

April 2012

March 27-April 2, 2012

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TOP STORY

Friend of Syria meet in Istanbul

Foreign dignitaries from 74 nations met in Istanbul on April 1 for the second meeting of the "Friends of the Syrian People," where leaders discussed a UN-Arab League cease-fire amid protests from Turkish Prime Minister Recep Tayyip Erdoğan and Syria's opposition that the plan is buying time for the Syrian regime.

The Friends of the Syrian People recognized the opposition Syrian National Council as a "legitimate representative" of all Syrians, calling on UN envoy Kofi Annan to set up a timetable for his mission while urging the international community to act swiftly to end the bloodshed in Syria. It also urged the imposition of more sanctions against Bashar al-Assad regime, as the newly-established Sanctions Working Group will meet in Paris within weeks. On March 29, Syria had accepted the Annan to end bloodshed, but the "Friends" gathering acknowledged that violence had shown little sign of abating with Syrian security forces continuing to hound opposition forces throughout the week.

Erdoğan called on the international community to take a resolute stance to stop the bloodshed and said that the Syrian people's right to self-defense should be supported if the UN Security Council fails to make a decision. The US along with the rest of the countries in the conference warned that unless Assad halts his attacks on the Syrian population and implements the Annan plan, the rebels fighting him will be given more weapons. Friends of Syria have already pledged to send millions of dollars and communications equipment to opposition groups, signaling deeper involvement in the conflict amid a growing belief that

diplomacy and sanctions alone cannot end the repression. Saudi Arabia and other Gulf countries are creating a multimillion-dollar fund to pay salaries to members of the Free Syrian Army and soldiers who defect from the regime and join opposition ranks.

Representatives of the Syrian opposition had met in Istanbul on March 27 prior to the conference to seek unity. Two days later, Syria's armed opposition had announced a local command structure that aims to bring together disparate armed opposition groups inside the country under the command of defected officers exiled in Turkey.

Russia and China, backers of the Assad regime in the UN Security Council, did not attend the meeting. Russia rejected on April 1 the calls for a deadline to be set for the Syrian regime's implementation of the Annan peace plan. Foreign Minister Sergei Lavrov explained "Ultimatums and artificial deadlines rarely help matters."

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Hurriyet Daily News, Chairman's Conclusions: Second Conference of the Group of Friends of the Syrian People (the full resolution of Friends of Syrian People conference)

Hurriyet Daily News, 28 March 2012, Syria accepts Annan plan to end strife

Today's Zaman, 28 March 2012, Russia and China not to attend İstanbul gathering of Friends of Syria

Turkish Press Review, 28 March 2012, Syrian National Council convenes in Istanbul

Today's Zaman, 29 March 2012, Opposition fighters announce Turkey-based internal Syria command structure

Financial Times, 1 April 2012, US signals support for arming Syria rebels

Today's Zaman, 1 April 2012, Final communiqué says Annan's Syria mission not open-ended

Today's Zaman, 1 April 2012, Syria conference: Gulf countries to fund opposition

Today's Zaman, 2 April 2012, Nations pledge millions for Syrian opposition

Hurriyet Daily News, 2 April 2012, Russia rejects deadlines for Annan's Syria peace plan

Hurriyet Daily News, 2 April 2012, Turkish PM mentions Syrians' right to defense

FOREIGN POLICY

Istanbul to host crucial Iran summit

US Secretary of State Hillary Clinton and Turkish Prime Minister Recep Tayyip Erdoğan confirmed that nuclear talks between Iran and world powers will take place in Istanbul on April 13. "Our policy is one of prevention, not containment. We are determined to prevent Iran from obtaining a nuclear weapon," Clinton told a press conference.

Prime Minister Erdoğan visited Tehran after South Korea Nuclear Security Summit to discuss Iran's nuclear program and the crisis in Syria. Erdoğan defended nations' right to acquire nuclear energy for peaceful purposes and rejected any outside "imposition" to prevent countries from doing so. He also gave assurances to Iran that a US radar deployed in Turkey as part of a NATO missile defense system is not a threat to Tehran, saying that the radar could be dismantled if conditions Turkey had put forward to host the radar are not respected. Turkey agreed to host the radar only after it was agreed that no country be named as a threat and that data collected by radar not be shared with Israel.

Although his talks with President Mahmoud Ahmadinejad and Supreme Leader Ayatollah Ali Khamenei were closed to the press, a statement published on Khamenei's official website said he told Erdoğan that Iran strongly opposes any foreign intervention in Syria's conflict

and will defend Damascus so it can continue "resistance" against Israel. Foreign Minister Ahmet Davutoğlu insisted that tensions over Syria will not undermine Turkish-Iranian relations. "There is common ground between Turkey and Iran. We will not let a regional balance based on Turkish-Iranian rivalry to emerge," he said.

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Hurriyet Daily News, 29 March 2012, Turkish prime minister in Iran, venue for nuclear talks unclear

Today's Zaman, 29 March 2012, Erdoğan meets Iran's Ahmadinejad in Tehran

Today's Zaman, 30 March 2012, Erdoğan, in Iran, says NATO radar could be dismantled if needed

Hurriyet Daily News, 2 April 2012, Istanbul to host crucial Iran summit

Turkish Press Review, 30 March 2012, Erdogan meets Ahmedinejad and Khamenei

## **Arab League shuns Turkey, Iran on Syria**

The Arab League has shunned Turkey and Iran for its Mar. 29 meeting in Baghdad over Syria with the seeming intention of distancing itself from Ankara-led aggressive policies against Damascus that prioritize toppling President Bashar al-Assad from power. Turkey was not invited to the Baghdad meeting even though Turkey has observer status at the body and Ankara has participated in almost every crucial summit held by the 22-country organization. In addition, though officials have said the meeting was closed to all non-Arab countries, including Turkey and Iran, a senior European Union official will take part in the summit.

According to Hurriyet Daily News, three main reasons for Turkey's exclusion are the current chilly relationship between Ankara and Baghdad, Arab League's intention to distance itself from the policies of Turkey and some Western powers, and growing concerns about rising Turkish interference in the Arab world's internal affairs.

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Hurriyet Daily News, 29 March 2012, Arab League shuns Turkey, Iran on Syria

EU report calls for a democratic charter

The European Parliament has approved Turkey's draft progress report with a majority of votes, after removing the emphasis on the "secularist role of army" following criticism on this article. The removed section emphasized the "need to guarantee the operational capacity and secular integrity of the Turkish Armed Forces (TSK) for the significance of Turkey's membership to NATO." The EU Commissioner for Enlargement Stefan Füle has called on Turkey to continue drafting a new constitution with the largest participation possible through a democratic process, welcoming the consensus in the Turkish public on the need for a new constitution, while speaking at the European Parliament on March 28. He also said that the accession talks would continue to strengthen democracy in Turkey.

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Turkish Press Review, 30 March 2012, EU report calls for a democratic charter

## **ECONOMY / ENERGY**

### **Turkey grows 8.5 percent in 2011**

Turkey's economy expanded by 8.5 percent last year at fixed prices, on top of the 8.9

percent recorded a year earlier, becoming the fastest growing economy in Europe and within the larger Organization for Economic Cooperation and Development (OECD). Turkey's foreign trade deficit declined by an annual 20 percent in February, strengthening the Central Bank's hand in the aim to cool down economic growth in a gradual way.

Exports rose by an annual 17.1 percent in February. Imports, on the other hand, rose by only 1.1 percent. The bright export performance owed much to the surge in precious stone and energy exports. While Turkish exports to mature markets in the European Union registered a drop, exports to alternative markets in Africa witnessed significant rates of increase. Noting that Turkey had record export increases to many countries in March 2012 compared with March 2011, the head of the Turkish Exporters' Assembly Mehmet Büyükeksi said "We have begun make up for the adverse effects of the Arab Spring. Exports to Libya jumped 658 percent [from the same month in 2011], to Yemen by 480 percent, to Ethiopia by 424 percent, to Bahrain by 193 percent, to Nigeria by 155 percent, and to Egypt by 102 percent."

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Hurriyet Daily News, 31 March 2012, Bright performance in exports closes trade gap  
Hurriyet Daily News, 2 April 2012, Turkey grows 8.5 percent in 2011 despite global woes  
Hurriyet Daily News, 2 April 2012, Arab Spring nations back in business, exports climb  
Today's Zaman, 2 April 2012, No time for euphoria as Turkey named Europe's fastest growing economy

## **Turkey cuts Iran oil purchases, considers suing over natural gas**

Negotiations between Turkey and Iran over the price of natural gas have been overshadowed by US sanctions on Iran. Turkey is caught in between conflicting pressure to place sanctions on Iran and improving natural gas trade relations with Iran to reduce the expensive price it currently pays for natural gas. Turkey's Energy Minister Taner Yıldız said on Mar. 28 that there is no reason to backtrack on suing Iran over high gas prices. Yıldız also said that Turkey is about to strike a deal with Kuwait to buy natural gas and that this might make Turkey abandon plans to sue Iran.

Meanwhile, Turkey's national oil company Tüpraş said on Mar. 30 it had cut its purchases of oil from neighboring Iran by 20 percent as western nations tighten sanctions against Tehran over its nuclear program. Turkey, which imports a third of its oil from Iran, is planning to begin importing oil from Libya instead in order to obtain an exemption from new US sanctions against Iran.

