

**July 2012**

**June 26-July 2, 2012**

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## **TOP STORY**

### **Tensions continue to rise on the Turkish-Syrian border**

The Turkish government has instructed its army to intercept any potential security risk posed by Syrian security forces along its land and sea border, in response to the downing of a Turkish jet by Syria in international airspace. A convoy of about 30 military vehicles, including trucks loaded with missile batteries, anti-aircraft guns and rocket launchers was deployed near the Syrian border 50 kilometers away. The preponderance of air defense weapons in the convoy suggested Turkey was preparing for any possible approach by Syrian helicopters or warplanes. Turkish Prime Minister Recep Tayyip Erdoğan said any military element moving towards the Turkish border and deemed threatening would be declared a military target. As a response, the Syrian administration has sent around 170 tanks to the north of Aleppo province, near the Turkish border. On June 1, after Syrian helicopters flew close to the Turkish border near the provinces of Hatay and Mardin, Turkey sent F-16 warplanes in three separate instances of alert, an action seen as a clear message to Syria.

In the meantime, Turkey's military, as well as PM Erdoğan who had accused it on false reporting, has denied a Wall Street Journal report that claimed a Turkish jet was shot down in Syrian airspace, arguing instead that the incident occurred over international waters while posting a map to corroborate its position. The army said it felt the need to clarify the incident following the WSJ report that said Turkey's explanations about the incident raised question marks. The statement repeated that the jet was unarmed and flying solo as it

tested Turkey's radar capabilities - indirectly responding to the WSJ's report that it was testing Syria's radar reactions.

Also in the past week, different reports have claimed that Russian authorities may be behind the decision to down the Turkish jet, claiming it might have been a direct message to NATO. Spokespersons from both the US Department of State and Department of Defense have reiterated US support for Turkey and claimed that the military activity on the Turkish border is not provocative.

Meanwhile, the downing of the jet also impacted domestic politics in Ankara with the government and main opposition clashed over the course of action in regards to Syria.

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Hurriyet Daily News, 1 July 2012, Turkish F-16s scramble as Syrian helicopters approach border

Hurriyet Daily News, 1 July 2012, Russian finger may have pushed the button to down Turkish jet: Report

Hurriyet Daily News, 1 July 2012, Turkish Army denies WSJ report on jet downed by Syria

Hurriyet Daily News, 30 June 2012, Syria standoff triggers domestic political row

Hurriyet Daily News, 27 June 2012, Turkish gov't puts Syrian border troops on red alert

Hurriyet Daily News, 28 June 2012, Turkey deploys missile batteries on Syrian border

Hurriyet Daily News, 29 June 2012, Turkey to pick new missile defence system soon

Today's Zaman, 29 June 2012, Syria sends deployments to border after Turkish military buildup

## FOREIGN POLICY

### Turkey proposes a new vision for BSEC at Istanbul Summit

Organization for the Black Sea Economic Cooperation (BSEC) has convened in a high-level summit in Istanbul, pledging for better regional political and economic cooperation. The summit has been marked by the release of a Summit Declaration accepted among BSEC member countries in honor of its 20th year anniversary. The joint declaration read adoption of an updated BSEC Economic Agenda towards Enhanced BSEC Partnership, providing a roadmap outlining the framework for joint action that aims to initiate developmental goals of the organization for the upcoming ten years.

The organization's aim is to transform the Black Sea, the Caucasus and the Caspian region into a field of peace, stability and prosperity by following an inclusive approach that is to the benefit of all stakeholders. During its presidency starting July 1, Turkey is preparing to submit a new vision paper to enhance political dialogue in the Black Sea region, seeking to address the frozen conflicts that hinder economic progress amongst the member states of the BSEC.

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Hurriyet Daily News, 26 June 2012, Summit kicks off with a new regional vision

Hurriyet Daily News, 27 June 2012, BSEC fights corruption for democratic goals

Hurriyet Daily News, 27 June 2012, Members of BSEC join forces to protect environment

27 June 2012, Transforming Black Sea region into a field of peace and stability

Today's Zaman, 26 June 2012, BSEC countries pledge closer regional cooperation

## **Turkey enhances its cyber security measures**

At the National Cyber Security Strategy Workshop in Ankara on June 19, Professor Mustafa Alkan, Chairman of the Information Security Association stated that "Turkey is among the top 10 countries subjected to cyber attacks" because it does not have a solid cyber security mechanism. Turkey is preparing to take some important steps to protect itself. The government will provide financial aid ranging from TL 100,000 to 3 million for research and development projects in the area of informatics. A national operating system will obviate the need to utilize systems based in other countries, giving Turkey greater control in the fight against cyber crime.

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Today's Zaman, 1 July 2012, Turkey among top 10 countries subjected to cyber attacks

## **Turkey caucus in US reaches record-high membership**

The Turkey caucus in the US Congress now has reached 153 members, marking a major milestone in the history of the group, the Turkish Coalition of America (TCA), based in Washington, DC, has announced on June 24, which "signifies the growing activism on the part of the Turkish-American community and the strength of the US-Turkey relationship." The Turkey caucus is one of the largest congressional caucuses that seek to strengthen bilateral ties between the US and various international allies.

