

TUSIAD Selected News on Turkey

Washington

February 2012

January 31-February 6, 2012

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FM readies for Syria, French bill talks in US

Foreign Minister Ahmet Davutoğlu will have talks with US Secretary of State Hillary Clinton in his visit to Washington, DC between February 8 and 13. Recent developments in the region including Arab League and United Nations Security Council initiatives on Syria, political tension in Iraq and United States sanctions against Iran are expected to be high on the talk agenda.

He will also seek to ensure Congress does not take up any move on the Armenian genocide allegations issue ahead of April 24, diplomatic sources said. Each year a bill related to the issue arrives in Congress, but this year Turkey is expected to face a greater challenge due to the approaching elections in the US.

During his visit Davutoğlu will also deliver a speech at the American Turkish Council (ATC) and participate in a meeting at the Center for Strategic and International Studies (CSIS). The Turkish foreign minister and Clinton are also expected to meet at the Munich Conference this week. /Hurriyet Daily News/

Turkey to host talks for Iraqi sect leaders

Turkey will host Shiite and Sunni religious leaders from Iraq in late February in a bid to promote dialogue amid growing political and sectarian tensions in the country.

Iraq's powerful Shiite cleric Grand Ayatollah Ali al-Sistani accepted to send a representative to head the Shiite delegation. A second delegation will be composed of Sunni religious figures. Mehmet Görmez, Director General of Turkey's Religious Affairs Directorate, will deliver a speech at the meeting, in which he will call on religious groups to take responsibility in order to avert violence in the country. The conference aims to build dialogue between Iraqi Shiite and Sunni groups, along with establishing a regional organization structure. /Hurriyet Daily News/

Turkey urges UN Security Council to act on Syria

Turkey has urged the United Nations to send "a necessary message" to the Syrian regime to end ongoing internal violence, in which at least 5,500 people were killed

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according to the latest UN estimates. A statement released by the Turkish Foreign Ministry on Wednesday said Turkey is deeply concerned over violence directed against the Syrian people by the regime and the increasingly growing death toll and that Turkey expects the UN Security Council, which is engaged in consultations with the Arab League, to seriously consider the situation in Syria and send a message to Assad calling for an end to the violence.

Arab and Western states urged the UN Security Council on Tuesday to act swiftly on a resolution backing an Arab League plan calling for Assad to hand powers to his deputy, with the aim of defusing the 11-month-old uprising against his family's dynastic rule. The statement urged all parties involved to assume responsibility, in order to pave the way for peaceful political transformation in Syria, adding that this is now a necessity which cannot be postponed. /Today's Zaman/

French parliamentarians appeal genocide bill, Turkey applauds move

Last week French parliamentarians appealed to the country's supreme Constitutional Council to overturn a bill that penalizes denial of Armenian genocide claims, a development that raised prospects of annulment of the controversial legislation which has angered Turkey. The council is now expected to examine whether the bill, passed in both houses of the French Parliament, violates the French constitution and its founding base of freedom of expression. The 11-member Constitutional Council has 30 days to decide whether the legislation is unconstitutional. But it may be forced to rule in eight days if the government requests an emergency decision. /Turkish Press Review/

Swiss prosecutor probes Bağış over genocide remarks, sparks diplomatic row

A Zurich prosecutor launched an investigation today into remarks by Egemen Bağış, Turkey's EU affairs minister and chief EU negotiator, after he said that there was no Armenian genocide and that Swiss authorities could arrest him if they wanted to. The Zurich Chief Prosecutor's Office launched the investigation into Bağış's remarks –which he made last month in Zurich on his way back from the World Economic Forum at Davos –based on a complaint filed by members of Switzerland's Armenian community. Zürich State Prosecutor Christine Braunschweig was quoted by the daily as having said: "Last week we received a petition about this issue, informing us that Mr. Bağış violated the anti-racism Article 261 of the Swiss Penal Code. Our prosecutor's office has taken this allegation seriously and launched an investigation."

Turkey swiftly responded to the news of investigation, with the Swiss ambassador in Ankara being summoned to the Foreign Ministry on Monday afternoon. Undersecretary of the Ministry of Foreign Affairs Feridun Sinirlioğlu, who met Swiss Ambassador Raimund Kunz, demanded an official explanation and informed Kunz that the investigation was "unacceptable," while the AK Party's Ömer Çelik said, "The Zürich prosecutor was out of line launching an inquiry into a minister of the Republic of Turkey who voiced an opinion while exercising freedom of speech."

The European court is currently waiting on the Swiss government to submit its defense. It is expected to deliver a verdict this year. The Republic of Turkey is listed as a co-plaintiff in the case. /Today's Zaman/

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Koreans to invest in Turkish energy sector

South Korea will sign a preliminary pact to build power plants in Turkey in a deal worth about \$2 billion, Yonhap News reported, citing an unidentified official at South Korea's presidential office. The project will involve building a new coal-fired power plant and upgrading existing ones. The agreement will be signed in Turkey today between South Korea's SK Energy, Korea South-East Power and Turkey's state utility Electricity Generation Co., Inc. (EÜAŞ).

The news came amid discussion on Turkey's dependence on natural gas in electricity production as Energy Minister Taner Yıldız signaled over the weekend a new strategy to focus on coal-burning facilities. The share of natural gas in electricity generation remains at nearly 50 percent, said Yıldız at an EÜAŞ meeting in the northwestern province of Bolu on February 4. "We are aiming to reduce it down to 30 percent in 2023," he said, noting that it would not be easy to reach the goal. The Energy Ministry readies to launch incentives to support investments in coal-burning power plants. "The government will give coalfields for free to energy firms generating electricity from coal," Yıldız said.

South Korean President Lee Myung-bak's meetings in Turkey, which started February 4, also continue today. Lee could also sign a framework agreement on nuclear cooperation or ink a deal on Turkey's second or third nuclear power plant. /Hurriyet Daily News/

Turkish official inflation at 10.61% in January

Turkish annualized inflation leapt to 10.61 percent in January, according to figures released by the national statistics office, with drinks and tobacco showing the strongest increases. On a monthly basis, consumer prices posted a rise of 0.56 percent, the Tuik statistics service added.

The annual rate marked a sharp pick-up from 2010, when Turkey recorded inflation of 4.9 percent. A breakdown by categories showed that alcohol and tobacco prices shot up by 18.53 percent on the year, while the cost of transportation gained 12.9 percent and food prices were 11.67 percent higher.

Inflation has been spurred by economic growth as Turkish business activity expanded by a record 9.6 percent in the first nine months of 2011. The national central bank had forecast much lower inflation of 5.5 percent last year, and expects it to fall to 5.0 percent in 2012. /Hurriyet Daily News/

TUSIAD Highlights

President of the TUSIAD Board of Directors Ms. Umit Boyner sent a letter to TUSIAD members on February 3, 2012 detailing TUSIAD's efforts against the French bill that aims at penalizing the denial Armenian genocide claims. The bill was brought to the France's Constitutional Council by 77 senators and 65 members of the National Assembly last week. In her letter, Mrs. Boyner highlighted TUSIAD's joint efforts with the Institut du Bosphore - a Paris-based research center supported by TUSIAD - in its campaign against the bill. Ms. Boyner underlined that a TUSIAD delegation visited Paris

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and held press conferences to raise public awareness, as well as launched email campaigns through its Brussels Representative and Paris offices directed towards not only the French Parliamentarians but also prominent business people and commerce and trade chambers. By voicing concerns that this bill is being used as a political campaigning tool, it has a divisive nature in French politics and negative implications on the French-Turkish relations, TUSIAD made a valuable contribution to prevent misunderstandings about a major international issue.

February 7-13, 2012

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- Government set to sell out stake in Petkim by March
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TOP STORY

Syria top on the Agenda during Davutoğlu's visit to the US

Turkish Foreign Minister Ahmet Davutoğlu was in the United States on Feb. 8 for official meetings with US Secretary of State Hillary Clinton, Secretary of Defense Leon Panetta and US National Security Advisor Thomas Donilon. Davutoğlu said on Feb. 10 that he will propose new ways to pressure Syria when he meets with Clinton on Feb 13. Meeting Friday with reporters, he did not elaborate on what steps he would discuss with Clinton to force Syria to end its violence against civilians.