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Today's Zaman, 27 March 2012, Turkey faces struggle to negotiate Iran gas price reduction  
Today's Zaman, 28 March 2012, Turkey: No reason to backtrack on suing Iran over high gas price  
Hurriyet Daily News, 30 March 2012, Turkey cuts Iran oil purchases by 20 percent  
Hurriyet Daily News, 31 March 2012, Turkey switches from Iranian to Libyan oil

## **US aims to boost trade with Turkey**

The United States House of Representatives' Foreign Affairs Committee, in a session discussing economic relations with Europe and Eurasia, has come to the conclusion that the U.S. should increase its trade ties with Turkey, especially in the area of pharmaceuticals and encourage Turkey to open up its pharmaceutical market. Bilateral trade volume between

Turkey and the US has grown significantly in recent years, reaching \$19.8 billion last year with an annual growth of 34 percent.

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Hurriyet Daily News, 31 March 2012, US aims to boost trade with Turkey

Hurriyet Daily News, 27 March 2012, US firms covet Turkey

Turkey and South Korea sign free trade deal

Prime Minister Recep Tayyip Erdoğan signed a free trade agreement with South Korean President Lee Myung-bak on March 26 that aims to boost trade with the South Korean government in the next few years. The agreement on goods trade will facilitate cooperation between the companies of the two countries. The entire free trade deal is expected to be finalized by June. Erdoğan also called for boosting the bilateral trade volume with South Korea, saying the current level of \$7 billion a year was too small given the economic power of the two countries.

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Hurriyet Daily News, 27 March 2012, Turkey and South Korea pledge stronger ties via free trade deal

## **Turkish PM unveils 'ambitious' nuke plans**

Turkey is determined to provide some 10 percent of its electricity needs from nuclear facilities as of 2030, Prime Minister Recep Tayyip Erdoğan said, speaking at the Nuclear Security Summit in South Korea's Seoul .

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Hurriyet Daily News, 28 March 2012, Turkish PM unveils 'ambitious' nuke plans

DOMESTIC POLITICS

Education reform bill passes in Turkish Parliament

The ruling Justice and Development Party (AKP) passed a controversial education bill in the Parliament, overhauling Turkey's education system on March 31 with 295-91 votes. The law increases the current duration of compulsory education from an uninterrupted eight years to 12 years, divided into three four-year stages, with the option to enroll in vocational schools after the first 4 years. In addition it introduced "Quran" as an elective class. Education Minister Ömer Dincer hailed the bill as "a historic step toward reconciling the people and the state." Prime Minister Recep Tayyip Erdoğan said the passing of the bill erased "the most important trace" of the Feb. 28 post-modern coup.

Fighting broke out in the Parliament again during the discussions for the bill. The opposition party leader Kemal Kılıçdaroğlu stated that the CHP would take the items seen as unconstitutional to the constitutional court.

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Today's Zaman, 28 March 2012, Parliament begins debating articles of education bill

Hurriyet Daily News, 28 March 2012, Turkey's education quarrel spills onto streets

Dünya, 30 March 2012, 295 oyla kabul edildi

Hurriyet Daily News, 30 March 2012, Turkish Parliament sees fresh fistfight among deputies

Dünya, 31 March 2012, CHP, Anayasa Mahkemesi'ne gidecek

Hurriyet Daily News, 31 March 2012, Education bill passes amid deputies' combat

Hurriyet Daily News, 31 March 2012, Education reform will erase traces of Feb 28: Turkish PM

## **Sledgehammer Case**

Two İstanbul prosecutors on Thursday presented their final opinion regarding a case concerning an alleged coup plot against the government, seeking 15 to 20 years of imprisonment for 365 suspects, 250 of them currently under arrest, on charges of attempting a coup. In the Turkish court system, the submission of the prosecution's final opinion to the court implies that the case is nearing an end, suggesting the court may soon announce its decision.

Meanwhile, a team of experts from İstanbul's Yıldız Technical University concluded in a report that the digital documents presented as evidence in the case feature some inconsistencies, indicating that they may have been fabricated.

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Today's Zaman, 29 March 2012, Prosecution seeks up to 20 years for 365 Sledgehammer suspects

Hurriyet Daily News, 30 March 2012, 20 year-term for coup plot

E-coup charges

Turkey's former Chief of General Staff, Gen. İlker Başbuğ, left the courtroom where a hearing of the ongoing "Internet Memorandum" case was being held on March 27. Başbuğ took the stand to say that the allegations against him were unfounded and that he should be tried at the Supreme Council, Turkey's Constitutional Court, and that the current court was not authorized to try him. He refused to answer any more questions directed against him. His statements came during the 58th hearing of the trial of the Action Plan to fight Reactionaryism, a suspected military plot devised to overthrow the Justice and Development Party (AK Party) and tarnish the name of the faith-based Gülen movement, held at the İstanbul 13th High Criminal Court in Silivri. Başbuğ is charged with orchestrating propaganda efforts over the Internet to provoke political unrest in the country in accordance with the aims of the alleged Ergenekon group.

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Today's Zaman, 27 March 2012, Turkey's ex-military chief storms out of terrorism trial  
Hurriyet Daily News, 27 March 2012, Turkey's ex-army chief says trial 'frivolous,' leaves courtroom

Hurriyet Daily News, 28 March 2012, Facing e-coup charges, Başbuğ makes show of defiance in court

## **TUSIAD HIGHLIGHTS**

### **TUSIAD International visits Northern Italy**

TUSIAD International, TUSIAD's international strategic business development unit, visited Northern Italy on March 26-27, 2012 to improve the Turkish-Italian bilateral economic relations and to introduce a regional and sectoral dimension to this economic relationship. TUSIAD International held a roundtable with its Italian counterpart CONFINDUSTRIA, signed a trilateral Memorandum of Understanding with the Brescia Chamber of Commerce and the Industrial Association of Brescia, as well as holding various meetings and press conferences.

You may find the related press release [here](#) in Turkish.

## **Turkey-Russia business dialogue**

TUSIAD will hold a special warm-up panel session on April 3, 2012 in Istanbul for its members in the lead up to St. Petersburg International Economic Forum. TUSIAD is organizing, in partnership with SPIEF, the "Turkey-Russia business dialogue" session in the Forum which will be held on June 21, 2012.

The April 3 meeting will be dedicated to exploring the increasingly important role of emerging powers such as Turkey and Russia in defining the regional markets of the future.

## **April 3-9, 2012**

### **THIS WEEK:**

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- Turkey, China in nuke talks during Erdoğan's visit

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- Turkey mulls formula for visa-free Europe
- Iraq PM sends envoy to mend Ankara ties
- Ministries introduce 'science diplomacy' protocol
- Turkey to produce its own unmanned air vehicle

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- New incentive scheme to balance regional income, reduce current account gap
- Praise for Turkish economy from US Department of Commerce
- Turkey, Turkish Cyprus will gain from water, oil ties

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- Former coup leaders on trial
- CHP gets penalty for expenses

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### **TOP STORY**

#### **Turkey, China in nuke talks during Erdoğan's visit**

Turkish Prime Minister Recep Tayyip Erdoğan began a landmark trip to China, arriving in Urumqi, the capital of Xinjiang, April 7 for a four-day official visit. This is the first official trip to China in 27 years and the first Turkish prime minister visit to the autonomous Uighur region of Xinjiang. Erdoğan is accompanied by a large delegation of businessmen, ministers, bureaucrats, academics and journalists, including 5 ministers and a 320-person business

delegate.

On April 9, Erdoğan held talks on Syria and Iran in Beijing with Chinese Premier Wen Jiabao. Following their meetings, they announced the signing of two nuclear agreements between the two nations. The Agreement on Cooperation for the Use of Nuclear Energy for Peaceful Purposes and a letter of intent on the bilateral cooperation in the field of nuclear energy were signed by Erdoğan and Wen. The Minister of Energy and Natural Resources Taner Yıldız had announced on Apr. 8 that the government would decide on a tender for the second nuclear power plant in two months. "We will decide if China can build Turkey's second nuclear power plant during our current trip," Yıldız said during the trip.

In addition to energy issues, trade imbalances between Turkey and China are also agenda for the trip. In addition to Wen, the Prime Minister is also scheduled to hold talks with Chinese President Hu Jintao and Vice President Xi Jinping, who is expected to be the next President. The visit is scheduled to end on Apr. 11.

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Hurriyet Daily News, 7 April 2012, Turkish PM Erdoğan set for landmark China visit
Today's Zaman, 8 April 2012, Turkish PM Erdoğan in China for talks
Hurriyet Daily News, 9 April 2012, Turkish PM Erdoğan starts China visit in Urumqi
Hurriyet Daily News, 9 April 2012, Turkey, China in nuke talks during PM's visit
Today's Zaman, 9 April 2012, Erdoğan visit yields Sino-Turkish nuclear energy deal
Hurriyet Daily News, 9 April 2012, Turkey PM oversees nuclear agreements with China
Hurriyet Daily News, 9 April 2012, Syria highlighted on Turkish PM's China visit
Dünya, 9 April 2012, Çin'e giden 320 işadamı iki sektöre odaklanacak

FOREIGN POLICY

Turkish PM slams both Syria, Iran

On April 6, Turkey's Prime Minister Recep Tayyip Erdoğan slammed the Iranian administration over its tactical statements on the venue of the upcoming nuclear talks with the P5+1 group, accusing Tehran of being unwilling to negotiate with the Western powers, when Tehran suggested the venue should be switched to Damascus or Baghdad from Istanbul. "They have to be honest. When you are not honest, you start to lose credibility. This is not the language of diplomacy." Erdoğan said in reference to Iran. He also slammed Syria for dishonesty saying that information coming from Syria showed that Syrian troops and tanks were not withdrawing from the cities. "The tanks are not in a maneuver of withdrawal but in a maneuver of deception," he said.