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Today's Zaman, 27 June 2012, Turkey caucus in US reaches record-high membership

## **Mandate of Turkish troops in Lebanon extended**

Parliament approved a proposal on Friday by the Prime Ministry to, for the sixth time, extend the mandate of Turkish troops operating under the banner of the UN Interim Force in Lebanon (UNIFIL) for one more year.

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Today's Zaman, 1 July 2012, Parliament extends mandate of Turkish troops in Lebanon

## **ECONOMY / ENERGY**

### **US delegation arrives in Turkey for trade ties**

A large delegation of US leaders, including United States Trade Representative Ron Kirk and US Acting Secretary of Commerce Rebecca Blank, arrived in Turkey on June 26 to foster economic and trade ties between Turkey and the US. "Turkey has a customs agreement with the EU and this makes it a bit more difficult to develop a free trade agreement," said Kirk stressing that there were solid steps that needed to be taken before Turkey could have a free trade agreement with the US. Blank stated that US investors were interested in infrastructure projects in Turkey followed by energy, aviation and transportation.

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Hurriyet Daily News, 26 June 2012, US delegation arrives in Turkey for trade ties

Hurriyet Daily News, 27 June 2012, Turkey, US work on visa facilitation

### **Foreign trade deficit continues to shrink, export to Syria plunging**

The positive trend in Turkey's narrowing foreign trade deficit, which contracted 27.3 percent

in April, continued in May, contracting by 15.5 percent.

Exports from Turkey's southeast to Syria plunged 74 percent to \$22.1 million in the first five months of the year compared with the same period last year. Last year's exports figure for the period was \$85.9 million. Syria was the second country after Iraq in number of exports received from the region in 2010, but has not even made the top 20 countries on the list this year.

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Hurriyet Daily News, 30 June 2012, Foreign trade deficit shrinks further in May

Hurriyet Daily News, 29 June 2012, Exports to Syria plunge 74 percent to \$22.1 million

## **Turkey-Azerbaijan natural gas deal angers Gazprom**

Turkey signed on June 26 a deal with Azerbaijan to build the \$7 billion Trans-Anatolian natural gas pipeline (TANAP) to carry Azeri gas to European markets. The project will establish an "organic bond" between Azerbaijan and Europe.

Gazprom on June 29 sent a warning signal to Turkey over the agreement, which will be a rival to the Moscow-backed planned South Stream trunk. Gazprom said Turkey demanded additional gas supply from Russia after an explosion on the Turkey-Iran natural gas pipeline June 28, which cut the gas flow. The statement said Gazprom has increased gas supply to Turkey, but added that if the Trans-Anatolian project is "completed as planned in 2018, Turkey could then apply for help to Baku."

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Hurriyet Daily News, 30 June 2012, Gazprom 'warns' Turkey on gas deal

Hurriyet Daily News, 27 June 2012, Turkey and Azerbaijan ink deal for \$7 bln gas project

## **Chevron to drill in Black Sea**

Meanwhile, American oil giant Chevron has asked for an extension of its drilling license in Turkey's Black Sea Bolu Petroleum Region. The Prime Ministry will have the last word on the issue. If Chevron gets the green light it will be allowed to drill for oil in the Black Sea from July 2012 until July 2016. If the Prime Ministry agrees to the license extension, Chevron will become the sole operator and could also bring on board another large international company.

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Hurriyet Daily News, 30 June 2012, Chevron returns to drill for oil in Turkey's Black Sea

## **Iran, Turkey to boost trade volume further**

The bilateral trade volume between Turkey and Iran will reach \$35 billion before 2015, the target year, Iran's Vice President Ali Saidlo said June 26, ahead of a meeting with Development Minister Cevdet Yıldız in Ankara. The bilateral trade volume, which hit \$16 billion last year, will surpass \$23 billion as of the first months of this year, Saidlo said. Iranian and Turkish delegations discussed challenges in banking, finance, energy, customs gates and transport. "Among the significant subjects we will discuss with the Iranian delegation is finalizing the preferential trade agreement between the two countries. After this, our goal is a free trade [deal]," Yıldız had said before the meeting. He said they were particularly interested in the privatization of İGDAŞ.

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Hurriyet Daily News, 28 June 2012, Iran, Turkey to boost trade volume further  
Hurriyet Daily News, 30 June 2012, Iran keen on İGDAŞ privatization  
Today's Zaman, 27 June 2012, Iranian vice president visits Turkey amid Syria crisis

## **Turkey to fund MIT**

Turkey is preparing to donate \$10 to \$20 million to the Massachusetts Institute of Technology (MIT) Foundation, pending approval by the Parliament. In return, MIT will be offering Turkishas an elective course and will be establishing aTurkish research foundation. Turkish professors will be able to conduct research at MIT and will be eligible to receive training at the prestigious American university.