After the UN Security Council failed to adopt a strong resolution following a veto by Russia and China pressing for Syrian President Bashar al-Assad to step aside, Turkey called for a new international initiative to provide a platform outside the UN to

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coordinate Syria policy between Middle East and world powers and to boost diplomatic pressure on Damascus. Assad, Davutoğlu said, has lost all credibility both inside Syria and around the world. He pointed to the increasing number of defections from the Syrian army, estimating that about 40,000 soldiers had abandoned their posts following orders to attack civilians.

The US made a similar call for a "friends of democratic Syria." US officials have said they were now gauging the prospects for a group of like-minded countries to coordinate support for Syria's political opposition, bypassing Russian and Chinese resistance to anti-Assad measures. US officials have said that they would work with other nations to try to tighten sanctions against the Syrian government and deny it arms in the absence of a UN resolution.

Turkey warned the Syrian regime against misreading the will of international community after the failure of the UN resolution. "The rejection of this resolution must never constitute a pretext for the Syrian administration to add new mistakes to the existing ones," a statement issued by the Foreign Ministry said on Saturday. The resolution was co-sponsored by Turkey along with 16 other countries, mostly Arab League members. Turkey and its Western and Arab allies fear that the double-veto would embolden the Syrian regime. "We won't leave Syria to its own destiny," Foreign Minister Ahmet Davutoğlu said in an interview with Turkey's NTV television. "We are determined to form a platform for broad international consensus," especially to provide humanitarian access to cities like Homs that are being shelled by Syrian forces.

Last Thursday, Davutoğlu declined to discuss whether the government was considering a military-backed humanitarian intervention to help quell the violence. He did, however, state that "If there is an oppression by an autocratic leader against the people, nobody can expect us or the international community to be silent," on Friday during a speech to the Center for Strategic and International Studies (CSIS). "We wanted Assad to be Gorbachev, but he chose to be Syria's Milosevic" Davutoğlu explained comparing the parallels between the events in Syria and the massacres carried out by the former Serbian leader, Slobodan Milosevic, in Bosnia during the '90s.

Topics of discussion during the Foreign Minister's visit also included Iran and the growing international concern over its nuclear program, Iraq and the deep crisis its Shiite and Sunni politicians are passing through following Prime Minister Nouri al-Maliki's issuing of an arrest warrant against the Vice President Tariq al-Hashimi, and the stalled talks between Ankara and Yerevan.

As international lines against Mr. Assad deepened, one of his allies stood firm. Iranian President Mahmoud Ahmadinejad pledged Iran's support following a meeting Feb. 8 with Syria's top cleric. However, Arab and Turkish officials on Feb. 12 slammed talk of a military strike against Iran over its controversial nuclear program, saying it would be a disaster for the region and calling for renewed negotiations. During his speech at the CSIS, Davutoğlu stated "It is not reasonable, it is not feasible, and we will be against it, we will never, never endorse any military strike." Turkey has already announced that it won't abide by unilateral sanctions imposed by Washington and the European Union, but also said it was ready to facilitate resumed negotiations between Iran and P5+1.

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Find the original stories at:

Today's Zaman, 5 February 2012, Turkey warns Assad to not misread failed resolution at the UN

Today's Zaman, 5 February 2012, Turkish, Arab officials favor diplomatic measures to solve crisis with Iran

Today's Zaman, 7 February 2012, Turkey plans new Syria initiative after UN 'fiasco'

Hurriyet Daily News, 7 February 2012, Syrian Kurds aim to establish 'federal state'

Hurriyet Daily News, 8 February 2012, Turkey plans international conference on Syria: Davutoğlu

Hurriyet Daily News, 8 February 2012, FM Davutoğlu takes up Iraq ahead of US trip

The Wall Street Journal, 9 February 2012, Turkey pushes for new action on Syria

CNN, 10 February 2012, Turkish foreign minister suggests aid for Syrian civilians

Hurriyet Daily News, 11 February 2012, Turkey's Davutoğlu gives Arab Spring lecture in US

FOREIGN POLICY

NATO: It was Turkey which offered to host radars

Ankara offered to host a NATO early warning radar system to be placed on its soil, NATO Secretary General Anders Fogh Rasmussen said on Feb. 10 during an interview with broadcaster NTV in Brussels. The installation of the radar base in Turkey stood as an example of solidarity among NATO members he added as Turkey had drawn Iran and Russia's ire by agreeing to host the radar system in the eastern province of Malatya.

Hurriyet Daily News, 10 February 2012, NATO: It was Turkey which offered to host radars

Turkey summons Swiss envoy over investigation into minister

Turkish EU Minister Egemen Bağış has declared a Swiss probe into his denial of Armenian genocide claims to be "null and void" for him. "I know of no power that could arrest a Turkish minister," Bağış said. "If need be, I'll go back to Davos and say it again." Swiss Ambassador Raimund Kunz was summoned by Foreign Ministry Undersecretary Feridun Sinirlioğlu and told that the incident was "unacceptable." Zurich public prosecutor Christine Braunschweig confirmed the probe and said that they were looking into whether or not Bağış had said "the Armenian genocide doesn't exist" and his diplomatic immunity.

Hurriyet Daily News, 6 February 2012, Turkey summons Swiss envoy over investigation into minister

Hurriyet Daily News, 7 February 2012, No power can arrest a Turkish minister, says Bağış

Turkey helps secure release of 11 kidnapped Iranians in Syria

Syria's Free Syrian Army has said Turkey mediated the release of 11 kidnapped Iranians, expressing gratitude to Turkey for its help and support for the rebel army. Gunmen kidnapped 11 Iranian pilgrims heading to the Syrian capital on their way to visit Shiite shrines in Syria from Turkey last Wednesday.

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Today's Zaman, 7 February 2012, Turkey helps secure release of 11 kidnapped Iranians in Syria

PKK sabotage on BOTAS pipeline

PKK sabotaged the BOTAS Kirkuk-Yumurtalık pipeline on Feb. 1 in Mardin. The explosion stopped the flow of oil and damaged farms within 60 km. Officials say the reparations are under way.

Radikal, 2 February 2012, Boru hattına PKK sabotajı (Turkish)

Greece plans Fence for Turkish border

Greece said last Monday that it will begin building a six-mile long, thirteen-foot-tall fence topped with razor wire on its border with Turkey to deter illegal immigrants. Work on the fence will start next month and is expected to be finished by September at a cost of over €3 million (\$4 million), blocking a short stretch of dry land between the two countries.

While Turkey is not opposed to the project, the European Commission rejected a Greek request to help finance the fence, calling the project "pointless" and that fences are "short term measures that do not solve migration management issues in a structural way."

The Wall Street Journal, 6 February 2012, Greece plans fence for Turkish border
Hurriyet Daily News, 9 February 2012, EU refuses to fund Greek border fence with Turkey

ECONOMY / ENERGY

Gulf nations determined to shift investments to Turkey

Investors from Gulf countries are looking for opportunities to shift funds from various countries to Turkey amid the European sovereign debt crisis and regional turmoil in the Middle East and northern Africa, especially in the banking sector. Joint investments between Turkey and the Gulf states are crucial as they will benefit all parties concerned, Turkish leaders said during the Turkey-Gulf Business Council Forum held in Istanbul last Tuesday. Turkish Finance Minister Mehmet Şimşek said there were plenty of opportunities for both sides in the energy, tourism, health and agricultural sectors suggesting Turkey and the Gulf countries should sign a free-trade agreement as soon as possible. Deputy Prime Minister Ali Babacan noted that the trade volume between Turkey and the Gulf states had increased from \$1.5 billion in 2002 to \$11.9 billion in nine years, saying that there was still room for more growth given the countries' enormous potential.