Few days later, on April 9, Syrian forces fired across the border into a refugee camp in Turkey, wounding at least five people as a UN-brokered plan to end more than a year of violence this week all but collapsed, authorities said. Turkey's Deputy Foreign Minister Naci Korum was quoted as saying that an April 10 deadline for Syria to pull back its troops under the terms of a UN peace plan was void and that a new stage would begin on Tuesday. Using the provisions of the Adana agreement, signed between Turkey and Syria on Oct. 20, 1998, Turkey has the ability to classify the violent crackdown on the opposition by the Bashar al-Assad government and the ensuing refugee crisis as a threat to the "security and stability of Turkey." Syrian support of the PKK and terrorist activities along Turkey's border is also cause for military action under Adana agreement.

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Time, 5 April 2012, How Bashar Assad Has Come Between the Kurds of Turkey and Syria  
Today's Zaman, 5 April 2012, Turkey says Iran not honest in nuclear talks with world powers  
Turkish Press Review, 5 April 2012, Turkey wants an explanation from Iran  
Hurriyet Daily News, 6 April 2012, Turkish PM slams both Syria, Iran for shortcomings  
Today's Zaman, 9 April 2012, Turkey says April 10 deadline void as Syrian forces fire across border  
Today's Zaman, 9 April 2012, Adana agreement paves legal path for Turkish intervention in Syria

## **US praises Turkey's new terror strategy**

Ankara's new anti-terror strategy, which emphasizes dialogue with legitimate, non-violent Kurdish political elements, has been positively received by Washington, which has described the move as "a step in the right direction." US Secretary of State Hillary Clinton reaffirmed US support for Turkey's fight against the PKK and took note of the government's new approach to dealing with the decades-old problem on the sidelines of the Friends of Syria meeting last week. The reported strategy rules out any dialogue with the PKK officials in northern Iraq and Europe, as well as with jailed PKK leader Abdullah Öcalan, instead focusing on negotiations with the legitimate and elected representatives of the Kurdish political movement. The leader of the Kurdistan Regional Government (KRG) Masoud Barzani also backs the strategy.

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Hurriyet Daily News, 7 April 2012, US praises Turkey's new terror strategy

Turkey mulls formula for visa-free Europe

Turkey anticipates that a meeting on April 26 with the European Union's Internal Affairs Commission will yield progress on visa liberalization. EU Commissioner responsible for Internal Affairs Cecilia Malstrom said on April 2 that the EU member states should rapidly begin visa dialogue with Turkey. "Turkey's putting initials to [not adopting the accord but agreeing to the text] a re-admission agreement in return for an EU statement authorizing the European Commission to begin discussing visa exemption for Turkish nationals," could be a formula to pave the way out of the longstanding deadlock, according to a Turkish official.

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Turkish Press Review, 4 April 2012, EU Commissioner urges start of visa dialogue with Turkey

Hurriyet Daily News, 6 April 2012, Turkey mulls formula for visa-free Europe

## **Iraq PM sends envoy to mend Ankara ties**

Iraqi Prime Minister Nouri al-Maliki has sent Ankara an envoy in order to convey his willingness to repair political ties, which have deteriorated since 2010. Iraqi National Security Minister Falih al-Fayyad delivered al-Maliki's message that the Iraqi prime minister wanted to recover bilateral relations and Turkey responded positively.

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Hurriyet Daily News, 6 April 2012, Iraq PM sends envoy to mend Ankara ties

Ministries introduce 'science diplomacy' protocol

The Ministry of Science, Industry and Technology and the Foreign Ministry have introduced on Apr. 4 a new field in diplomacy called "science diplomacy," in which Turkey will be assigning "science attachés" to technologically developed countries and assign volunteer science and technology representatives. "We first plan to open attaché offices in San Francisco, Tokyo and Berlin. Later, other offices will be opened in such developed places as London, Los Angeles, Beijing, Seoul, Moscow and India," Science, Industry and Technology Minister Nihat Ergün stated.

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Today's Zaman, 4 April 2012, Ministries sign 'science diplomacy' protocol, new in diplomacy  
Turkish Press Reviews, 5 April 2012, Ministries join forces for science attaches abroad

## **Turkey to produce its own unmanned air vehicle**

Undersecretariat for Defense Industries determined the unmanned air vehicle road map as part of its efforts to produce its own unmanned air vehicle in cooperation with the Turkish Armed Forces (TSK), industrial enterprises and universities. According to this plan, with 2030 deadline, the technological infrastructure for the production of the air vehicle entirely with domestic resources will be established.

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Turkish Press Review, 9 April 2012, Turkey to produce its own unmanned air vehicle

ECONOMY / ENERGY

Turkey ranks the second in growth

The Turkish economy grew by 8.5 percent in 2011 overall, and 5.2 percent in the last quarter of the year, according to figures released on Apr. 2 by the Turkish Statistical Institute (TUIK). Reportedly, Turkey's Gross Domestic Product (GDP) was recorded at 1.2 trillion Turkish Liras (\$772.2 billion) while per capita income amounted to \$10,444 in 2011. Speaking at the Local Administrations and Family Symposium organized by the Justice and Development Party (AKP), Prime Minister Recep Tayyip Erdogan stated that "The reason behind Turkey's robust growth is confidence and stability." Deputy Prime Minister Ali Babacan reiterated that the growth was derived from the private sector.

A recent article released by The Economist warned that Turkey's rapid growth comes with side-effects that have left its economy vulnerable. Namely inflation, which was 10.4% in March, and growing dependence on foreign capital to fuel its economy. Turkish current-account deficit averaged 10% of GDP last year.

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Turkish Press Review, 3 April 2012, Turkey ranks the second in growth

Turkish Press Review, 3 April 2012, Babacan praises Turkey's economic growth performance  
The Economist, 7 April 2012, Istanbul and bears

### **New incentive scheme to balance regional income, reduce current account gap**

Turkish Prime Minister Recep Tayyip Erdoğan announced on Apr. 5 a new incentive scheme to prop up local and foreign investments, while supporting underdeveloped regions in a presentation titled "New Incentives, New Opportunities." The updated scheme is aimed at

reducing dependency on imported intermediate goods and the country's current account deficit, as well as at contributing to the structural reform of the country's industrial sector and balancing out the differences between regions, he said.

Some of the features of the new system include listing provinces in terms of social-economic development and providing the most government aid to the lower ranking provinces, adding a "promoting strategic investment" to its pillars of development program, and initiating a value added tax system as well as tax reductions and exemptions. The new system will be applicable January 1, 2012 onward. National Security and Defense sector will be considered as a 5th-tier province, meaning it will be able to take advantage of more incentives in order to increase investments in this sector.

The Central Bank Governor Erdem Başçı has welcomed the incentive system stating that it "sets monetary policy at ease and reinforces it" in two ways. Firstly, it eases the output gap and inflationary pressures, increasing the potential production level as a supply-side expansionary package. Secondly, it takes some of the burden away from monetary policy.

Send your questions on the new incentive system to the Economy Ministry at [tesvik@ekonomi.gov.tr](mailto:tesvik@ekonomi.gov.tr) (in Turkish) or [incentives@economy.gov.tr](mailto:incentives@economy.gov.tr) (in English)

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Hurriyet Daily News, 6 April 2012, Incentive scheme to balance regional income, reduce current account gap

Dünya, 6 April 2012, Çağlayan, teşvik paketinin ayrıntılarını açıkladı

Dünya, 8 April 2012, Teşvik bilgi merkezi kuruldu

Dünya, 9 April 2012, Teşvik paketiyle savunmada yerlilik oranı daha artacak

Hurriyet Daily News, 9 April 2012, Central Bank governor hails incentive scheme

## **Praise for Turkish economy from US Department of Commerce**

US Secretary of Commerce John Bryson praised the economic progress Turkey has made in the past decade, adding that it is not unreasonable to expect Turkey to become one of the 10 largest economies in the world. Bryson gave a keynote speech at a lunch jointly organized by the Turkish Confederation of Businessmen and Industrialists (TUSKON) and the think tank Center for American Progress (CAP) in Washington, DC on April 5. Meanwhile, speaking on the same day in Ankara, US Assistant Secretary of Commerce Michael Camunez stated that the US recognizes the importance of its commercial ties with Turkey and that the US wants economic relations to reach the same level of partnership that has been achieved politically. Turkish and US companies have entered into joint ventures worth more than \$2 billion since December and efforts are underway to further boost economic exchange, in line with the two countries' vision of a "model partnership," Camunez said. Camunez was visiting to prepare for the Second Turkey-US Strategic Economic and Trade Cooperation Summit, to be held on June 25-26 in Turkey.

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Today's Zaman, 6 April 2012, US's Bryson: Turkey not daydreaming with ambitious goals

Today's Zaman, 6 April 2012, 'US recognizes importance of commercial ties with Turkey'

Hurriyet Daily News, 6 April 2012, US-Turkish joint ventures booming

## **Turkey, Turkish Cyprus will gain from water, oil ties**

Both Turkey and Turkish Cyprus stand to gain when Turkey begins piping water to the

island and The Turkish Petroleum Corporation (TPAO) locates oil there, for which a survey is about to get underway, Turkish Cyprus' Prime Minister İrsen Küçük has said, adding that "When water combines with oil, no one can stop our economy."