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Hurriyet Daily News, 26 June 2012, Turkey to donate huge fund to MIT

## **DOMESTIC POLITICS**

### **Despite criticism, Turkey's specially authorized courts abolished**

Mounting criticism from Turkey's legal authority and politicians has forced the government to partially backpedal on a law that abolished the country's specially authorized courts. The courts have been abolished and replaced with "regional high criminal courts," but will continue to deal with all ongoing coup and terror cases until a final verdict is reached. There were earlier rumors that the Justice and Development Party (AKP) was planning to forward these cases to ordinary high criminal courts after abolishing special courts. A series of trials investigating hundreds of people accused of links to coup plots or Kurdish militants will be affected by the reform. Critics of the courts say the trials, one of which is a conspiracy case involving hundreds of military officers, have spiraled out of control and been used to stifle dissent. Many defendants have spent years in custody with no verdict in sight.

Prime Minister Recep Tayyip Erdoğan himself has cast doubt on the handling of the cases, suggesting court powers could be curbed. However, several jurists and politicians opposed the plan, saying such a move would have regressive effects on the cases.

In addition to the abolishment of specially authorized courts, prosecutors are now obligated to seek permission from relevant authorities to investigate officers from top state institutions.

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Today's Zaman, 02 June 2012, Criticism pushes government to partially backpedal, yet special courts abolished

Hurriyet Daily News, 27 June 2012, Turkey's AKP works to scrap special courts

### **'Oslo talks should be revived'**

Independent deputy Leyla Zana has outlined the contents of a much-anticipated meeting she held on June 30 with Turkish Prime Minister Recep Tayyip Erdoğan, declaring that it is "unrealistic" to end the Kurdish issue by asking Kurdish militants to lay down their arms. The armed conflict remains an open wound, Zana said, adding that she told the prime minister that it could not be healed with demands such as calling on the outlawed Kurdistan Workers' Party (PKK) to lay down arms or asking the Turkisharmy to stop military operations. She also said she told Erdoğan that it was quite possible to transfer the

imprisoned leader of the PKK, Abdullah Öcalan, to house arrest. Zana also advised the prime minister to continue the Oslo process, in which members of Turkey's intelligence agency began dialogue with the PKK in an effort to end the conflict.

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Hurriyet Daily News, 1 July 2012, 'Oslo talks should be revived,' says Zana

## TUSIAD HIGHLIGHTS

### TUSIAD initiates meetings on the education system

TUSIAD, as part of its work towards the education system, initiated a series of meetings titled "21st Century Skills and Quality of Education." The first conference of the series was held on June 26, 2012 in Istanbul under the title, "Educating for 21st Century Skills: The Content and Methods of Education." Attended by many Turkish and foreign experts, the conference's [opening remarks](#) were delivered by TUSIAD Chairman of the Board Ümit Boyner and TUSIAD member of the board Cenk Çimen.

### Report launch: Electronic Health Records in Chronic Disease Management

TUSIAD Health Working Group initiated the preparation of a report entitled "The Role of Electronic Health Records in Chronic Disease Management for a Sustainable Health Care System" which will be [launched](#) on July 3 in Ankara and Istanbul simultaneously.

### 'The View of Turkish Public Opinion on the EU'

Boğaziçi University-TUSIAD Foreign Policy Forum will present a research entitled "The View of Turkish Public Opinion on the EU and Euroscepticism" conducted by Prof. Hakan Yılmaz and Dr. Emre Erdoğan on July 5 at TUSIAD Headquarters.

## July 3-9, 2012

### THIS WEEK:

#### TOP STORY

- Turkish economy is in soft landing, growing 3.2 pct

#### FOREIGN POLICY

- Search teams find bodies of Turkish pilots shot down by Syria
- Friends of Syria urge Chapter VII resolution at UN Security Council
- Ankara, Paris to open new page
- Turkey to extend 150 mln USD to projects in Afghanistan

#### ECONOMY / ENERGY

- Turkey, Iraq work on Basra oil exports
- Istanbul hosts low-level Iran nuke talks
- Turkish, Japanese firms set to mull cooperation in Iraq

#### DOMESTIC POLITICS

- CHP not satisfied with 'cosmetic' move on courts
- AKP seeks to ease state regulation over religion
- New CHP, new front desk, new policies
- Turkish parliament goes into summer recess

#### TUSIAD HIGHLIGHTS

- TUSIAD International Politics Platform

- Report launch: Electronic Health Records in Chronic Disease Management
- TUSIAD-US Intern Blog

## TOP STORY

### **Turkish economy is in soft landing, growing 3.2 pct**

Official data released on July 2 showed that the Turkish economy grew only by 3.2 percent in the first quarter of this year, marking an expected slowdown after spectacular expansion the previous year. The growth was backed by external demand, while slowing domestic demand confirmed the economy is in a balancing process. Turkish Finance Minister Mehmet Şimşek said the slowdown was not a surprise but an "expected trend" due to the challenges posed by the eurozone crisis.