Hurriyet Daily News, 7 February 2012, Gulf nations determined to shift investments to Turkey

Hurriyet Daily News, 8 February 2012, Turkey offers Gulf 'perfect match-up'

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Government set to sell out stake in Petkim by March

Turkey has set a 4 p.m. deadline on March 20 for final bids to buy the state's 10.3 percent stake in local chemicals producer Petkim Petrokimya Holding. Bidders will be required to provide a \$3 million temporary down payment. Private investment funds can only participate as part of a joint venture. The State Oil Company of Azerbaijan (Socar) has announced that it will bid for the 10 percent stake.

Hurriyet Daily News, 7 February 2012, Government set to sell out stake in Petkim by March

Seoul nuke talks to resume

Turkey and South Korea will soon resume talks about constructing a nuclear power plant in Turkey. The presidents of the two countries met on Feb. 6 to settle key differences that caused the parties to halt talks in 2010. The state power companies of Turkey and South Korea had signed a preliminary deal in March 2010 paving the way for talks aimed at concluding an intergovernmental agreement to build a nuclear power plant at Sinop, on Turkey's northern Black Sea coast.

Turkey and South Korea had also signed an agreement on strategic partnership and discussed ways to increase trade. Cooperation areas would include the defense sector such as ATAC helicopters.

Hurriyet Daily News, 7 February 2012, Seoul nuke talks to resume

Foreign investors worried over 2012

Nearly half of the foreign investors in the International Investors Association of Turkey's (YASED) recent survey believe that the investment environment in Turkey will deteriorate and some 35 percent believe there will be no change in 2012. However, in the absence of radical changes in capital investment into Turkey due to problems in the global economy, Turkey will achieve its growth targets, according to a separate study by the Istanbul Chamber of Industry.

Hurriyet Daily News, 10 February 2012, Foreign investors worried over 2012

Figures show spike in annual CAD but trend is southwards

The current account deficit (CAD) increased by 65 percent to \$77.1 billion in 2011, but the monthly CAD reduction in comparison to the previous year's figures has continued, the central bank has said. According to the statistics, the monthly CAD dropped by nearly 13 percent to \$6.57 billion for December of last year, down from the \$7.53 billion observed for the same month a year earlier. The Turkish lira continued to weaken against major currencies.

Today's Zaman, 13 February 2012, Figures show spike in annual CAD but trend is southwards

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Turkey's IMF Standing will be stronger

IMF Turkey Permanent Representative Mark Lewis, stated that country's IMF representation will be redefined and that with this restructuring Turkey will have a stronger position in the IMF.

Dünya, 10 February 2012, Türkiye'nin IMF'deki konumu güçlenecek (Turkish)

Industrial production up by nearly 9 percent in 2011

Industrial production increased by 8.9 percent in 2011 compared to the previous year, the Turkish Statistics Institute (TurkStat) announced on Wednesday. The official statistics body noted the increase in Turkey's industrial production was some 3.7 percent in December of last year.

Today's Zaman, 8 February 2012, Industrial production up by nearly 9 percent in 2011

DOMESTIC POLITICS

Turkey's intel chief to testify in terror case

Chief of Turkey's National Intelligence Agency (MIT) Hakan Fidan, along with former MIT Undersecretary Emre Taner, and his assistant, Afet Güneş, was summoned last week to testify in the ongoing case into the Kurdistan Communities Union (KCK), the alleged urban wing of the outlawed Kurdistan Workers Party (PKK). It was not initially clear whether Fidan was a suspect.

Fidan was known for secretly holding talks with PKK representatives in the Norwegian capital of Oslo. He was asked to give evidence on Thursday on government contacts with Kurdish militants – including negotiations with the Kurdistan Workers' party (PKK). Initial reports suggest Fidan would not appear in court because his intelligence work was outside its jurisdiction.

Just hours after the court order, Turkey's government submitted a draft law to Parliament late February 10 to provide spy officials with more immunity from prosecution. Prime Minister Recep Tayyip Erdoğan remained silent but members of the government and his party continued to criticize the judiciary's move. The prosecutor was later removed from duty.

Hurriyet Daily News, 7 February 2012, Turkey's intel chief to testify in terror case
Financial Times, 9 February 2012, Turkish spy chief summoned over PKK talks
Hurriyet Daily News, 11 February 2012, Intelligence crackdown

Recovering Erdoğan to be back in couple days

Prime Minister Recep Tayyip Erdoğan is expected to return to work in Ankara later this week after the second and final phase of the intestinal surgery he began November 26. In a written statement released, Erdoğan's office said "The treatment was concluded as originally planned and the prime minister's health is very good."

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Hurriyet Daily News, 13 February 2012, Recovering Erdoğan to be back in couple days

Uludere investigation 'unreliable': Amnesty International

Members of a parliamentary sub-commission tasked with investigating a deadly airstrike by Turkish fighter jets in December in Uludere on the Turkish-Iraqi border that mistakenly killed 34 civilians travelled to the hometown of the victims on Sunday, promising to shed light on the incident.

The military issued a statement saying the warplanes had targeted the group based on intelligence that suggested a group of armed terrorists would be heading towards the Turkish border to stage attacks on the military. The government has pledged financial compensation for the families of the victims.

Amnesty International described the investigation on the Uludere raid as "unreliable," in a letter sent by the organization to Justice Minister Sadullah Ergin. The organization called for an "independent, objective and in-depth" probe on the matter that would reveal how the incident occurred as well as those who were responsible.

Today's Zaman, 5 February 2012, Uludere commission vows to shed light on airstrike deaths

Hurriyet Daily News, 6 February 2012, Uludere investigation 'unreliable': Amnesty International

CHP head accused of international smear campaign

Prime Minister Erdoğan claimed yesterday that the main opposition leader was at the forefront of "a very ugly and dangerous campaign to smear Turkey," backed by foreign circles, and vowed further efforts to counter criticism of his government's commitment to democracy.

Kılıçdaroğlu stood behind his description of Erdoğan as "a post-modern dictator" as he continued to take aim at the premier. "Never before a prime minister has been so detached from democratic culture, science and morals," he said to his party's parliamentary group.

Hurriyet Daily News, 8 February 2012, CHP head accused of int'l smear campaign

Deal falls through as AKP insists on internal rules draft

Party group representatives failed yesterday to strike an agreement over a draft proposal to amend Parliament's internal regulations due to an article that limits the amount of time allotted to deputies to speak about group proposals. The group deputy leaders of political parties that have seats in Parliament met on February 6 following Parliament Speaker Cemil Çiçek's mediation efforts, as they had previously failed to strike an agreement twice before.

Hurriyet Daily News, 8 February 2012, Deal falls through as AKP insists on internal rules draft

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Turkish clashes with PKK militants kill 14

Turkish security forces killed 13 Kurdish militants in fighting in southeast Turkey overnight, security sources said, marking an escalation in violence at a time when cold winter weather normally limits clashes. Kurdistan Workers Party (PKK) fighters attacked some 10 different security force locations at 2:30 a.m. in Çukurca in Hakkari province near the Iraqi border, the sources said. One soldier and four militants were killed in the fighting and military operations were continuing in the area.

Yahoo News, 9 February 2012, Turkish clashes with PKK militants kill 14

February 14-20, 2012

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TOP STORY

MIT Investigations

The Parliament passed on Feb. 17 a bill by the ruling Justice and Development Party (AK Party) to save top intelligence officials from a judicial probe. The bill stipulates that a special permission must be obtained from the prime minister ahead of investigations into intelligence officials, also allowing the law be applicable to ongoing investigations that were launched before the bill was adopted. The bill was passed on a 266-63 vote, suggesting that some 60 AKP deputies were absent along with Prime Minister Recep Tayyip Erdoğan, who was resting due to a second intestinal surgery.

The law was presented to Parliament last week following a dispute that emerged after a specially authorized prosecutor summoned National Intelligence Organization (MIT) undersecretary Hakan Fidan and four others to testify as part of a probe into the Kurdish Communities Union (KCK), a group which prosecutors say controls the outlawed Kurdistan Workers' Party (PKK) and other affiliated groups. MIT's rebuff of the summons and failing to appear at the prosecutor's office prompted an order for Fidan to testify in Ankara and arrest warrants for the other four.