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Hurriyet Daily News, 5 April 2012, Turkey, Turkish Cyprus will gain from water, oil ties

DOMESTIC POLITICS

Former coup leaders on trial

More than 30 years after the Sept. 12, 1980 military takeover, the Ankara 12th High Criminal Court began hearing the case against coup leader Kenan Evren, 94, who went on to serve for seven years as president, as well as the then-Air Force Commander Gen. Tahsin Şahinkaya, 86. The trial of the two surviving leaders of the military coup, which derailed Turkish democracy and led to extensive violations of human rights, began in Ankara on Apr. 4 amid hopes that this trial will give Turkey the opportunity to confront its coup tradition. Fifty people were executed and half a million arrested, hundreds died in jail, and many more disappeared in three years of military rule after the coup, Turkey's third in 20 years.

There are some 500 co-plaintiffs in the case, which include representatives of eight political parties and Parliament. The trial of the coup leaders was made possible by a government-sponsored reform package that was approved in a referendum in 2010. Among other things, the reform package annulled a constitutional article that served as a legal shield for the coup leaders. Commenting on the landmark trial on Apr. 4, President Abdullah Gül said, "The trial will lead to a significant change in mentality that will prevent any similar attempts in the future."

On the third hearing of the case, the court rejected pleas to arrest the two leaders, both of whom are hospitalized, citing their advanced age and poor health, and said that putting a ban in place to prevent their traveling abroad would be sufficient. The court will instead ask medical authorities if the defendants can answer questions via video conferencing or come to court with a medical escort.

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Turkish Press Review, 5 April 2012, 32 years on, former generals go on trial for bloody 1980 coup

Hurriyet Daily News, 7 April 2012, Court rejects pleas to arrest coup defendants

### **CHP gets penalty for expenses**

The Constitutional Court has discovered irregular spending amounting to 3.37 million Turkish Liras in the 2007 accounts of the main opposition Republican People's Party (CHP), and has ruled that the Treasury should confiscate an equal amount from the party as a penalty. CHP deputy chair Erdoğan Toprak said the ruling in no way indicated corruption or misuse of party funds. The situation arose from the shortcomings of the Political Parties Law, under which a lot of expenditure did not qualify as party spending, he said.

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Hurriyet Daily News, 7 April 2012, CHP gets penalty for expenses

TUSIAD HIGHLIGHTS

TUSIAD-USCC launch report in Turkey

TUSIAD, in cooperation with the US Chamber of Commerce (USCC), is organizing the "Launch Seminar of TUSIAD-USCC Joint Report" for the report titled "US-Turkish Economic Relations in the New Era: Analysis and Recommendations for a Stronger Strategic Partnership" which aims to discuss bilateral and regional economic cooperation areas on April 12, 2012 in Ceylan Intercontinental Hotel, Istanbul. The report was already launched in the US on March 14 in an event hosted by the USCC in Washington, DC.

The report, prepared by Sidar Global Advisors, examines the current state of US-Turkey economic relations, including the political and legal contexts governing trade and investment in both countries, challenges and opportunities in both markets and offers strategic recommendations for both the business community and policymakers on both sides.

You may access the full report [here](#).

TUSIAD Board on Turkey's New Incentive System

TUSIAD Board of Directors made a statement regarding Turkey's New Incentive System on April 6, 2012.

The Board praised the system as an important step in providing a strategic approach towards sustainable growth especially on four counts:

1. For providing an incentive to move enterprises from small to medium scale and medium to large scale on the economies of scale
2. For having a more flexible approach to regional development
3. For having a more objective regional and municipal qualification system
4. For providing incentives for research and development, innovation, and technologic growth

TUSIAD Board is of the opinion that this incentive system is a continuation of the Turkish microeconomic reform process.

To read the full press release in Turkish, please click [here](#).

Saint-Petersburg International Economy Forum

TUSIAD will be organizing two exclusive sessions on June 21-23, 2012 in Saint-Petersburg International Economic Forum (SPIEF), the most noteworthy economic summit of Russia, on the subject of Turkey-Russia bilateral relations and to evaluate the rising power of Turkey.

By the initiative of TUSIAD International, the strategic business development unit of TUSIAD, Turkey will also be on the 2012 program of SPIEF, called "the Davos of Russia."

Prior to this high-class event in St. Petersburg, TUSIAD held a special panel and reception on April 3, 2012 in Istanbul. Ümit Boyner, TUSIAD President, and Sergey Belyakov, Head of

Investment Policy and PPP Development Department of the Ministry of Economic Development of the Russian Federation, made welcoming remarks at the event.

the Ambassador of the Russian Federation to Ankara H.E. Vladimir Ivanovskiy introduced the panel titled "Emerging Economic Hubs: Turkey and Russia and the Rise of Region-omics" which included Levent Çakıroğlu, CEO of Arçelik from Koç Group, Dr. Erman Ilıcak, President of Rönesans Holding, Natasha Khanjenkova, Manager Director of European Bank for Reconstruction and Development- Russia, Sergey Nekrasov, First Vice- President of Gazprombank, and Charles Roverson, Chief Economist of Renaissance Capital participated as panelist.

Please click to access the relevant [press release](#).

TUSIAD's International Politics Platform to host Sinirlioğlu

The first conference of the newly established International Politics Platform of TUSIAD will be held on April 16, 2012 at TUSIAD Headquarters in Istanbul. The speaker of the conference will be Feridun Sinirlioğlu, the Undersecretary of Ministry of Foreign Affairs, speaking on the Turkish relations with Iraq, Syria and Iran.

Conference on Arab revolutions

Boğaziçi University-TUSIAD Foreign Policy Forum will organize a conference on the Arab revolutions with specific reference to Egypt on April 13, 2012 at TUSIAD Headquarters. Prof. Lisa Anderson, the President of American University in Cairo will be the speaker of the conference.

April 10-16, 2012

THIS WEEK:

TOP STORY

- Boyner: "US is Turkey's most economic partner"

FOREIGN POLICY

- Ankara urges to implement Annan plan as fight spills into Turkey
- Iran nuke talks begin in Istanbul
- Eurasian Economy Summit meets in Istanbul
- Turkey to appoint justice attaches
- Turkey and Brunei lift visa requirements
- Bangladesh PM visits Turkey, seeks to boost economic cooperation

ECONOMY / ENERGY

- Turkey, China mull \$35 bln joint high-speed railway project
- Turkey's military expenditure \$14.5 billion in 2011
- March budget deficit jumps to TL 5.5bln
- Unemployment revisits double digits in January
- Turkey to swap electricity for gas
- Turkish-US business group to meet in June

DOMESTIC POLITICS

- Research Committee to investigate coups
- Education reform law takes effect
- Uludere investigations still pending

TUSIAD HIGHLIGHTS

- Italy-Turkey Economy Forum

TOP STORY

Boyner: "US is Turkey's most economic partner"

Speaking at the unveiling of the TUSIAD and USCC report "Turkish-American relations in the new era: an analysis and recommendations for a stronger strategic partnership," prepared by Washington, DC-based Sidar Global Advisors, President Ümit Boyner said that Turkey and the US need to increase their joint investments in such areas as energy, construction and health. Stating that Turkey and the US have to let go of outdated strategies and focus on innovative ones aimed at boosting relations between the two countries, Boyner said, "We have to work towards implementing coordinated export schemes between the two governments. We believe that joint investments in the third country markets should be encouraged, and that creating finance facilities in such sectors as energy, construction and health is vitally important in terms of developing relations between Turkey and the US." Boyner added that the US, Turkey's most important economic partner, should employ the same sorts of customs protocols that it is considering applying to the EU, such as a free trade agreement. For his part, USCC Vice President for Europe and Eurasia Peter Rashish said that according to the UN Conference on Trade and Development (UNCTAD), Turkey was the 15th most attractive country in terms of making investments, and that US companies want to be part of Turkey's goal to become one of the top ten global economies by 2023.

To read the full report, please click [here](#).

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Turkish Press Review, 13 April 2012, Boyner: "US is Turkey's most economic partner"

## FOREIGN POLICY

### **Ankara urges to implement Annan plan as fight spills into Turkey**

The Turkish Foreign Ministry delivered a stern warning to the top Syrian diplomat in Ankara on April 9, pressing for an immediate halt to shootings at the Turkish-Syrian border. Turkey has said the United Nations Security Council's resolution to send monitors to Syria was a step taken in the right direction but called for the full implementation of the Annan plan as reports of violence along the Syrian border continued on April 16 despite the formal existence of a ceasefire.

Amid concern over the growing numbers of refugees flooding over the country's borders, Turkish Foreign Minister Ahmet Davutoğlu said that international aid for Syrian refugees has begun to arrive in Turkey. There are 25,000 Syrian refugees that have fled to Turkey and 100,000 refugees that have fled to Jordan so far, Davutoğlu said.

Meanwhile, representatives of some of Syria's Sunni Arab tribes announced the creation of a "tribal council" in Istanbul on April 16, declaring their opposition to the Syrian regime. However, they provided few details about the new council's size or relations with Syria's other opposition groups.

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Hurriyet Daily News, 10 April 2012, Critical day for Syria as fight spills into Turkey

Today's Zaman, 12 April 2012, Syrian troops fire on refugees fleeing Turkey
Hurriyet Daily News, 14 April 2012, Turkey begins to get int'l aid for Syrians
Hurriyet Daily News, 16 April 2012, Ankara urges to implement Annan plan
Today's Zaman, 16 April 2012, Syrian tribes unite in İstanbul as border conflicts test cease-fire

Iran nuke talks begin in Istanbul

Iran and the P5+1 held their first meeting in 15 months on April 14 hoping to ease tensions over Tehran's nuclear program. With tough talk on both sides, this meeting was focused on confidence-building in order to develop a final solution to the Iranian nuclear crisis. During the press conference after the meeting, representatives from both sides stated that the groundwork for a more comprehensive resolution, in the form of a non-proliferation treaty as a key component of Iran's nuclear program, has been agreed on during the talks in Istanbul.