Turkey's industrial production index rose by 5.9 percent in May 2012 over the same month of last year. Mining sector decreased 4.2 percent while manufacturing sector index increased 5.8 percent, electricity, gas, steam and air conditioning supply index increased 7.3 percent.

Meanwhile, both consumer and producer prices in Turkey dropped in June on a monthly basis, the Turkish Statistical Institute (TÜİK) reported. Consumer prices dropped 0.90 percent, and the producer prices index decreased 1.49 percent last month compared with May. The drop in consumer price inflation, which was higher than market expectations, was mainly on food, transportation and clothing prices.

Central Bank Governor Erdem Başçı stated on July 6 that the ratio of Turkey's public debt to its gross domestic product (GDP), which is below 40 percent, will fall further to 37 percent by the end of the year. Although Turkey's energy demand is the cause of the large current account deficit in the nation, Başçı said there was significant improvement on this matter as Turkey's exports had increased by 20 percent, while imports were on a flat trend. The current account gap - excluding energy imports - is almost closed, while the deficit - including energy costs - is in decline, he said.

On a final note, Turkey drew \$15.9 billion in direct international investment in 2011, according to the World Investment Report issued by the United Nations Conference on Trade and Development (UNCTAD) July 5. The investments increased 75.7 percent when compared to 2010.

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Hurriyet Daily News, 3 July 2012, Turkish economy in soft landing growing 3.2 pct  
Hurriyet Daily News, 4 July 2012, Turkey's inflation declines more than expected in June  
Anadolu Agency, 5 July 2012, Turkey draws 15.9 bln USD international investment in 2011  
Hurriyet Daily News, 6 July 2012, Foreign direct investment in Turkey soars by 75 pct  
Hurriyet Daily News, 7 July 2012, Turkey to decrease debt burden to 37 pct in 2012  
Anadolu Agency, 9 July 2012, Turkey's industrial production up 5.9 pct in May

## FOREIGN POLICY

### **Search teams find bodies of Turkish pilots shot down by Syria**

Search and rescue teams have located the bodies of two Turkish pilots of a jet downed by

Syria in the Mediterranean Sea on July 4. Pilot Cpt. Gökhan Ertan and pilot Lt. Hasan Hüseyin Aksoy had been missing since their RF-4 plane was shot down by Syria on June 22.

The Turkish Army altered its rules of engagement regarding Syrian military targets after the downing of the jet. Any Syrian military vessel approaching the Turkish border will be considered a "threat," Prime Minister Recep Tayyip Erdoğan said at a party meeting on June 26. Turkey has sent missile batteries, tanks and troops to the border last week. Dozens of military vehicles headed for the border in a convoy that included air defense systems.

Although it has been over two weeks since the incident, a number of vital questions over exactly how and where the incident took place have still not been answered.

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Hurriyet Daily News, 4 July 2012, Search teams find bodies of Turkish pilots shot down by Syria

Hurriyet Daily News, 9 July 2012, Many questions linger over downed Turkish jet

## **Friends of Syria urge Chapter VII resolution at UN Security Council**

Western and Arab nations gathering in Paris have said Syrian President Bashar al-Assad must leave power, calling on the UN Security Council (UNSC) to adopt a resolution under Chapter VII of the UN Charter to support efforts for political transition in Syria. Chapter VII sets out the Security Council's powers to maintain peace and authorizes the council to take military and nonmilitary action when regional security is at stake and is threatened by an act of aggression. US officials have repeatedly said in the case of Syria they are talking about sanctions and not military intervention.

Foreign Minister Ahmet Davutoğlu on July 6 called for greater pressure on Russia and China to push them to stop supporting the Assad regime, insisting that the regime has lost its legitimacy and that it should be replaced with a transitional government. "We should increase pressure on the Syrian regime and those who support that regime, increasingly isolate them," Davutoğlu told the Friends of the Syrian People meeting. "We should also support the opposition, those who work and fight against the regime," he said.

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Anadolu Agency, 1 July 2012, Countries agree on "transitional government" in Syria

Today's Zaman, 6 July 2012, Friends of Syria urge Chapter VII resolution at UN Security Council

Today's Zaman, 6 July 2012, Davutoğlu says supporters of Syria should be isolated

## **Ankara, Paris to open new page**

Foreign Minister Ahmet Davutoğlu held bilateral talks with his French counterpart Laurent Fabius on July 5, after months of coldness between the two allies. At the meeting, France expects that the military sanctions Turkey imposed after France's parliamentary panel approved a bill penalizing the denial of Armenian genocide on Dec. 22, 2011 will be lifted. In return, Ankara expects the removal of France's block on five negotiation chapters of Turkey's EU membership bid. After the meeting, the two leaders stated in a joint press conference that they also discussed Syria, Afghanistan, developments in the Middle East and Turkey-EU relations, as well as commercial and cultural issues.

Meanwhile, French President François Hollande has announced plans for a new law

criminalizing denial of Armenian genocide. However, the move is seen as an attempt to alleviate the concerns of the Armenian diaspora in the wake of the normalization of ties between Ankara and Paris. "We pay more attention to the statement of French Foreign Minister Laurent Fabius," a Turkish foreign ministry official stated on July 8.