Soon after the bill was passed, however, the summons to testify in court for the four MIT officials was cancelled. The Anatolia news agency also reported that the request filed for Fidan's testimony to be heard in Ankara is also expected to be cancelled soon. At the same time, on Feb. 16, Justice Minister Sadullah Ergin authorized an investigation into Sadrettin Sarıkaya, the Specially Authorized Prosecutor, who summoned Turkey's chief intelligence official to testify as a suspect in a terrorism case Sarıkaya was removed from the case by the General Prosecutor in Istanbul over the weekend. The Supreme Board of Judges and Prosecutors (HSYK) also initiated an inquiry into whether the prosecutor overstepped his authority in his investigation of MIT officials.

Opposition parties and some others are against the law on the grounds that it is designed for the benefit of certain people and hence runs contrary to the rule of law. Republican People's Party (CHP) leader Kemal Kılıçdaroğlu had said his party would go to the Constitutional Court to seek annulment of the bill if approved. "The proposal is against the principle of a state of law. No one can be granted such authority. This can only happen under dictatorships." Kılıçdaroğlu also accused the prime minister of trying to tighten his grip on the security services by curbing the powers of the judiciary and effectively creating a "gang" answerable only to him. Devlet Bahçeli, leader of the Nationalist Movement Party said he also opposed the bill.

Suggestions that the investigation is implicating the government as a whole over its policies on the Kurdish problem are baseless, Istanbul's Deputy Chief Prosecutor Fikret Seçen said in a written statement, stating that the probe targeted only individuals and not political authorities.

At the heart of the current investigation is suspected collaboration between the KCK and MIT officials who infiltrated the KCK to gather intelligence about the activities of the organization but allegedly ended up involved in illegal acts and attacks perpetrated by the KCK. Reports in the media claim that according to documents in the case file, the

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TUSIAD Selected News on Turkey

Washington

KCK was actually founded under MIT oversight. It has also been alleged that orders for some of the KCK's attacks were given from sources inside MIT.

In the meantime, hundreds of people have been arrested, including some 150 people during raids across Turkey on Feb. 13. Istanbul Police Chief Hüseyin Çapkın defended the controversial operations saying that "The rural-urban network of the KCK has been broken down. The KCK has now met its demise." Prosecutors now say they have also uncovered evidence state officials aided the militant separatists.

Murat Karayılan, one of the leaders of the PKK, has said recent investigations aim to target the ongoing dialogue between the PKK and the Turkish state. Karayılan also claimed the PKK was holding talks with the state, not with MIT.

Find the original stories at:

Today's Zaman, 15 February 2012, Bill on MIT immunity comes to Parliament floor

Hurriyet Daily News, 15 February 2012, Intelligence not immune to justice, say prosecutors

Yahoo News, 14 February 2012, Turkish opposition blasts new government spy bill

Today's Zaman, 16 February 2012, Justice minister allows investigation into prosecutor in MIT case

Today's Zaman, 16 February 2012, Main opposition to take bill on MIT immunity to top court if approved

Today's Zaman, 17 February 2012, Turkish Parliament passes bill on protection of intelligence staff

Hurriyet Daily News, 14 February 2012, Deputy prosecutor says evidence was obtained

Hurriyet Daily News, 18 February 2012, Parliament passes intel bill amid fiery debates

Today's Zaman, 20 February 2012, Summons for 4 MIT officials cancelled by new legislation

FOREIGN POLICY

Turkey, France attempt to form Syria aid corridor

Turkey continues to steer clear, for now, of proposals for a "safe haven" across the Syrian border where civilians could shelter and army defectors regroup. Instead it is collaborating with the Arab League to create an action plan including the Tunisia conference on Feb. 24 and the establishment of a UN humanitarian corridor into Syria, Turkish Foreign Minister Ahmet Davutoğlu said. In addition, Turkey and France lobbied for aid deliveries at the UN and rallied allies on pressuring the Syrian regime at the Friends of Syria meeting. On Feb. 16 Davutoğlu lauded a Saudi Arabian draft proposal to the UN General Assembly, backing an Arab plan that recommends a UN-backed regime change in Syria, saying that the proposal would place important pressure on Syrian President Bashar al-Assad to cease his campaign of violence.

Today's Zaman, 15 February 2012, Turkey says no, for now, to buffer zone with Syria
Hurriyet Daily News, 16 February 2012, Turkey, France attempt to form Syria aid corridor

Turkish Press Review, 16 February 2012, FM: Turkey backs Saudi initiative at UN, putting pressure on Assad

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Erdoğan calls on France to leave Minsk Group

The Turkish prime minister has called on France to quit as a member of the Minsk Group, which aims to secure a settlement to the conflict between Azerbaijan and Armenia over Nagorno-Karabakh, because it had "clearly shown it has taken a side" by adopting a law penalizing denial of Armenian allegations.

Hurriyet Daily News, 14 February 2012, Erdoğan calls on France to leave Minsk Group

Turkey warns Cyprus

Turkey warned on Feb. 16 that it will not allow under any circumstances foreign oil companies to conduct unauthorized oil and natural gas exploration and exploitation activities in the Eastern Mediterranean and will take all necessary measures to protect its rights in the areas within its continental shelf. Turkey's strong worded warning came after an announcement published in the EU Official Journal on Feb. 11 that the Greek Cypriot administration has called for a new international tender for off-shore hydrocarbon exploration and exploitation within its so-called economic exclusive zone.

Hurriyet Daily News, 16 February, Turkey warns Greek Cyprus on oil drilling ahead of Israeli PM visit

Rasmussen arrives in Turkey

NATO Secretary General Anders Fogh Rasmussen arrived in Turkey on Feb 16 on the occasion of the 60th anniversary of Turkey's accession to the alliance. Rasmussen met President Abdullah Gül and Foreign Minister Ahmet Davutoğlu, participated in a Joint Meeting of the Foreign Affairs and Defense Committees of the Turkish Parliament, and delivered an address at a conference organized by the Turkish Atlantic Council. Reportedly, the agenda of the next NATO summit to be held in Chicago in May, members' financial support to the alliance and a solution to the problems between Russia and NATO were discussed during the talks.

Turkish Press Review, 17 February 2012, Rasmussen arrives in Turkey

Commander of the US Central Command visits Turkish Chief of General Staff

The commander of the US Central Command, Gen. James N. Mattis visited Chief of General Staff Gen. Necdet Özel at the Turkish military headquarters on Feb. 14. Reportedly, the incidents in Syria, Iran, Iraq and Afghanistan, counter-terrorism activities, relations between Turkey and Israel, as well as details about the radar missile in the Kurecik, Malatya were discussed during the meeting, in which Özel stated that Turkey would provide support in establishing a humanitarian aid corridor in Syria but opposed military intervention.

Turkish Press Review, 15 February 2012, Commander of the US Central Command visits Turkish Chief of General Staff

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China's Xi in Turkey to talk Syria, energy

Chinese Vice President Xi Jinping will seek to enhance bilateral political and economic cooperation when he arrives in Turkey today for talks while also possibly pursuing a nuclear power plant contract.

Hurriyet Daily News, 20 February 2012, China's Xi in Turkey to talk Syria, energy

Turkey condemns attacks on Israeli diplomats

Turkish foreign ministry has condemned the Feb. 13 bomb attacks on Israeli diplomats in India and Georgia stating "Turkey stands against any type of terrorism regardless of its source and reason" and wishing a speedy recovery for those injured.

Hurriyet Daily News, 14 February 2012, Turkey condemns attacks on Israeli diplomats

Libya's TNC calls Turkey model

Mustafa Abdul Jalil, the leader of Libya's National Transitional Council (NTC), has called Turkey a model for Libya and other Arab Spring countries because of its "democratic structure." The NTC leader underscored the strength of future Libya-Turkey relations adding that they would be "much more powerful in the new era."