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Hurriyet Daily News, 14 April 2012, Iran nuke talks begin in Istanbul  
Today's Zaman, 15 April 2012, Groundwork for Iranian non-proliferation treaty laid during İstanbul talks

## **Eurasian Economy Summit meets in Istanbul**

The 15th Eurasian Economy Summit was launched on April 10 with an opening ceremony in Istanbul that was attended by hundreds of high-profile politicians and business leaders. Heads of state and government from around 40 countries gathered to kick off the summit organized by the Marmara Group Foundation. IHKIB President Hikmet Tanrıverdi said this year's summit was important due to its basis in civil society. "An independent nongovernmental organization is behind the summit, which makes it special and unique." Calls for cooperation in energy and industry as well as a commitment to fight against poverty and hunger dominated the topics of discussion at the Summit.

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Turkish Press Review, 11 April 2012, Marmara's Eurasian meeting gathers in Istanbul
Hurriyet Daily News, 12 April 2012, Cooperation, peace mark ceremony
Turkish Press Review, 12 April 2012, Calls for cooperation to Eurasia
Hurriyet Daily News, 13 April 2012, Presidents pledge to fight poverty

Turkey to appoint justice attaches

Turkey will appoint justice attaches to its consulates and embassies, following a protocol signed between the Foreign Ministry and Ministry of Justice. "Justice attaches will strengthen our diplomacy, acquire reputation for our country and protect the rights of our nationals," Foreign Minister Ahmet Davutoğlu said on April 12 in a joint press conference with Minister of Justice Sadullah Ergin.

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Turkish Press Review, 13 April 2012, Turkey to appoint justice attaches

## **Turkey and Brunei lift visa requirements**

Turkey and Brunei signed agreements to lift visa procedures during a visit by Bruneian Sultan Hassanal Bolkiah to Ankara on April 10. President Abdullah Gül expressed that

Turkey would like to draw investment from Brunei at a press conference following the agreement.

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Hurriyet Daily News, 11 April 2012, Turkey and Brunei lift visa requirements

Bangladesh PM visits Turkey, seeks to boost economic cooperation

Bangladesh Prime Minister Sheikh Hasina received a warm welcome from officials in Ankara during her visit to Turkey to boost economic cooperation between the countries. Hasina and Prime Minister Recep Tayyip Erdoğan held talks about regional issues as well as bilateral relations, focusing on how to bolster the trade volume, which reached \$1 billion in 2011.

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Today's Zaman, 12 April 2012, Bangladesh PM visits Turkey, seeks to boost economic cooperation

## **ECONOMY / ENERGY**

### **Turkey, China mull \$35 bln joint high-speed railway project**

In addition to nuclear agreements reached between China and Turkey during Prime Minister Recep Tayyip Erdoğan's visit to Beijing last week, Turkish and Chinese officials are now discussing building a high-speed railway line between the westernmost and the easternmost provinces of Turkey, Edirne and Kars, valued at \$35 billion.

Erdoğan attended the Turkish-Chinese Economic and Commercial Cooperation Forum on the third day of his official visit to China on April 10. During the forum, Turkish and Chinese companies signed deals as Turkish officials invited Chinese companies, tradesmen and industrialists to discover economic opportunities in Turkey.

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Turkish Press Review, 11 April 2012, Yildiz, Caglayan invite Chinese businessmen to invest in Turkey

Turkish Press Review, 11 April 2012, Turkish-Chinese Economic and Commercial Cooperation Forum held in Beijing

Today's Zaman, 13 April 2012, Turkey, China mull \$35 bln joint high-speed railway project

Turkey's military expenditure \$14.5 billion in 2011

Turkey, holder of the second largest army in NATO, spent nearly \$14.5 billion on its military last year, becoming the seventh largest spender among the member states, according to data gather by the Anatolia news agency.

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Hurriyet Daily News, 16 April 2012, Turkey's military expenditure \$14.5 billion in 2011

### **March budget deficit jumps to TL 5.5bln**

Turkey's budget deficit in March jumped to TL 5.5 billion, a figure five times higher than the deficit for the first two months combined. The budget deficit in January and February combined was TL 1 billion. Finance Minister Mehmet Şimşek cited increased interest payments as the major factor for the swelling deficit in the budget.

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Today's Zaman, 16 April 2012, March budget deficit at TL 5.5 bln as high interest payments bite

Unemployment revisits double digits in January

The unemployment rate increased from 9.8 percent in December 2011 to slightly more than 10 percent in January, revisiting a double-digit level for the first time since August 2011, the Turkish Statistics Institute (TurkStat) said on April 16.

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Today's Zaman, 16 April 2012, Unemployment revisits double digits in January

## **Turkey to swap electricity for gas**

The Turkish government plans to build a power station near the northern Iraqi border and may sell electricity to Iraq in exchange for natural gas, Turkey's Energy and Natural Resources Minister Taner Yıldız stated on April 13.

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Hurriyet Daily News, 14 April 2012, Turkey to swap electricity for gas

Turkish-US business group to meet in June

The American-Turkish Council (ATC) will hold its 31st annual conference this year in Washington on June 10-13. With more than 700 participants, the conference provides an opportunity to expand business relationships, showcase products, interact with senior government officials and military officers, exchange information and hear outstanding speakers from the US and Turkey.

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Hurriyet Daily News, 10 April 2012, Turkish-US business group to meet in June

## **DOMESTIC POLITICS**

### **Research Committee to investigate coups**

In a historic decision, the Turkish Parliament created a Parliamentary Research Committee on coups and memorandums on April 11. The Commission will be composed of 17 MPs of 4 political parties serving 3 months. It will be a forum in which all investigation regarding all military coups in Turkey.

Meanwhile, nine suspects, including 2 generals, were arrested on Apr. 15 on charges of attempting a military coup in the so-called "post-modern coup" of Feb. 28, 1997 while another seven were released. The police mainly asked the detainees about the "Western Action Concept" of the "West Working Group," which was a committee of military officials that is said to have monitored the government's activities and kept illegal records of private information about thousands of people. Former deputy Chief of General Staff Gen. Çevik Bir said in his police examination that preventing religious fundamentalism was their duty according to the National Security Policy Document issued by the National Security Council at that time.

The European Commission (EC) has once again called coup investigations "an opportunity" for Turkish democracy while underlining the need to respect the rights of defendants while

the the main opposition leader Kemal Kılıçdaroğlu slammed the government for using an intelligence report prepared by the Western Working Group during the pre-election period in 2011, asking "They're saying that they're going to settle accounts [with February 28], and yet they use reports done by pro-coup individuals during the elections. How do they expect me to believe the government's sincerity?"

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NTVMSNBC, 11 April 2012, Meclis darbeleri arastiracak

Today's Zaman, 13 April 2012, EC says Feb. 28 probe an opportunity for Turkish democracy

Hurriyet Daily News, 16 April 2012, Nine arrested on coup charges

Hurriyet Daily News, 16 April 2012, Gov't not sincere on Feb. 28 inquiry: CHP

## **Education reform law takes effect**

The controversial education law which re-opened the secondary school stage to religious vocational high schools, or imam-hatips, and introduced the Quran as an elective course took effect on April 11, after approval from President Abdullah Gül. The legislation will extend compulsory education from eight to 12 years and restructure the education process into three tiers of four years each.

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Hurriyet Daily News, 12 April 2012, Education reform law takes effect

## **Uludere investigations still pending**

The investigations for the death of 34 civilians by Turkish F16 bombs at Uludere, Turkey, a town on the Iraqi border, are still pending after over 3 months. The Parliament's Human Rights Commission members, responsible for the investigation, accuse the government and the Ministry of Defense for not providing them with clear answers and slow responses.

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Radikal, 11 April 2012, Uludere karartiliyor Turkcesi bu!

## **TUSIAD HIGHLIGHTS**

### **Italy-Turkey Economy Forum**

In cooperation with the Ministry of Economic Development and the Ministry of Foreign Affairs of Italy; "Italy-Turkey Economy Forum" will be organized on May 2-3, 2012 in Istanbul in order to bring Turkish and Italian companies together and explore new business opportunities between the two countries. Sectoral seminars and B2B meetings will be arranged in the sectors of machinery and energy/renewable energy during the event.

### **April 17-23, 2012**

#### **THIS WEEK:**

##### **TOP STORY**

- Row between Turkey and Iraq grow, Barzani visits Turkey

##### **FOREIGN POLICY**

- Clinton: Turkey may invoke NATO's Article 4 over Syria
- Turkey blocks Israel from NATO summit
- Ankara starts initiative for Bosnia NATO status
- Erdoğan visits Qatar for talks on Iraq, crisis in Syria

- Babacan, Çağlayan visit US
- Kurdish politicians set for talks in the US

## ECONOMY / ENERGY

- New tax amnesty expected to boost foreign portfolio investments
- Discussions under way with 4 countries for Sinop nuclear plant
- Boeing launches spy plane training for Turkish staff
- Mexico signals FTA with Turkey as relations improve
- Government excludes gains from sales of deforested land
- Asian investments up, EU investments down in Turkey

## DOMESTIC POLITICS

- Who is Who: Key Figures in the February 28 Postmodern coup
- CHP proposes laws to clean remains of coup
- Balyoz lawyers complain about court to top board

## TUSIAD HIGHLIGHTS

- TUSIAD Board visits Kayseri
- TUSIAD to organize seminar on Mergers and Acquisitions in Turkey

## TOP STORY

### **Row between Turkey and Iraq grow, Barzani visits Turkey**

Iraq, locked in a public row with neighboring Turkey, has summoned Ankara's ambassador in Baghdad to protest at critical remarks by Turkish Prime Minister Recep Tayyip Erdoğan, the foreign ministry said on April 23. Erdoğan accused his Iraqi counterpart Nuri al-Maliki on Apr. 19 of stoking conflict between Shi'ite Muslims, Sunni Muslims and Kurds through "self-centered" behavior to which Maliki fired back by saying that Turkey was becoming a "hostile state" with a sectarian agenda, meddling in Iraqi affairs, and trying to establish regional "hegemony."