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Hurriyet Daily News, 4 July 2012, Ankara, Paris to open new page

Turkish Press Review, 6 July 2012, Davutoglu holds contacts with Fabius

Hurriyet Daily News, 6 July 2012, Davutoğlu heralds new era with French gov't

Anadolu Agency, 6 July 2012, Turkey determined to improve ties with Paris

Today's Zaman, 8 July 2012, Turkish-French spring may end early due to new bill over 'genocide' denial

Anadolu Agency, 9 July 2012, Hollande's remarks on Armenian bill political

## **Turkey to extend 150 mln USD to projects in Afghanistan**

Turkey will extend 150 million USD for development projects of Afghanistan between 2015 and 2017 in addition to its previous commitments. Turkish Development Minister Cevdet Yilmaz, who attended a conference on future of Afghanistan in Tokyo, said that the conference aimed to bring prosperity, peace and stability to Afghanistan. Yilmaz said that Turkey believed that Afghanistan would be able to stand on its own feet and settle peace across the country, thus, Turkey carried out many projects on education, health, agriculture, rural development, infrastructure and training of Afghan security forces.

Recalling that Turkey committed to extend 200 million USD to Afghanistan during meetings in London and Paris, Yilmaz said that Turkey's ongoing projects in Afghanistan were planned to be completed by 2014.

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Anadolu Agency, 8 July 2012, Turkey to extend 150 mln USD to projects in Afghanistan

## **ECONOMY / ENERGY**

### **Turkey, Iraq work on Basra oil exports**

Turkey's energy ministry has started technical work with Iraq's central government on shipping crude oil from Basra in southern Iraq via the Kirkuk-Ceyhan pipeline to Turkey's Mediterranean coast and on to world markets, its minister said on July 6. The announcement came days after Ashti Hawrami, Natural Resources Minister of the Kurdistan Regional Government (KRG) said it might begin selling natural gas directly to Turkey within two years, a move that was expected to further strain Ankara's ties with Baghdad.

Seerwan Abubaqr, an adviser to the KRG's natural resources ministry stated on July 8 that the (KRG) has "started exporting limited quantities of crude oil to Turkey a few days ago."

Meanwhile, natural gas flow from Iran to Turkey has resumed after it was suspended on June 28 due to an explosion on the pipeline.

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Anadolu Agency, 28 June 2012, Iran suspends natural gas flow to Turkey

Turkish Press Review, 4 July 2012, Yildiz says natural gas from Iran resumed

Turkish Press Review, 4 July 2012, Hawrami announces plans to initiate natural gas transfer to Turkey

Hurriyet Daily News, 7 July 2012, Turkey, Iraq work on Basra oil exports  
Hurriyet Daily News, 9 July 2012, Arbil selling oil to Turkey, advisor says

## **Istanbul hosts low-level Iran nuke talks**

Technical experts met on July 3 in Turkey for discussions on Iran's nuclear program with the aim to see whether there is enough common ground to return to full-fledged talks. Speaking the day before the talks, Iranian Foreign Minister Ali Akbar Salehi said Iran wants a "win-win" outcome in its talks with world powers, warning that the only other choice is confrontation. "We are looking for a deal and not a confrontation, but if they [world powers] want to react unwisely, they should know that Iran will firmly defend its rights." An EU ban on the purchase of Iranian oil took effect on July 1, just days after new US sanctions prohibiting the world's banks from completing oil transactions with Iranian banks were also put in place. Iran acknowledged that the measures were taking a toll, saying it has stockpiled goods and hard currency to help cushion the economy.

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Turkish Press Review, 4 July 2012, Istanbul hosts low-level Iran nuke talks

## **Turkish, Japanese firms set to mull cooperation in Iraq**

Turkish and Japanese firms gathered on July 5 in Istanbul to seek cooperation opportunities in for possible joint projects in Iraq's construction and energy sectors. "The Turkish-Japanese Cooperation Seminar in Iraqi Energy and Construction Market" is co-sponsored by Turkish Economy Ministry and the Japanese government.

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Anadolu Agency, 1 July 2012, Turkish, Japanese firms set to mull cooperation in Iraq

## **DOMESTIC POLITICS**

### **CHP not satisfied with 'cosmetic' move on courts**

The main opposition Republican People's Party (CHP) leader Kemal Kılıçdaroğlu has criticized the abolishment of the specially authorized courts as a 'cosmetic' move that would not lead to any essential change in practice. The core of the criticism derives from the fact that the authorities of these abolished courts will continue to exist under regional heavy criminal courts. Kılıçdaroğlu stated that in the past the name of the specially authorized courts was "martial law courts," before being changed to "state security courts" and "specially authorized courts" respectively as a result of the international community's reaction. State security courts were abolished in 2004 as part of the EU reform process. "The identity of these courts has not changed. These courts do not exist in democracies and they should definitely be abolished," Kılıçdaroğlu said.