Today's Zaman, 13 February, 2012, Libya's TNC calls Turkey model

Turkish newspaper office torched in Germany

Arsonists torched the headquarters of the Turkish-language newspaper Zaman in Cologne, Germany on Feb. 15. The police suspect that Kurdish militants might be to blame. February 15 marked the 13th anniversary of the arrest of PKK chief Abdullah Öcalan.

Hurriyet Daily News, 16 February 2012, Turkish newspaper office torched in Germany

Turkey, Mauritania to cooperate

Turkey's Interior Minister Idris Naim Şahin met Mauritania's Interior and Decentralization Minister Mohamed Ould Boilil in Ankara and the two ministers signed a security cooperation agreement.

Anadolu Ajansı, 15 February 2012, Anlaşma yakın işbirliğimizi içeriyor (Turkish)

ECONOMY / ENERGY

Turkey sticks with Iran oil after Saudi talks

Turkey has no plans to cut its imports of Iranian oil, remaining a rare loyal customer of Tehran despite rising pressure from international sanctions and initial signals it may buy more Saudi oil. Ankara's intentions became clear after a high level delegation travelled

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to Riyadh over the weekend and decided against requesting additional supplies. Energy and Natural Resources Minister Taner Yıldız said that the US and EU embargoes on Iranian oil is not binding for Turkey and that Turkey will only follow UN resolutions.

Dünya, 16 February 2012, ABD ve AB'nin İran kararı bizi bağlamaz (Turkish)
Today's Zaman, 14 February 2012, Turkey sticks with Iran oil after Saudi talks

Turkey's jobless rate falls to 9.1%

A strong recovery in service industry employment over the preceding month helped pin Turkey's jobless rate at 9.1 percent for the second month in a row in November, down from 11 percent in the same period of 2010, the Turkish Statistics Institute (TurkStat) announced on Feb. 15. The Turkish government's Medium-Term Economic Program (OVP) estimates the year-end unemployment in Turkey for 2011 at 12 percent.

Hurriyet Dailey News, 15 February 2012, Turkey's jobless rate falls to 9.1%
Today's Zaman, 15 February 2012, Service sector recovery holds jobless rate steady at 9.1 percent

Government may speed up local production-led system

Turkey's Economy Minister Zafer Çağlayan cited what he called "a weak interest" in domestically produced goods as one of the reasons behind a high rate of imports, calling on Turkish manufacturers to make the best of government incentives to upgrade their production quality. Observers argued the minister's remarks indicated that the government is now speeding up an earlier announced strategy to encourage domestic production in certain sectors that are highly dependent on foreign goods as part of efforts to tame a widening current account deficit (CAD).

The government last year announced a plan to offer incentives and subsidies to increase production capacity and competitive power in six sectors: machinery, iron and steel, automotive, chemicals, textiles, and food and agriculture.

Today's Zaman, 14 February 2012, Gov't may speed up local production-led system

Azerbaijan gaining power in Turkey's energy market

Turkey and Azerbaijan are near reaching an agreement on the construction of the Trans-Anatolian Pipeline (TANAP), a major pipeline that would carry a vast amount of natural gas to European markets, potentially rivaling the European Union-backed Nabucco project. The two countries might finalize the intergovernmental agreement during Turkish Prime Minister Recep Tayyip Erdoğan's planned visit to Baku over the summer.

As the energy ties between Azerbaijan and Turkey develop, Socar readies to bid for İgdaş, Istanbul's gas distribution company. The company looks to strengthen its presence in Turkey by investing in Turkey's sole refinery Petkim's container port in the western province of İzmir. The company will invest \$400 million to build the container port by 2014. The port will have an annual handling capacity of 1.5 million twenty-foot equivalent units (TEU), and Hague-based APM Terminals will operate the port for 28 years.

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Hurriyet Daily News, 14 February 2012, Azerbaijan gaining power in Turkey's energy market

Privatization board hopeful of finalizing tenders this year

Many privatizations will be finalized this year, accelerating the privatization process which has seen multiple delays or cancellations, in a bid to meet the revenue target from the 2012 privatizations, according to Ahmet Aksu, vice president of Turkey's Privatization Administration (ÖİB). Privatizations of gas and electricity grids, bridges and highways are planned to be completed in the first half of the year. The revenue target from the privatizations in 2012 is set at 10 billion Turkish Liras in the budget act.

Hurriyet Daily News, 14 February 2012, Privatization board hopeful of finalizing tenders this year

Up to 10 global firms apply for southern energy projects

Almost 10 international companies have applied to undertake a project to explore oil and natural gas off Mersin, a southern province on the Mediterranean coast, according to the Turkish Energy and Natural Resources Minister Taner Yıldız.

Hurriyet Daily News, 18 February 2012, Up to 10 global firms apply for southern energy projects

DOMESTIC POLITICS

Istanbul court accepts indictment for Başbuğ

An indictment seeking aggravated life imprisonment for former Chief of General Staff retired Gen. İlker Başbuğ on coup charges was accepted by an Istanbul court on Feb. 15 as the Supreme Court of Appeals Chief Public Prosecutor's Office has rejected a request to be tried by the Supreme State Council instead of a specially authorized court on the grounds that charges leveled against him are not related to his profession but are "terrorism charges."

Başbuğ is accused of "establishing or administering a terrorist organization" and "seeking to unseat the government of the Republic of Turkey by force" as the head of Turkish Armed Forces (TSK) by starting an online anti-government propaganda campaign. Başbuğ denied all the charges against him.

Today's Zaman, 15 February 2012, İstanbul court accepts indictment seeking life for ex-military chief

Today's Zaman, 14 February 2012, High court rejects ex-army chief's request to be tried at supreme council

Two Turkish soldiers, 16 PKK militants killed in clashes

Demonstrators took to the streets on Feb. 15 to mark the 13th anniversary of the

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capture of Abdullah Öcalan, the jailed leader of the outlawed Kurdistan Workers' Party (PKK), clashing with police in Istanbul and in the southeastern province of Şırnak. Riot police took some 30 people into custody in Istanbul's Taksim Square.

Two days prior, two Turkish soldiers and 16 militants were killed in clashes in Şırnak on Feb. 13. Some 15 militants were killed when the army raided a rural and mountainous part of the Şırnak province bordering Iraq. 2 soldiers were killed during the same raid. In another incident, security forces in Diyarbakır killed a driver in fighting that broke out after they halted his vehicle and found 125 kilograms of explosives in it.

On the same day, KRG Washington Representative Kubad Telabani emphasized that Turkey's problems cannot be solved solely with military operations against PKK militants because of the magnitude of the PKK supporters in Turkey.

Hurriyet Daily News, 14 February 2012, Two Turkish soldiers, 16 PKK militants killed in clashes

Radikal, 14 February 2012, Şırnak'ta 15 PKK'lı öldürüldü (Turkish)

Hurriyet Daily News, 13 February 2012, Turkish troops kill 10 PKK militants in country's southeast

Hurriyet Daily News, 16 February 2012, Streets ablaze on anniversary of PKK

Radikal, 15 February 2012, Talabani'ye göre Türkiye'de 1 milyon PKK'lı var (Turkish)

Greek Patriarch's speech in Turkish Parliament

Greek Orthodox Patriarch Bartholomew gave a speech in Turkish Parliament on Feb. 20 in the framework of the new constitution, saying that the new constitutions should grant greater religious freedom to the country's minorities. The speech was the first such occasion in the history of the Turkish Republic.

Hurriyet Daily News, 15 February 2012, Greek Patriarch to give speech in Turkish Parliament

Today's Zaman, 20 February 2012, Patriarch Bartholomew expects greater religious freedom in new constitution

Turkish State Audit Board completes report on Dink murder

Turkey's State Audit Board (DDK) completed a report into the murder of Turkish-Armenian journalist Hrant Dink today, saying it found mistakes in the questioning of government personnel which adversely affected the efficiency of the overall investigation into the murder.