Erdoğan has criticized Maliki several times since sectarian tensions flared in Iraq in December when the Shi'ite-led government tried to remove Sunni Deputy Prime Minister Saleh al-Mutlaq and sought an arrest warrant for Sunni Vice President Tareq al-Hashemi on charges he ran death squads. The rift between Baghdad and the Kurds worsened this month when the Kurdistan Regional Government said it was halting oil exports because the central government was not paying oil firms operating in the north.

The Kurdistan Regional Government (KRG) leader Masoud Barzani visited Turkey on April 19-20 following his US trip for critical discussions on terrorism and ongoing tension with the Shi'ite-led government in Baghdad. Speaking at a press conference after their meeting, Erdoğan stated that both Barzani and the cross-sectarian Iraqiya group were "seriously bothered" by Maliki's policies. Their main discussions, however, focused on the PKK. Topics of discussions during his meetings were the fight against terrorism, Turkey's new approach towards the Kurdish issue, a Kurdish conference which was planned to be held in Erbil, domestic political developments in Iraq and the situation in Syria were discussed, and cooperation between Turkey and Kurdish regional administration in terms of fighting terrorism and related steps to be taken were evaluated

Following Turkey's urging for tougher action against the outlawed Kurdistan Workers' Party (PKK), Barzani ended his trip stating "If the PKK continues its armed conflict then they will

bear the consequences. I will not allow the PKK to continue its rule in Iraqi Kurdistan.”

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Today's Zaman, 20 April 2012, Barzani, Erdoğan find common ground against Maliki government

Turkish Press Reviews, 20 April 2012, Barzani arrives in Turkey

Hurriyet Daily News, 21 April 2012, Barzani, Erdoğan call on PKK to let go arms

Radikal, 22 April 2012, Barzani'ye 'Iraklılık şuuru' tavsiyesi

Today's Zaman, 22 April 2012, Turkish PM lashes out at Iraqi counterpart, denies meddling

Today's Zaman, 23 April 2012, Iraq summons Turkish envoy over Erdoğan broadside

FOREIGN POLICY

Clinton: Turkey may invoke NATO's Article 4 over Syria

Foreign Minister Ahmet Davutoğlu briefed ministers from NATO-member countries on the Syrian situation during a working lunch following a NATO foreign and defense ministerial meeting on Apr. 18. He told the gathering that President Bashar al-Assad has misused the opportunity offered to him by international envoy Kofi Annan's peace plan, following the continued shelling of civilians by Syrian forces.

During the NATO Summit, US Secretary of State Hillary Clinton has said that NATO member Turkey may invoke Article 4 of the alliance's charter, which sees consultations among the member countries when the security of any parties involved, are in danger in regard to escalating tension along Turkey's Syria border. Turkey's Prime Minister Recep Tayyip Erdoğan had said "NATO has responsibilities to protect the Turkish border according to Article 5," referring to the border incident. Article 5, known as the collective defense clause, commits NATO states to defend a member state when it comes under an attack.

Meanwhile on the sidelines of the NATO Summit, Davutoğlu has asked Russia to put more pressure on Syria to implement the cease-fire that was to have gone into effect April 12 in accordance with a plan by UN-Arab League envoy Kofi Annan.

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Hurriyet Daily News, 18 April 2012, Turkey to report Syria at NATO

Today's Zaman, 19 April 2012, Assad misused chance offered by Annan plan, Turkey says

Hurriyet Daily News, 20 April 2012, Turkey asks Russia to mount Syria pressure

Today's Zaman, 20 April 2012, Clinton says Turkey may invoke NATO's Article 4 over Syrian tension

### **Turkey blocks Israel from NATO summit**

Turkey has blocked the participation of Israel in a NATO summit that will take place in Chicago on May 20 and 21, despite calls for otherwise from allies including the US. Turkey has vetoed a number of Israeli attempts to deepen its partnership with the alliance - such as opening an office at the NATO headquarters and participating in the activities of the Mediterranean Dialogue group - on the grounds that it should first bear the consequences of its unlawful action against Turkish citizens.

Process of reviewing NATO's deterrence and defense structure, its missile defense, as well as relations between Russia and NATO will be discussed in the May summit.

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Turkish Press Review, 18 April 2012, Turkey to be represented at a joint meeting of NATO Foreign and Defense Ministers

Hurriyet Daily News, 23 April 2012, Turkey blocks Israel from NATO summit

Radikal, 24 April 2012, İsrail basını: Biz kaybettik, Türkiye kazandı

Ankara starts initiative for Bosnia NATO status

Turkey started an initiative with several Balkan countries on Apr. 18 to push NATO to recognize the Membership Action Plan (MAP) status of Bosnia and Herzegovina, according to the Turkish foreign minister.

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Hurriyet Daily News, 19 April 2012, Ankara starts initiative for Bosnia's NATO status

## **Erdoğan visits Qatar for talks on Iraq, crisis in Syria**

Prime Minister Recep Tayyip Erdoğan left on Apr. 19 for Qatar to attend the 13th session of the UN Conference on Trade and Development (UNCTAD), where it is expected the recent situations in Syria and Iraq will be discussed. Foreign Minister Ahmet Davutoğlu met with Hamas chief Khaled Mashaal in Doha on Apr. 21 to discuss the Arab-Israeli dispute and the reconciliation process between Hamas and Fatah.

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Today's Zaman, 19 April 2012, Erdoğan visits Qatar for talks on Iraq, crisis in Syria

Hurriyet Daily News, 23 April 2012, Turkish FM talks Palestine with Hamas chief

Babacan, Çağlayan visit US

Deputy Prime Minister Ali Babacan arrived in the US on Apr. 19 to attend the World Bank-IMF 2012 spring meetings and the Group of 20 meetings in Washington, DC. He was also an honorary guest at an Atlantic Council event on Apr. 20 where he spoke of US-Turkish partnership, the current events in the Middle East and the economic performance of Turkey. Earlier in the week, Economy Minister Zafer Çağlayan introduced Turkey's New Incentive System in a US tour visiting New York, Washington, DC and Houston.

Babacan and Foreign Minister Ahmet Davutoğlu were included on the top 100 influential people in the world list released by the Time magazine on April 18, stating Turkey's dual domestic and foreign policy approach has made it a model for economic growth and democratization in the region.

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Hurriyet Daily News, 17 April 2012, Babacan to attend IMF, World Bank meetings

Hurriyet Daily News, 18 April 2012, US companies introduced to Turkish incentive scheme

Turkish Press Review, 19 April 2012, Babacan and Davutoğlu on Time 100 List

Time, 18 April 2012, Ali Babacan and Ahmet Davutoglu

## **Kurdish politicians set for talks in the US**

The co-chairs of the Peace and Democracy Party (BDP) are visiting the US for meetings with officials and civil society to try to build support for their position on the Kurdish conflict.

"The US approach on the Kurdish issue has been based on unilateral information from the

government. They should see the other side of the coin and lend us an ear as well," BDP co-chair Selahattin Demirtaş said. During the April 22-29 trip, Demirtaş is accompanied by BDP co-chair Gültan Kışanak, BDP lawmaker Nazmi Gür as well as independent deputy Ahmet Türk, who heads the Kurdish umbrella organization, the Democratic Society Congress (DTK).

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Hurriyet Daily News, 20 April 2012, Kurdish politicians set for talks in United States

## **ECONOMY / ENERGY**

### **New tax amnesty expected to boost foreign portfolio investments**

The Turkish government expects to boost hot money inflow to Turkey with a newly announced annulment of a tax on portfolio investments. A decision to annul the withholding tax on the trading of investment funds -- more than 75 percent of which comprise equities - - was announced by Deputy Prime Minister Ali Babacan, who oversees the Turkish government's economic policies as the head of its Economy Coordination Board (EKK), at a press conference on Apr. 17 in Ankara.

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Turkish Press Review, 18 April 2012, New tax amnesty expected to boost foreign portfolio investments

### **Discussions under way with 4 countries for Sinop nuclear plant**

Turkey is under discussions with 4 countries for the Sinop nuclear plant, the second plant to be built after Akkuyu in the country. Turkey has started conducting feasibility studies with Japan, South Korea, China, and Canada. During his 2-day visit to Turkey, Finnish Prime Minister Jyrki Katainen also indicated that Finnish companies might be interested in participating in Turkey's nuclear projects.

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Radikal, 20 April 2012, Nükleerde Kanada ile işbirliği anlaşması

Radikal, 21 April 2012, 20 milyar dolar için 4 ülke sırada

Hurriyet Daily News, 21 April 2012, Count us in on nuke power, says Finland

### **Boeing launches spy plane training for Turkish staff**

Boeing, the American aerospace company, launched a training program for Turkey's airborne early warning and control (AEW&C) project, focused on teaching the specific mechanics of planes the company has been building for Turkey at Boeing facilities near Seattle.