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Hurriyet Daily News, 3 July 2012, CHP not satisfied with 'cosmetic' move on courts

### **AKP seeks to ease state regulation over religion**

The ruling Justice and Development Party (AKP) has filed proposals on two critical chapters to the Constitution Conciliation Committee, aiming to curb the state's authority over religious education. In the AKP proposal, the phrase existing in the current constitution that "religious education is supervised by the state" is not included, opening way to private

religious education, primarily from certain communities, in this field. At the same time, the AKP is proposing a new arrangement, very different from the present constitution, opening the way to headscarf-wearers in the public sector and in universities.

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Hurriyet Daily News, 9 July 2012, AKP seeks to ease state regulation over religion

## **New CHP, new front desk, new policies**

The main opposition Republican People's Party (CHP)'s congress to be held next month will introduce new policies, as well as a new front desk for the party that will elaborate the "new CHP" discourse. The theme of the congress will be "full democracy and change" and will aim to create a party structure that provides "action and discourse unity."

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Hurriyet Daily News, 9 July 2012, New CHP, new front desk, new policies

## **Turkish parliament goes into summer recess**

Turkish parliament went into summer recess on July 4 and will convene again on October 1, 2012. Under the Constitution, the parliament is scheduled to begin next legislative term at 3 pm on the first day of October, following nearly a 3-month recess.

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Anadolu Agency, 4 July 2012, Turkish parliament goes into summer recess

## **TUSIAD HIGHLIGHTS**

### **TUSIAD International Politics Platform**

The second meeting of TUSIAD's International Politics Platform will be held on July 12. Dr. İbrahim Kalin, the Chief Advisor to the Prime Minister of Turkey will speak on the "Middle East Dynamic in the Turkish Foreign Policy."

### **Report launch: Electronic Health Records in Chronic Disease Management**

TUSIAD Health Working Group [launched](#) the report entitled "The Role of Electronic Health Records in Chronic Disease Management for a Sustainable Health Care System" in Ankara and Istanbul simultaneously on July 3. TUSIAD Chair Ümit BOYNER gave an opening [speech](#) at the event highlighting the importance of health and health systems on a nation's economy.

### **TUSIAD-US Intern Blog**

Read our intern's take on the current US-Turkish relations with his newest [blog](#) on the Middle East Institute's 3rd annual Turkey conference.

## **July 10-16, 2012**

### **THIS WEEK:**

#### **TOP STORY**

- Despite friction, Turkey pursuing energy deals with Arbil, Baghdad

#### **FOREIGN POLICY**

- Erdoğan accuses Syrian regime of "genocide," visits Russia
- Arınç receives US official
- EU minister says visa restrictions shutting Turkey out of EU

## ECONOMY / ENERGY

- OECD releases 2012 Turkey report
- Fresh privatization wave to spur Turkey
- \$17 billion investment sought
- Industrial production at new high supports growth
- Account deficit narrows on revenues in services
- Turkey to have executive seat in IMF restructuring

## DOMESTIC POLITICS

- Clashes erupt over banned BDP meeting in Diyarbakır
- Constitution panel to recess until Aug 1
- Rejection of cemevi proposal sparks quarrel
- Erdoğan invites HAS Party to unite with AKP
- Erdoğan to run for AKP leadership for one more term
- CHP considers 34th congress an opportunity for unity, more votes

## TOP STORY

### Despite friction, Turkey pursuing energy deals with Arbil, Baghdad

Despite Baghdad's harsh reaction to the Iraqi Kurdish Regional Government's (KRG) exports of crude oil to Turkey, Ankara plans to move ahead with new energy cooperation projects with the Iraqi government. A technical delegation from the Iraqi government will visit Turkey shortly for negotiations on the Basra-Kirkuk pipeline project agreement, an official from the Ministry of Energy said. "The Kirkuk-Ceyhan pipeline operates at a capacity of only 35 percent. The Basra-Kirkuk line will increase the capacity for oil transported to Ceyhan," the official said, adding that Iraq had requested the project.

In an email statement, "Turkey must stop the unauthorized export of oil through its land," Iraqi spokesman Ali Dabbagh had demanded. "Exporting oil from the Kurdistan region to Turkey is illegal." The remarks were the latest sign of cooling ties between Ankara and Baghdad, as well as between Baghdad and Arbil. Dabbagh warned that Turkey was contributing to the "smuggling of Iraqi oil" and said, "This matter will affect ties between the two countries, especially economic relations, which will be damaged." The oil and gas is the property of all Iraqis and it must be exported by, and its revenues go to, the federal government, "which represents all Iraqis," spokesman Dabbagh reiterated.

Turkey has dismissed accusations that it is playing a role in a dispute between the central Iraqi government and KRG, saying that this is an internal issue for Iraq. It has dismissed demands by Baghdad that it cease accepting the "illegal" transfers of crude oil from the Kurdish Regional Government (KRG) in the country's north, saying such trade was legal. Turkish Foreign Ministry spokesman Selçuk Unal said "This is a dispute between the Iraqi government and the Kurdish region. The Kurdish region is sending crude oil to Turkey to be refined. They have to settle this issue between them."