Hurriyet Daily News, 20 February 2012, Turkish State Audit Board completes report on Dink murder

TUSIAD HIGHLIGHTS

2012 Agenda of the Board

TUSIAD announced its new working agenda for 2012 following the election of the new

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Board of Directors at the 42nd General Assembly on January 19.

TUSIAD held a press conference on February 14, 2012 at the Ceylan Intercontinental Hotel in Istanbul to announce its new program and to exchange views and comments on agenda items. Ümit Boyner, the President of the Board of Directors, and members of the Board provided extensive highlights on TUSIAD's operations and primary work themes.

You may find the presentation of the 2012 Year Agenda of TUSIAD here.

For the photos of the event, click [here](#).

Boyner on Ankara power clash

Turkey is watching with growing trepidation and horror the power struggle within the Turkish state apparatus over a judicial challenge to the country's spy service and the government's attempts to defend it Ümit Boyner, the chair of the Turkish Industry & Business Association (TUSIAD), said at a press conference about TUSIAD's 2012 program. Boyner said the gains made with the democratization initiative launched in early 2000s so far were "insignificant." "We are moving away from the rule of law day by day. We regular people are watching the power struggle within the Turkish state with horror and an increased sense of insecurity," she said.

Radikal, 14 February 2012, Boyner: Bir arpa boyu yol gidebildik (Turkish)
Hurriyet Daily News, 14 February 2012, Turkey's top boss: Ankara power clash 'horrific'
Hurriyet Daily News, 15 February 2012, 'We're watching game of powers in horror'

TUSIAD macro econ forecast

At a press conference announcing its 2012 program, TUSIAD announced its macroeconomic forecast for the upcoming year under three scenarios in which the growth rate is predicted to range between 1.7 and 5.1 percent.

The "confident domestic market" scenario predicts a growth rate of 3.2 percent, inflation at 8.5 percent and the ratio of gross national product (GNP)-to-current account deficit (CAD) at minus 2.1 percent. Exports are expected to total \$150.3 billion and imports \$256 billion. The predicted rate of unemployment is 10.7 percent. The real interest rate is forecast at 2.1 percent.

The "delayed macro adjustment" scenario is calculated based on a possible delay in the cohesion of domestic macroeconomic and political policies, and continuing problems in the global macroeconomic framework. This model places growth at 1.7 percent, inflation at 9.5 percent, the ratio of GNP to CAD at minus 2.5 percent and unemployment at 11.2 percent.

The third scenario, called "confidence in domestic markets and stability in international markets," predicts a growth rate of 5.1 percent and 7.2 percent inflation.

Dünya, 14 February 2012, TÜSİAD, 2012 Yılı Programı'nı açıkladı (Turkish)

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TÜSIAD Selected News on Turkey

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Today's Zaman, 14 February, 2012, TÜSIAD scenarios forecast growth rate between 1.7 and 5.1 pct

February 21-27, 2012

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- China, Turkey highlight trade, downplay Syria differences on vice presidential visit

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TOP STORY

China, Turkey highlight trade, downplay Syria differences on vice presidential visit

Chinese Vice President Xi Jinping visited Turkey to strengthen bilateral ties in the economic, political and security issues on Feb. 20-22 on the final leg of a diplomatic tour. Xi, who is expected to become Chinese president next year, met with President Abdullah Gül and Parliament Speaker Cemil Çiçek in Ankara before traveling to Istanbul for talks with Prime Minister Recep Tayyip Erdoğan. Xi and Gül signed a three-year currency-swap pact between Turkey's central bank and the People's Bank of China as

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TUSIAD Selected News on Turkey

Washington

well as signing five other business agreements.

China and Turkey signed a three-year currency swap agreement worth 10 billion yuan or 3 billion Turkish Liras (\$1.6 billion). The accord will facilitate bilateral trade in the Turkish and Chinese currencies and may be extended, the Central Bank in Ankara said in an emailed statement. China has been expanding currency-swap agreements as it promotes the international use of the yuan and Turkey has signed similar agreements to increase its exports. The two countries are hoping to reach \$50 billion in 2015 and \$100 billion in trade volume by 2020. The number of Chinese tourists has increased by 67 percent since 2009, exceeding 100,000 tourists for the first time in 2011.

After he signed the currency swap deal with Gül, Xi attended a business forum in Istanbul on Feb. 22 during which Turkish and Chinese companies signed deals worth \$1.4 billion. Zafer Çağlayan, the Turkish economy minister, stated that in addition to the new deals the governments are studying ways to facilitate trade.

China is Turkey's largest trade partner in the Far East and its third biggest trade partner after Germany and Russia. The bilateral trade volume between Turkey and China has increased 21-fold in the past 10 years, reaching \$24 billion. While Turkey exports \$2.5 billion worth goods to China, Chinese exports to Turkey amount to \$21.5 billion.

Although Xi has said that Turkey plays a key role in addressing regional problems, including problems in Afghanistan and the Iranian nuclear dispute, neither side publicly addressed their differences in Syria. Instead, after a meeting with Çiçek at the Turkish Parliament, Xi, stating that both Turkey and China are G-20 member countries and emerging world powers considering their economic achievements of the last decade, underlined that Turkey and China aim to strengthen bilateral political, economic and security relations as well as encourage solidarity between the Turkish and Chinese communities. Çiçek, recalling a strategic cooperation agreement China and Turkey signed in 2010, noted that closer cooperation between the two countries would benefit not only themselves but also the region and the world.

On Feb. 21 morning, there was a small protest against Xi's visit in Ankara by a group of Uyghur exiles living in Turkey who fled from China's crackdown on the minority group in the country's autonomous Xinjiang region in 2009 in what Erdoğan had then described as "genocide." Tensions between the two nations had eased after China invited Turkish businesses to invest in the Xinjiang region and Chinese airlines started flights last year that link Istanbul to Beijing and Shanghai with stopovers in Xinjiang's capital, Urumqi. During his visit, Xi said China had made great strides to raise the living standards of all ethnic groups in Xinjiang.

Find the original stories at:

Today's Zaman, 21 February 2012, Chinese vice president lauds Turkey's role in addressing regional problems
Today's Zaman, 21 February 2012, China's Xi praises Turkey's growing clout in Middle East

Yahoo News, 21 February 2012, China announces currency swap deal with Turkey

Bloomberg, 21 February 2012, China, Turkey Sign \$1.6 Billion, Three-Year Yuan-Lira Currency Swap Accord

The Wall Street Journal, 22 February 2012, China and Turkey Sign Business Pacts
Chinese

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Hurriyet Daily News, 22 February 2012, Chinese VP's visit boosts Turkey ties
Hurriyet Daily News, 22 February 2012, China, Turkey sign deals worth \$1.4 billion
Washington Post, 22 February 2012, China, Turkey highlight trade, downplay Syria differences on vice presidential visit

FOREIGN POLICY

Friends of Syria conference

The US, European and Arab nations delivered a stern warning to Syrian President Bashar Assad that he must agree to an immediate cease-fire and allow humanitarian aid into areas hardest hit by his regime's brutal crackdown on opponents, or face as-yet unspecified punishments and an increasingly emboldened and powerful armed resistance during the "Friends of Syria" conference in Tunis on Feb. 24. Former UN chief, Kofi Annan, was named to be a joint UN-Arab League envoy to deal with the crisis.

Russia and China, foes of any intervention, reiterated their opposition to an international resolution and did not attend the conference.

The participants called for an inclusive political transition and the establishment of a "national united administration" in Syria, endorsing an Arab League plan that foresees al-Assad handing power to a deputy as a prelude to elections, and recognized the Syrian National Council as "a legitimate representative of the Syrian people." They also called for the establishment of a "Syrian Humanitarian Forum" to focus on the needs of the civilian population. This sub-group will hold its first meeting on March 5 in Cairo. Finally, the participants called for the establishment of a fund to gather money for humanitarian needs in Syria, and called on Syria to allow "humanitarian access" into conflict-hit cities and towns. Qatar also called for Arab countries to send an "Arab Peace Force" to Syria.