Meanwhile, the Undersecretariat for Defense Industries (SSM) has made an offer to the United States for greater Turkish involvement in the manufacturing of the Joint Strike Fighter F-35, which would cut the cost of the project by around \$3.5 billion. With the cost of the US F-35 fighter jet project increasing on a daily basis, Turkey wants to be part of the manufacturing process, which could greatly cut costs

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Hurriyet Daily News, 17 April 2012, Turkey proposes cost-cutting measure to US on F-35

project

Hurriyet Daily News, 23 April 2012, Boeing launches spy plane training for Turkish staff

## **Mexico signals FTA with Turkey as relations improve**

Economy Minister Zafer Çağlayan announced after the first session of the G-20 summit of ministers of economy and commerce that he had talks with Mexican Secretary of the Economy Bruno Ferrari, who said Mexico is ready to sign a free trade agreement (FTA) with Turkey. Çağlayan stated that one of Ferrari's priorities is to sign an FTA with Turkey as soon as the Mexican general elections are held in July.

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Today's Zaman, 22 April 2012, Mexico signals FTA with Turkey as relations improve

Government excludes gains from sales of deforested land

This year's budget does not include any estimate of the proceeds from sale of deforested lands, Deputy Prime Minister Ali Babacan said on April 19. Babacan's remarks come one day after the Parliament's approval on a draft law regarding the sale of such land and pasture, or "2-B" land. The government sees the sale of 2-B land, which has largely been repurposed by individuals or companies, as a potential source of substantial revenue, but the law has been criticized on the grounds that it paves the way for even more deforestation.

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Hurriyet Daily News, 20 April 2012, Government excludes gains from sales of deforested land

## **Asian investments up, EU investments down in Turkey**

Asian capital holders were more eager to enter Turkish markets than their European counterparts as the size of foreign direct investment inflow from the former surged in the first two months of 2012, economy ministry data show.

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Today's Zaman, 20 April 2012, Asian investments up, EU investments down in Turkey

DOMESTIC POLITICS

Who is Who: Key Figures in the February 28 Postmodern coup

With the detention of high-profile generals continuing as part of the trial of those involved in the Feb. 28 coup, an unarmed military intervention that toppled the democratically elected government in 1997, discussions have flared about those who played key roles in the incident. Below is a list compiled by Today's Zaman on the key figures of the Feb. 28 coup.

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Today's Zaman, 22 April 2012, Who is Who: Key Figures in the February 28 Postmodern coup

### **CHP proposes laws to clean remains of coup**

Main opposition leader Kemal Kılıçdaroğlu yesterday urged all political parties to lend their support to a comprehensive set of reforms his Republican People's Party (CHP) has

compiled, called the "Democratic Package for Coup Cleaning." The package Kılıçdaroğlu proposed contains amendments that the CHP has already been submitting to Parliament since December 2001 as part of an "urgent democracy package." It has so far submitted drafts that call for lowering the election threshold, the abolition of special-authority courts, limiting lengthy pre-trial detentions and the removal of provisions in the anti-terrorism law that restrict press freedom.

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Hurriyet Daily News, 20 April 2012, CHP proposes laws to clean remains of coup

Balyoz lawyers complain about court to top board

A group of lawyers filed a complaint yesterday with the Supreme Board of Judges and Prosecutors (HSYK) against the court delegation heading the ongoing "Balyoz" (Sledgehammer) case claiming their right to defense and a fair trial had been violated.

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Hurriyet Daily News, 17 April 2012, Balyoz lawyers complain about court to top board

## **TUSIAD HIGHLIGHTS**

### **TUSIAD Board visits Kayseri**

TUSIAD Board of Directors visited Kayseri, Turkey on April 19 within the scope of their Anatolian meetings. During the visit, they held a meeting with business representatives of the region at the Kayseri Chamber of Industry to discuss "Developments in Foreign Policy and Economic Outlook." Ümit Boyner, the President of TUSIAD, and Mustafa Boydak, President of Kayseri Chamber of Industry, both made opening remarks at the event.

In her speech, Boyner expressed that TUSIAD attaches considerable importance to the new incentive package, which has triggered new expectations for rebalancing Turkey's economy and establish basis for solving structural problems. Boyner also emphasized the importance of participatory democracy, especially in the process of rewriting the Turkish constitution.

Please follow the links to access the [program](#), [press release](#), and Boyner's [speech](#).

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Turkish Press Review, 20 April 2012, Boyner welcomes new incentive package

Radikal, 20 April 2012, Herkes kendi işine bakmasın

TUSIAD to organize seminar on Mergers and Acquisitions in Turkey

As TUSIAD we would like to analyze the company behavior in Turkey and the investment environment and discuss possible solutions on how to improve merger and acquisition transactions. In this regard, TUSIAD will organize "Mergers and Acquisitions in Turkey: How to Cooperate to be More Competitive?" a half day seminar at Istanbul Yapı Kredi Plaza on May 8.

April 24-30, 2012

THIS WEEK:

TOP STORY

- Turkey blocks EU, Israel from NATO Summit

FOREIGN POLICY

- Turkey to rent MAVs from the US
- US talks beneficial for Kurdish conflict: BDP
- EU-Turkey agree to delay visa statement
- Europe still a base for PKK, security body says
- Turkey slams Obama and French leaders on Armenian killings
- Turkey expecting to mend Iraqi ties

ECONOMY / ENERGY

- Turkey starts oil, gas search in Turkish Cyprus
- European Bank inks huge wind farm deal in Turkey
- Net foreign direct investments soar by 25 percent in 2 months
- Sanction-hit Iranian banks line up to enter Turkish financial market

DOMESTIC POLITICS

- Main opposition CHP set for overhaul of platform
- Panel for new charter starts landmark duty in Turkey
- Turkey regaining ecological richness through new project

TUSIAD HIGHLIGHTS

- TUSIAD US Office launches intern blog
- These Young People Have the Potential!
- TUSIAD statement on World Intellectual Property Day
- Boyner explains TUSIAD's position on Feb. 28, education debate
- Upcoming May events

TOP STORY

Turkey blocks EU, Israel from NATO Summit

Ankara says it will block EU participation in an upcoming NATO summit unless the Organization of the Islamic Cooperation (OIC) is also allowed to be present. Raising the EU's commitment to a NATO peace mission in Afghanistan, EU member countries including France had argued that the EU should be represented, while Turkey is maintaining that there should only be member state participation in the summit.

"If non-NATO members will also participate, the OIC should be represented [in the Chicago summit] first and foremost," Turkish diplomatic sources said in explaining Ankara's position. The sources claimed that the OIC's commitment exceeded the EU contribution in the Afghanistan peace mission.

Turkey has also blocked Israel's participation in the summit as the tension between the two countries continue. Davutoğlu said during a NATO meeting in Brussels on April that Turkey will not allow Israel, a member of the Mediterranean Dialogue, a NATO outreach program including seven non-NATO nations, to take part in the alliance's new Partnership Cooperation Menu (PCM). The American Jewish Committee (AJC), a US-based Jewish advocacy organization, has called on the US government to get Turkey's veto lifted on Israel's participation.

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Turkish Press Review, 18 April 2012, Turkey to be represented at a joint meeting of NATO Foreign and Defense Ministers

Hurriyet Daily News, 23 April 2012, Turkey blocks Israel from NATO summit

The Wall Street Journal, 27 April 2012, EU Presidents Await NATO Invite

Today's Zaman, 30 April 2012, Turkey blocks EU from NATO summit unless OIC also attends

Today's Zaman, 30 April 2012, Jewish lobby calls on US to prevent Turkish block of Israel from NATO summit

## **FOREING POLICY**

### **Turkey to rent MAVs from the US**

Turkey has decided to lease five manned aerial vehicles (MAVs) from the US in order to obtain intelligence in the fight against terrorism in southeastern Turkey. The Turkish Armed Forces (TSK), the National Intelligence Organization (MIT) and the National Police Department have ended their project using human-controlled vehicles for exploration and monitoring that had been started to eliminate the weakness of intelligence in the fight against terrorism. As a result, Prime Minister Recep Tayyip Erdoğan, Chief of General Staff Gen. Necdet Özel and Defense Minister İsmet Yılmaz have appended binding signatures to bring the human-controlled intelligence vehicles from the United States to Turkey. Five planes, which will be rented from the US for two years, will be brought to Turkey at the end of May and deployed in the province of Batman.

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Today's Zaman, 30 April 2012, Human-controlled aerial vehicles to come to Turkey

US talks beneficial for Kurdish conflict: BDP

Talks between Peace and Democracy Party (BDP) leaders and U.S. officials in Washington will be important for efforts to achieve a peaceful and democratic settlement of the Kurdish conflict according to a senior BDP lawmaker. "There is nothing more natural than our conducting such visits to explain our stance as a political party. In fact, meetings like this are beneficial to open up democratic channels to solve the Kurdish issue," BDP deputy group chair Hasip Kaplan said. The BDP team, led by co-chairs Selahattin Demirtaş and Gültan Kışanak, are scheduled to meet with Assistant Secretary of State for European and Eurasian Affairs Philip Gordon, as well as Qubad Talabani, the Kurdistan Regional Government of northern Iraq's representative in the US.