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Hurriyet Daily News, 11 July 2012, Despite friction, Turkey pursuing energy deals with Arbil, Baghdad

Hurriyet Daily News, 16 July 2012, Turkey snubs Baghdad on Arbil illegal oil exporting

Today's Zaman, 16 July 2012, Kurdish oil dispute a domestic issue for Iraq, Ankara says

## FOREIGN POLICY

### Erdoğan accuses Syrian regime of "genocide," visits Russia

Turkish Prime Minister Recep Tayyip Erdoğan is scheduled to leave for Russia on July 18 to discuss the most recent developments in Syria, which he recently labeled as "attempted genocide," with Russian President Vladimir Putin. Ankara and Moscow remain at odds regarding the armed conflict between President Bashar al-Assad's regime and the opposition, and the recent downing of the Turkish jet by Syria. While the Turkish General Staff confirmed on July 13 that forensic investigation had shown that its military reconnaissance plane which was shot down by Syria was not hit by anti-aircraft gun, Russian media outlets, citing unnamed Russian officials, placed the blame on the "provocative" Turkish fighter. Putin and Erdoğan will try to reinstall positive relations between two countries, as well as finding a common ground in resolution of the conflict in Syria. The talk will follow UN-Arab League special envoy Kofi Annan's Moscow visit on July 16.

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Today's Zaman, 11 July 2012, Turkey strives for open dialogue with Russia despite rift over Syria

Hurriyet Daily News, 12 July 2012, Turkey's Erdoğan to visit Russia amid Syria controversy

Anadolu Agency, 13 July 2012, Turkish military denies jet hit by anti-aircraft gun

Hurriyet Daily News, 14 July 2012, Turkish PM denounces 'attempted genocide' in Syria

Hurriyet Daily News, 15 July 2012, Red Cross: Syrian conflict now a civil war

Hurriyet Daily News, 16 July 2012, Diplomacy on Syria tilts toward Moscow

### Arınc receives US official

Turkish Deputy Prime Minister Bülent Arınc received US Undersecretary of State for Democracy and Global Affairs Maria Otero and an accompanying delegation in Ankara. Syria was the main topic of discussion in the meeting where Arınc stated that the Turkish government has spent over 200 million US dollars on Syrian refugees. While in Turkey, July 10-13, Otero also met with representatives of non-governmental and international organizations, human rights activists, and youth to discuss displacement, trafficking in persons, regional cooperation, human rights issues, and youth engagement.

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US Department of State, 6 July 2012, Under Secretary of State for Civilian Security, Democracy, and Human Rights María Otero to Travel to Spain, Turkey, and Jordan  
Anadolu Agency, 11 July 2012, Arınc receives US official

### EU minister says visa restrictions shutting Turkey out of EU

An article by the Turkish minister for affairs with the European Union (EU) Egemen Bağış published in The Guardian stated that visa restrictions were shutting Turkey out of the EU, saying that "The idea of Turks flooding into the EU is absurd, yet ours is the only candidate country to be kept outside the Schengen zone."

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The Guardian, 14 July 2012, Visa restrictions are shutting Turkey out of the EU  
Anadolu Agency, 15 July 2012, EU minister says visa restrictions shutting Turkey out of EU

## **ECONOMY / ENERGY**

### **OECD releases 2012 Turkey report**

The Organization for Economic Cooperation and Development (OECD) praised the structural and macroeconomic policies of Turkey in its 2012 Turkey report. The report says that Turkey's economy rebounded vigorously following the global crisis, summarizing, "The growth averaged close to 9 percent in 2010-11, with strong job creation. At the same time, the current account deficit widened to around 10 percent of GDP and consumer price inflation rose to over 10 percent." The report also predicted Turkey's inflation for 2012 as 9.2 percent, and for 2013 as 7.2 percent. According to the report, unemployment rate for 2012 would be 9.5 percent, and 9.1 percent for 2013, while current account deficit ratio to gross domestic product was predicted as 8.9 percent for 2012, and 8.4 percent for 2013.

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Turkish Press Review, 13 July 2012, OECD releases 2012 Turkey report

### **Fresh privatization wave to spur Turkey**

Four strategic state-run companies – the sole oil and gas pipeline firm (Botaş), postal services (PTT), a leading tea producer (Çaykur) and a giant agriculture organization (TİGEM) – are set to top the agenda in a new wave of privatization in Turkey. The privatizations are aimed at a possible sell-off of the pipeline firm as the country bids to become a regional energy hub. The privatization of the four companies adds to the government's ongoing bid to sell off all electricity distribution grids, Ankara's natural gas grid, some toll roads including those on the two bridges in Istanbul, and a number of marinas and sugar plants. Turkey is expected to overtake UK as Europe's third-largest electricity consumer within a decade.