The "Friends of Syria" also committed themselves to impose sanctions against Syria that would include travel bans, asset freezes, a halt to purchases of Syrian oil, the ceasing of infrastructure investments and financial services relating to the Syrian administration, a reduction of diplomatic ties and the prevention of arms shipments to Damascus.

Turkish Foreign Minister Ahmet Davutoğlu said that if the country's human tragedy continued, "other options" would be considered on top of humanitarian measures. "We'll increase diplomatic efforts. But, if those efforts do not produce results, [the idea of] a humanitarian corridor, which also needs to be protected, could be revived," Davutoğlu said. Turkey hopes the Syrian regime perceives the message given in the meeting and leaves no need for the international community to resort to such measures, he added.

The next "Friends of Syria" meeting will be held in March in Istanbul. A third meeting will take place in Paris.

Hurriyet Daily News, 23 February 2012, 'Friends of Syria' 2nd meeting to be held in Turkey: Davutoğlu

Hurriyet Daily News, 24 February 2012, 'Friends of Syria' ready ultimatum for Assad

Today's Zaman, 24 February 2012, 'Friends of Syria' ready ultimatum for Assad

Hurriyet Daily News, 24 February 2012, 'Friends of Syria' to establish forum, will meet in

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Istanbul next month Hurriyet Daily News, 24 February 2012, Options will be considered if diplomacy fails in Syria: Turkish FM

Hurriyet Daily News, 25 February 2012, Syria summit urges humanitarian action

Republic of Turkey Ministry of Foreign Affairs, [Speech](#) delivered by Ahmet Davutoğlu at Group of Friends of Syrian People meeting

Davutoğlu meets EU, German counterparts in Mexico

Foreign Minister Ahmet Davutoğlu said on Feb. 20 that he proposed a new initiative which would bring together the least developed and the developed countries for global peace and security in the informal meeting of foreign ministers of G20 countries held in Los Cabos, Mexico. Stating that the UN was not able to resolve many issues in today's world, he called for a meeting to bring together the G20 economies and the poorest 47 economies of the world to trigger a "global conscience." Blaming the UN for its ineffectiveness in the post-Cold War era because of its dependence on five permanent members' votes, Davutoğlu praised the G-20 for "having a more embracing character."

Anadolu Ajansı, 20 February 2012, Bölgesel sorunlara duyarlılık çağrısı (Turkish)

Today's Zaman, 21 February 2012, Davutoğlu meets EU, German counterparts in Mexico

Turkish NY, 21 February 2012, Türkiye'den G-20 Toplantısında Yeni Girişim Önerisi (Turkish)

Turkish Press Review, 21 February 2012, Turkish FM favors G-20 over un on the Syria issue

US Appeals court tosses Armenian reparation law

A federal appeals court yesterday struck down a controversial California law that allowed descendants of Armenians who perished in Turkey nearly a century ago to file claims against life insurance companies accused of reneging on policies on the grounds that the state Legislature had no business weighing in on the issue.

Hurriyet Daily News, 24 February 2012, US Appeals court tosses Armenian reparation law

Turkey plans to buy 100 US F-35 fighters

Turkey is planning to purchase 100 F-35 Joint Strike Fighters worth \$16 billion in an attempt to meet its future air force needs, Defense Minister İsmet Yılmaz was quoted as saying today. The first two planes will be delivered by 2015.

Hurriyet Daily News, 23 February 2012, Turkey plans to buy 100 US F-35 fighters

Turkey, Georgia sign a memorandum of cooperation against crime

Turkish Interior Minister İdris Naim Şahin's meeting on Feb. 22 with his Georgian counterpart Vano Merabishvili in Tbilisi ended with the parties signing a memorandum of understanding (MoU) on cooperation against crime. The MoU includes topics such as the fight against terrorism and organized crime, along with illegal migration and illegal human trafficking.

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Turkish Press Review, 23 February 2012, Turkey, Georgia sign a memorandum of cooperation against crime

Turkey not considering Afghan withdrawal unlike UK, NATO

After NATO pulled its entire staff out of Afghan government ministries on Feb. 25 and UK also said its embassy was temporarily withdrawing all civilian mentors and advisors from Afghan government institutions in Kabul as a result of the growing crisis in the country, the Turkish Foreign Ministry stated that Turkey was not considering withdrawing any of its staff from Afghanistan.

Hurriyet Daily News, 27 February 2012, Turkey not considering Afghan withdrawal unlike UK, NATO

Turkey tightens airspace requirements on Israeli flights

Turkey has imposed tighter restrictions on Israeli cargo flights entering its airspace that have resulted in economic losses for Israeli companies. Turkey has requested a 10-day prior notice for any flights that might be transporting "dangerous" substances, after which a further review will take place, authorities said.

Haaretz.com, 26 February 2012, Turkey restricts use of airspace by Israeli cargo planes
Hurriyet Daily News, 27 February 2012, Turkey tightens airspace requirements on Israeli flights

ECONOMY / ENERGY

Turkish businesses enjoy cheap imports from crisis-hit Greece

Cheaper prices in debt-ridden Greece attract more Turkish companies as imports from its neighbor have jumped nearly 40 percent in one year. The Greek exporters were eager to take a bigger share in Turkey's robust market, which also attracts Greek firms to shift investments during crisis. The number of Greek firms registered in Turkey rose by 10.4 percent over the past year.

Hurriyet Daily News, 21 February 2012, Turkish businesses enjoy cheap imports from crisis-hit Greece

Gulf funds to Turkey to keep flowing

The inflow of funds to Turkey from the Gulf and other regions will be strong, Finance Minister Mehmet Şimşek told Reuters, adding that the amount of financial resources the Gulf region would yield would be too much for the region to absorb. "If oil prices maintain their current levels for the next 10 years, the Gulf countries will run a surplus of about \$5 trillion. Those financial resources are too much to be invested only in the stock and equities of developed countries," Şimşek said. There is a high possibility some of those funds will go to developing countries like Turkey that are in need of funds, have a high growth potential and present very appealing investment opportunities, he added referencing the recent reforms the government passed to attract investment.

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Washington

Hurriyet Daily News, 21 February 2012, Gulf funds to Turkey to keep flowing

Istanbul capital of foreign investment

Foreign investment in Istanbul increased by 110.77 percent in 2011 from a year earlier, according to a study released by the Istanbul Chamber of Commerce (ITO). At the same time, the total number of foreign investors increased by 52.4 percent. The sector attracting the most foreign investment was the banking and insurance sector. With 2140 companies, Iran was the country that built the most companies in Turkey in 2011, followed by Germany and the UK. "The rise in global economic risk forced foreign investors to look toward countries with solid macroeconomic fundamentals. Turkey, with its strong and consistent economy, has captured investor attention," said ITO President Murat Yalçıntaş, adding that the credit agencies' positive view of Turkey had also ignited foreign investment.

Radikal, 20 February 2012, İranlı işadamlarından Türkiye'ye akın (Turkish)
Daily News, 21 February 2012, Istanbul capital of foreign investment

Turkish lira falls as Central Bank cuts overnight lending rate

The Turkish lira fell on Feb. 21 as Turkey's central bank unexpectedly cut its overnight lending rates to 11.5% from 12.5% and issued a more dovish assessment of global monetary conditions. The bank held its key policy rate at a record low and kept its overnight borrowing rate steady, at 5.75% and 5% respectively, in line with market expectations. The cut in the overnight lending rates means a lower ceiling for the bank's flexible interest rate corridor policy, which enables the monetary policy committee to shift interest rates according to monetary conditions.

The Wall Street Journal, 21 February 2012, Turkish Lira Falls as Central Bank Cuts Overnight Lending Rate

Turkey relaunches natural gas flow to Greece

Speaking at a ceremony in the central Anatolian province of Kayseri, Energy Minister Taner Yıldız said on Feb. 19 that Turkey would diversify the number of countries from which it has been purchasing natural gas in order to decrease natural gas expenditures. Reiterating that Turkey has been currently purchasing natural gas from Russia, Iran, Azerbaijan, Nigeria and Algeria, Yıldız said that Turkey would sign natural gas agreements with two new countries as part of its plans aimed at becoming self-sufficient in natural gas in the long term.