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Hurriyet Daily News, 25 April 2012, US talks beneficial for Kurdish conflict: BDP

### **EU-Turkey agree to delay visa statement**

The European Union Internal Affairs Commission's decision to postpone a statement on the issue of lifting visa restrictions for Turkey was made on the request of Ankara, in order to allow more time for negotiations on the wording. The text would have required Ankara to first sign the re-admission agreement before any talks on visa liberalization, a demand that Ankara rejects.

Meanwhile, Minister of European Union Affairs Egemen Bağış welcomed Austria's move to

facilitate the visa process for Turkish citizens married to Austrian citizens as the first state to implement the European Court of Justice (ECJ) earlier decision for the facilitation of the visa process for all Turkish citizens.

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Hurriyet Daily News, 28 April 2012, EU-Turkey agree to delay visa statement

Today's Zaman, 24 April 2012, Turkey insists on visa exemption versus visa facilitation

Europe still a base for PKK, security body says

Europe remains a logistical support base for the outlawed Kurdistan Workers' Party (PKK), the European Police Office (EUROPOL) has warned in its latest report. "Although the number of individuals arrested linked to the PKK is decreasing, Europe remains a logistical support base for funding, recruitment, training and propaganda," EUROPOL said in its EU Terrorism Situation and Trend Report 2012 published April 25.

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Hurriyet Daily News, 27 April 2012, Europe still a base for PKK, security body says

## **Turkey slams Obama and French leaders on Armenian killings**

Turkey expressed "deep regret" over United States President Barack Obama's April 24 statement on the Armenian massacres, saying that it was "extremely problematic and distorting historical facts." Obama once again did not use the term "genocide" in his traditional statement on the anniversary of so called Armenian genocide and as in previous years he used the expression of "meds yeghern" which means "great tragedy" in Armenian language.

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Hurriyet Daily News, 26 April 2012, Turkey slams Obama and French leaders on Armenian killings

TurkishNY, 24 April 2012, US President Barack Obama Doesn't Use G-Word Again

Today's Zaman, 25 April 2012, Ankara reacts to Washington and Paris over 'genocide'

Turkey expecting to mend Iraqi ties

Ankara sees no further future escalation in tensions with Iraq, and believes Iraqi Prime Minister Nuri al-Maliki will launch reconciliation talks with other Iraqi groups to end the country's political crisis, Turkish Deputy Foreign Minister Naci Koru said on Apr. 26. "We've signed agreements with the Iraqi central government, which are still in force. Our commercial relations are continuing intensively. Therefore, I hope that those recent confusions and negative remarks will not go further," Koru said.

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Hurriyet Daily News, 27 April 2012, Turkey expecting to mend Iraqi ties

## **ECONOMY / ENERGY**

### **Turkey starts oil, gas search in Turkish Cyprus**

Turkey has begun exploratory drilling for oil and gas in the northern section of Cyprus, heightening a dispute over the Mediterranean island's potential fuel riches. The move counters an offshore gas search by rival Greek Cypriots in the island's internationally recognized southern half that has raised tensions with Ankara. Turkish Energy Minister

Taner Yıldız joined Turkish Cypriot leader Derviş Eroğlu to inaugurate the drilling on April 26.

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Hurriyet Daily News, 26 April 2012, Turkey starts oil, gas search in Turkish Cyprus
Turkish Press Review, 27 April 2012, Turkey's TPAO starts oil, gas search in Northern Cyprus

Today's Zaman, 26 April 2012, Turkey's TPAO starts oil, natural gas search in northern Cyprus

European Bank inks huge wind farm deal in Turkey

The European Bank for Reconstruction and Development (EBRD) signed a second major wind power deal in Turkey for 135 million euros on April 26 with Sabancı Holding and Verbund International's Enerjisa. The farm, to be constructed in Balıkesir, will consist of 52 wind turbines and will have a generation capacity of 142.5 megawatts. Upon its completion, expected in the second half of 2012, the Enerjisa wind farm will become Turkey's largest wind farm to date, increasing Turkey's current installed wind generation capacity by approximately 8 percent.

The EBRD will open its second office in Turkey's capital city of Ankara on May 30 to facilitate its activities here, as part of the new country strategy. The current EBRD office, established three years ago, is located in Istanbul. "As part of the EBRD's commitment to the country, we plan to hold our 2013 annual May meeting in Turkey," said Jan Fischer, the vice president for operational policies at the EBRD.

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Hurriyet Daily News, 28 April 2012, European Bank inks huge wind farm deal in Turkey

## **Net foreign direct investments soar by 25 percent in 2 months**

Net total foreign direct investment in Turkey during January and February 2012 rose 25 percent, reaching nearly \$1.7 billion. This figure is up from \$1.35 billion during the same period last year, with manufacturing, health and social work, and real estate renting being the most attractive industries, according to data released by the Ministry of Economy.

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Hurriyet Daily News, 24 April 2012, Net foreign direct investments soar by 25 percent in 2 months

Sanction-hit Iranian banks line up to enter Turkish financial market

Iranian investors, who established a record number of companies in Turkey last year, have shifted their focus to the finance and banking sector as Western sanctions implemented because of its controversial nuclear program have eaten away at its economic maneuverability. Iran's three biggest banks, Tejarat Bank, Pasargad Bank, and one other whose name was not disclosed, have started to work in order to become the newest actors in the Turkish banking sector.

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Turkish Press Review, 26 April 2012, Sanction-hit Iranian banks line up to enter Turkish financial market

## DOMESTIC POLITICS

### **Main opposition CHP set for overhaul of platform**

The main opposition Republican People's Party (CHP) is preparing for a major overhaul of its platform, because the social-democratic policies of the 1970s no longer respond to modern realities, CHP chairman Kemal Kılıçdaroğlu has said.

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Hurriyet Daily News, 28 April 2012, Main opposition CHP set for overhaul of platform

### **Panel for new charter starts landmark duty in Turkey**

Turkey's Constitutional Reconciliation Commission will begin penning down the contents of the first civilian constitution starting May 1 following a six-month-preparatory process on the charter.

Meanwhile on April 26, Jean-Maurice Ripert, EU's envoy to Turkey, stated that the EU welcomes Ankara's efforts to end the age of military tutelage and consolidate civilian rule over Turkey. "There's no doubt that we support this normalization (in civil-military relations)," he said.

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Turkish Press Review, 26 April 2012, Turkey's move to civilian rule gets praise from EU  
Hurriyet Daily News, 30 April 2012, Panel for new charter starts landmark duty in Turkey

### **Turkey regaining ecological richness through new project**

Thanks to new projects from the Natural Preservation and National Parks Association, Turkey is slowly starting to re-gain some of its botanic and ecological richness. One of the major goals of the projects is to protect the country's wetlands.

Hurriyet Daily News, 30 April 2012, Turkey regaining ecological richness through new project

## TUSIAD HIGHLIGHTS

### **TUSIAD US Office launches intern blog**

TUSIAD US Office just launched its intern blog: TUSIAD-US Intern Edition. This is a venue for our interns to express their thoughts on US-Turkish relations as well as their internship experiences in Washington, DC. To read what our interns have to say, please visit <http://tusiadus.wordpress.com/>.

### **These Young People Have the Potential!**

TUSIAD "These Young People Have the Potential!" Project, which aims to reduce youth unemployment by encouraging entrepreneurship among university students, started in 2011 as a pilot project limited to two universities in Ankara. On April 25 the project opened up to the participation of all universities in Turkey.

The Business Plan Competition organized within the scope of the project intends to help

generate the future leaders of business world and young entrepreneurs through realizing innovative business ideas. The selected theme for 2012 competition is "Employment and Sustainability" and deadline for applications is May 10, 2012.

For more information: [www.bugenclikteisvar.com](http://www.bugenclikteisvar.com)

Please click to access the [press release](#) in Turkish.

## **TUSIAD statement on World Intellectual Property Day**

TUSIAD released a statement on April 26 in regards to World Intellectual Property Day. Stating that intellectual property rights are one of the most important assets of modern societies, TUSIAD praised the improvements made in this regard in Turkey over the past 15 years and urged further improvements in order to increase competitiveness and fairness in markets.

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Please click for the full text of the [press release](#) in Turkish.

## **Boyner explains TUSIAD's position on Feb. 28, education debate**

In an interview with Radikal, TUSIAD President Ümit Boyner explains TUSIAD had no role in the February 28 coup in Turkey and TUSIAD's stance in the education debate as a civil society organization.

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Radikal, 30 April 2012, [Araştırdım, TÜSİAD 28 Şubat'a destek vermedi](#)

## **Upcoming May events**

On May 2-3, in cooperation with the Ministry of Economic Development and the Ministry of Foreign Affairs of Italy, TUSIAD will co-host "Italy-Turkey Economy Forum" to bring Turkish and Italian companies together and explore new business opportunities between the two countries. Sectoral seminars and B2B meetings will be arranged in the sectors of machinery and energy/renewable energy during the event.

On May 4, TUSIAD-Koç University Economic Research Forum (ERF) will organize a conference on "The Mirrlees Review: Tax Reform for a Modern Economy."

On May 8, TUSIAD will organize a half day seminar "Mergers and Acquisitions in Turkey: How to Cooperate to be More Competitive?" to analyze the company behavior in Turkey and the investment environment and discuss possible solutions on how to improve merger and acquisition transactions.

On May 10, TUSIAD is organizing the fifth seminar of the New Turkish Commercial Code Seminar Series in Istanbul.

On May 17, TUSIAD will be organizing the "Turkish German Family Entrepreneur Summit" together with Alphazirkel. The seminar will take place at the Summer Residence of The German Ambassador in Tarabya Istanbul.