sanctions. This came one day after the US Assistant Secretary of State for Near Eastern Affairs Jeffrey Feltman said US and Russian diplomats held "very constructive" talks this week in Moscow, as part of an effort to resolve differences in the global response to unrest in Syria.

Lavrov revealed that Turkey and Russia held the second meeting of the Joint Strategic Planning Group on Wednesday, saying Russia and Turkey were holding such meetings to converge on their positions. Davutoğlu said Turkey's position with Russia was very similar on the Iran issue and talks on Iran's nuclear program should resume rapidly. He said Turkey was ready to host the talks, if Iran returned to the negotiation table. Lavrov

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confirmed that Russia was in favor of the nuclear talks being held in Turkey. /Hurriyet Daily News/

French senate approves bill criminalizing 'genocide' rejection

The French Senate has approved last week a bill that criminalizes the denial of Armenian genocide claims despite a furious Turkey vowing to punish Paris with "permanent" sanctions. France's lower house had voted to make such denials a crime last month, prompting Turkey to suspend military, economic and political ties.

The bill is now on the fast track to becoming law after 127 senators voted in favor it. It needs formal approval by French President Nicolas Sarkozy's signature. France had already recognized the killings as a genocide, but the new bill would go further by punishing anyone who denies it with a year in jail and a fine of 45,000 euros (\$57,000).

Modern Turkey is extremely sensitive about the issue, and has accused France of attacking freedom of expression and free historical enquiry. Turkish Prime Minister Recep Tayyip Erdoğan accused France of hypocrisy and Sarkozy of pandering to the vote of France's estimated 400,000 voters of Armenian origin three months ahead of a tough reelection battle.

Around 15,000 Turks from France, Belgium, The Netherlands and Luxembourg rallied peacefully on the streets of Paris on Saturday to protest the law. /Hurriyet Daily News/

Report: Minister cancels US-Iraq-Turkey counterterrorism meeting

Turkey's interior minister İdris Naim Şahin has cancelled a Baghdad trip to join a trilateral meeting between Turkey, Iraq and the US to combat terrorism in the region on the grounds that ties are strained between Turkey and Iraq following the Iraqi prime minister's accusations that Turkey has intervened in Iraqi politics.

Ties between Ankara and Baghdad and the ongoing joint Iraqi-Turkish efforts to open up three new border crossings are in some jeopardy. Turkey has been having a rough period with Iraq's Shiite administration which, a day after the US pullout, waged a political war against their opponents, led by the most senior Sunni official in the country, Tariq al-Hashemi. Hashemi is now wanted by the Baghdad government on the grounds of engaging in terrorism which he claims are a fabrication. Hashemi called on Turkey to intervene and avert a sectarian partition in the country.

In addition, the trilateral initiative plays an important role in curbing Kurdistan Workers' Party (PKK) terrorist attacks in Turkey, which are launched from the Iraqi-Turkish border. Turkey, battling PKK terrorism for decades, makes extensive use of intelligence gathered by the US in its surveillance of Iraqi borders, since the PKK launches its attacks from mountain bases located along the border through hit-and-run assaults on Turkish security personnel and civilians.

Without the buffer of US troops, Iraq's Sunni and Shiite blocs have increasingly conflicted, a fact interpreted by Turkey as a sign that Iraq might be heading for a sectarian war. /Today's Zaman/

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Turkey denies aid to Hamas, leaves door open to its office in Turkey

As Hamas officials in Damascus get ready to leave Syria, Turkish Foreign Ministry officials denied claims that Turkey had offered hundreds of millions of dollars to Hamas to make up for undelivered financial assistance, while the Turkish president left the door open to the possibility of a Hamas office opening up in his country.

Hamas's final decision on where to set up camp has begun to draw the attention of the international media, which recently speculated that Gazan Prime Minister Ismail Haniyeh, on his first visit to Turkey in early January, was promised that Turkey would give Hamas around \$300 million to make up for the void created by suspended financial aid from Iran, which stopped flowing in August, according to Reuters. Officials from Turkey's Foreign Ministry denied allegations that Turkey is offering millions of dollars to Hamas.

"There is no cash aid to Hamas, but Turkey is, of course, engaged in projects to deliver humanitarian aid to Gaza," officials said and added, "A \$40 million hospital project is one of them, but the construction material for the hospital is not allowed into Gaza."

Hamas has made it public that it is mulling over where it will call home next, and Turkey, along with Egypt, Qatar and Jordan, have been included on the list of possible hosts. /Today's Zaman/

BDP presses ICC on action for Uludere

The Peace and Democracy Party (BDP) has launched an unlikely move to press the International Criminal Court (ICC) to investigate the killing of 34 civilians last month in the botched Turkish air raid near Uludere at the Iraqi border. But since neither Turkey nor Iraq accept the jurisdiction of the ICC, the BDP said in its "notification" to The Hague-based court that it should first press the two governments to agree to an investigation.

The BDP charged the Turkish government with intending to cover up the incident and said "the relatives of the victims also have growing suspicions that no efficient investigation will be conducted," according to the text, which the party released to the press.

The BDP argue the December 28, 2011, raid, which had been intended for the outlawed Kurdistan Workers' Party (PKK), fell under the scope of "war crimes" as part of "an internal armed conflict" in Turkey's southeast.

Under ICC rules, prosecutors can be asked to conduct an investigation by states which are party to the Court Statute. However, a state not party to the statute can also accept the jurisdiction of the ICC and request an investigation with respect to crimes committed in its territory or by its nationals. The UN Security Council may also refer cases to the court, whose mandate is to try individuals rather than states. An ICC prosecutor can decide to open a probe on his own initiative, but again only about crimes involving nationals of a state party or of a state which has accepted ICC jurisdiction. /Hurriyet Daily News/

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Washington

Turkey should pull down inflation goal, IMF says

An International Monetary Fund report has recommended to Turkey that it lower its inflation target and said its monetary policy is "overburdened" by different objectives. In an annual assessment of the country's economic policy, dated November 14 and released over the weekend, IMF economists said Turkey's "unconventional monetary policy framework" had a potentially conflicting set of objectives.

While the authorities consider the current inflation target of 5 percent "appropriate," decreasing it would help the country's competitiveness, the report said.

Under Gov. Erdem Başçı, the Turkish Central Bank has developed a policy mix designed to reduce demand for imported consumer goods through limits on bank lending while rate cuts weaken the Turkish Lira. The bank this month maintained the corridor within which it varies interest rates daily and offered banks increased longer-term financing at a higher rate.

The IMF report predicted growth for Turkey at 2 percent this year. In a more recent report prepared for G-20 officials, who met on January 19-20, and released this week, the IMF forecast growth of 0.4 percent for Turkey this year, down from 8.3 percent in 2011. Meanwhile, global finance chiefs warned no economy was safe from Europe's debt crisis, adding urgency to their calls for its governments to deliver a swift resolution.

Turkey dismissed the IMF estimates. Deputy Prime Minister Ali Babacan said at the World Economic Forum in Davos, Switzerland, last week that the country stood by its forecast of 4 percent growth this year. /Hurriyet Daily News/

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