Turkish Press Review, 20 February 2012, Turkey relaunches natural gas flow to Greece

TPAO to start drilling in northern Cyprus by end of February

The state-owned Turkish Petroleum Corporation (TPAO) announced on Thursday drilling in the Turkish Republic of Northern Cyprus (KKTC) will begin with a ceremony by the end of February and that the well has been named "Türkyurdu-1." The first onshore drilling will go as deep as 3,000 meters to look for natural gas and petroleum, and a

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platform will be set near the city of İskele. The platform is 95 percent ready to start operations currently.

Turkish Energy and Natural Resources Minister Taner Yıldız announced in November TPAO would begin exploration for oil and natural gas deposits in the KKTC province of Gazimagusa and signed a deal with Royal Dutch Shell for operations in the Mediterranean and onshore in the country's southeastern region.

Today's Zaman, 23 February 2012, TPAO to start drilling in northern Cyprus by end of February

Iraq wants to hike oil exports through Turkey

Iraq is mulling options to boost oil exports through Turkey or to reopen disused pipelines in case Iran blocks the strategic Strait of Hormuz as threatened, the Planning Minister said on Feb. 22.

Hurriyet Daily News, 23 February 2012, Iraq wants to hike oil exports through Turkey

Socar, BP, Total choose TAP to carry gas to Europe

The global companies developing the second phase of the Shah Deniz natural gas field in Azerbaijan chose the Trans Adriatic Pipeline (TAP) instead of rival Interconnector Turkey-Greece-Italy pipeline (ITGI), according to a spokesman of BP, a partner in the field.

Hurriyet Daily News, 21 February 2012, Socar, BP, Total choose TAP to carry gas to Europe

DOMESTIC POLITICS

Recovering Turkish prime minister meets President Gül

Turkish Prime Minister Recep Tayyip Erdoğan left his house in Istanbul on Feb. 21 for the first time since undergoing surgery for a second time on Feb. 10 to meet with President Abdullah Gül and First Lady Hayrünnisa Gül, a day after Erdoğan appeared in public to address the delegates of the Justice and Development Party's Istanbul youth organization congress via teleconference. This was also the first time that Erdoğan commented on the "National Intelligence Organization crisis."

Erdoğan is in very good health said his wife, Emine Erdoğan, adding that the couple would be visiting Uludere, the site of a botched air raid that killed 34 villagers in December 2011, sometime next week, as Erdoğan returns to work on Feb. 27.

Hurriyet Daily News, 21 February 2012, Recovering Turkish prime minister meets President Gül

Hurriyet Daily News, 23 February 2012, Turkish PM to back at work on Monday, says spouse

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Turkish PM should be more tolerant, says ECHR

The European Court of Human Rights (ECHR) ruled against Turkey in the case of Erbil Tuşalp, a Turkish journalist sentenced to pay 10,000 TL in damages to Prime Minister Recep Tayyip Erdoğan for defamation, indicating Tuşalp's right to freedom of expression had been violated. Turkish Prime Minister Recep Tayyip Erdoğan should be more tolerant toward criticism, the ECHR stated recently.

Hurriyet Daily News, 21 February 2012, Turkish PM should be more tolerant, says European Court of Human Rights
Hurriyet Daily News, 22 February 2012, ECHR convicts Turkey on freedom of speech

Turkey works on bill on migration, asylum

Turkey's Interior Minister İdris Naim Şahin said on Feb. 23 that the government was working on a bill on migration and asylum as well as on laws regarding the illegal employment of foreigners in Turkey so that the laws would be in line with international standards and principles of the Office of United Nations High Commissioner for Refugees.

Hurriyet Daily News, 23 February 2012, Turkey works on bill on migration, asylum

Turkish Parliament issues statement pertaining to Khojaly Massacre

Turkish Parliamentary Foreign Relations Commission has issued a unanimously statement on Feb. 22, saying that Khojaly was a dark page written by Armenia in history.

"On February 25-26, 1992 Armenians massacred 613 Azerbaijanis, including 106 women, 63 children and more than 70 elderly people, in Khojaly town of Azerbaijan. Armenians wounded 487 people and took as hostage 1275 Azerbaijanis on this date. 150 Azerbaijanis are still missing after the Khojaly massacre. What took place in Khojaly constitutes a crime against humanity according to international laws. As the brothers and sisters of the Azerbaijani Turks, we feel the pain of the Khojaly massacre in our hearts and condemn this massacre committed by Armenians," the statement said.

TurkishNY, 22 February 2012, Turkish Parliament Issues Statement Pertaining To Khojaly Massacre

CHP to push to annul new law on Gül's term

According to law on the presidential elections, President Abdullah Gül will complete his term in office in 2014. After a protracted assessment, the main opposition Republican People's Party (CHP) has decided to ask the Constitutional Court to scrap a controversial law that fixed President Abdullah Gül's term to seven years.

Hurriyet Daily News, 22 February 2012, CHP to push to annul new law on Gül's term

Kılıçdaroğlu bracing for a power test

The main opposition's Feb. 26 convention was a de facto vote of confidence for

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Chairman Kemal Kılıçdaroğlu who strengthened his grip over the Republican People's Party (CHP) despite opposition from party dissidents led by Önder Sav, the former secretary-general, and Deniz Baykal, the party's former head.

Winning the vote of confidence opened the way for Kılıçdaroğlu to put into practice what he calls "the new CHP," which would devote more emphasis on women and youth as well as the oppressed. The amendments included holding primary elections for general election candidates and an open list for elections of party bodies, increasing the quota for women in party bodies from 25 to 33 percent and introducing a 10-percent quota for the youth.

Hurriyet Daily News, 24 February 2012, CHP leader Kılıçdaroğlu bracing for a power test
Hurriyet Daily News, 25 February 2012, Main opposition gears up for two stormy conventions

Hurriyet Daily News, 27 February 2012, Main opposition CHP strives for new track

Reactions force gov't to retreat on education bill

The government promised on Feb. 24 to ease concerns over a bill that would significantly alter Turkey's education system, after a storm of criticism forced the bill's submission to a parliamentary sub-commission, delaying a vote in the General Assembly. Education Minister Ömer Dinçer rejected accusations that the bill would undermine the schooling of girls. The misgivings stem from a provision that would authorize the government to introduce home schooling after four years of basic education.

Hurriyet Daily News, 25 February 2012, Reactions force gov't to retreat on education bill

TUSIAD HIGHLIGHTS

European Growth Model Conference

Koç University-TUSIAD Economic Research Forum and The World Bank organized a conference on the European enlargement model on February 21, 2012, where the report titled "Golden Growth: Restoring the Luster of the European Economic Model" was presented by its authors. TUSIAD Board Member Tayfun Bayazit made opening remarks at the conference urging caution to not disregard the success of the European growth model because of the Euro-crisis and to beware of Turkey's current account deficit despite high growth rates.

You can find the full speech [here](#) in Turkish.

TUSIAD statement on Education Bill

TUSIAD made a statement about "The Bill to Amend the Primary Education and Education Act," stating that "The bill which is in the agenda of the Turkish Grand National Assembly, will lead the current situation even backwards. This is not the education reform that Turkey needs."

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Washington

You can read the full press release [here](#) in Turkish.

TUSIAD Görüş Magazine

The latest issue of TUSIAD's Görüş Magazine themed "Economy: Where the World Goes? Where Turkey Goes?" addresses the global economy and the Turkish economy. In addition, it includes TUSIAD's macroeconomic forecasts for the year 2012 for Turkey.

Please find here the [press release](#) for the current issue of TUSIAD's Görüş Magazine, and the [article](#) of Ümit Boyner, the President of the Board of Directors of TUSIAD, in which she addresses the microeconomic lessons of 2011 and macroeconomic expectations for 2012. (Turkish)

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