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Today's Zaman, 11 July 2012, Turkey on verge of becoming major power, gas market  
Hurriyet Daily News, 13 July 2012, Fresh privatization wave to spur Turkey

### **\$17 billion investment sought**

The Ministry of Industry plans to establish two industrial zones, one in the Filyos district of Zonguldak, a province along the Black Sea coast, and another in the Karapınar district of Konya, a central Anatolian province. It is estimated that the two zones will attract a total investment of nearly 17 billion euros.

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Hurriyet Daily News, 10 July 2012, \$17 billion investment sought

### **Industrial production at new high supports growth**

Industrial production, a leading indicator of growth, nearly doubled market expectations in May, supporting optimistic estimates that the official annual growth target of 4 percent may be achieved. Capital goods, consumer non-durables and intermediate goods production registered the highest increases. Turkey's industrial production index rose by 5.9 percent in May 2012 compared with the same month last year, while the figure was 7.5 percent compared with the previous month, the Turkish Statistical Institute's (TÜİK) monthly report revealed on July 9. Market expectation was 3.2 percent.

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Hurriyet Daily News, 10 July 2012, Industrial production at new high supports growth

## **Account deficit narrows on revenues in services**

Turkey's current account deficit dropped by 25.9 percent year-on-year to \$5.8 billion in May, according to the Central Bank's monthly report. The significant fall in the deficit, which was slightly above market expectations, was supported by an increase in services sector surplus. The main reasons behind the performance of the services sector were an increase in revenues from construction services and a slowdown in the pace of the tourism industry's downward trend, according to a Vakıfbank report issued yesterday.

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Hurriyet Daily News, 12 July 2012, Account deficit narrows on revenues in services

## **Turkey to have executive seat in IMF restructuring**

Turkey will serve as deputy executive director of the International Monetary Fund's (IMF) 24-member Executive Board in 2012 and will head a bloc of 10 IMF members in 2014, the IMF announced on July 11. The announcement comes as part of a 2010 agreement by the organization to give emerging economies a wider share in the group's decision-making process.

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Today's Zaman, 12 July 2012, Turkey to have executive seat in IMF restructuring

Turkish Press Review, 13 July 2012, Turkey to have executive seat in IMF restructuring

## **DOMESTIC POLITICS**

### **Clashes erupt over banned BDP meeting in Diyarbakır**

Police have used pepper spray and water cannons to break up Kurdish demonstrations across the southeastern province of Diyarbakır, with the leg of a leading Peace and Democracy Party (BDP) figure being broken amid a scuffle between the police and party seniors.

Clashes broke out between police and demonstrators in Diyarbakır, after police refused to allow demonstrators to attend a "Democratic Resistance for Freedom Rally." The BDP had planned the rally in order to protest the large-scale detentions in the KCK probe, as well as the "isolation policy" for Abdullah Öcalan, the imprisoned leader of the outlawed PKK. However, the Diyarbakır Governor's office had declared on July 9 that the rally was banned on the grounds that they had gathered intelligence that illegal groups were seeking to provoke the rally. The government also attempted to justify its decision saying that the date of the rally coincided with two separate incidents, the first of which was the deadly attack perpetrated by the PKK in Diyarbakır's Silvan district on July 14, 2011, which killed 13 soldiers and the second was the 2011 DTK announcement of "democratic autonomy" during an extraordinary congress in Diyarbakır.

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Hurriyet Daily News, 10 July 2012, Tension rising over banned BDP protest

Hurriyet Daily News, 14 July 2012, Clashes erupt over banned meeting in SE Turkey

Hurriyet Daily News, 14 July 2012, BDP sets to hold banned meeting

## **Constitution panel to recess until Aug 1**

Parliament's Constitution Conciliation Commission will break until Aug. 1 following the Peace and Democracy Party's (BDP) appeal for a recess in order to review party policies on the drafting process in which they accused other parties of disregarding their proposals. Parliamentary Speaker Cemil Çiçek said that all four parties would submit their opinions on the articles of the fundamental rights and freedoms chapter, which has not been debated yet, by July 25 and the commission will hold its next meeting on Aug. 1.

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Hurriyet Daily News, 10 July 2012, No breakthrough on use of mother tongue in Commission

Hurriyet Daily News, 11 July 2012, Constitution panel to recess until Aug 1

## **Rejection of cemevi proposal sparks quarrel**

Alevi leaders have harshly criticized senior government officials for arguing that Alevis should pray in mosques and for rejecting the proposal to have a cemevi, or Alevi house of worship, in the parliamentary building.

In a written response to the proposal, Turkish Parliament Speaker Cemil Çiçek said the request that a space be provided in the parliamentary building for a cemevi had been denied based on the Directorate of Religious Affairs' definition of Alevism, adding that Alevism is a cultural treasure that emerged during the course of Islamic history but that Islam's places of worship are mosques.

In response, Ali Kenanoğlu, leader of the Hubyar Sultan Alevi Cultural Association, said "They are trying to make us discuss our houses of worship, but we will not be deceived. Cemevis are our houses of worship and we won't discuss this. This is not a theological discussion, this is about freedom of religion."

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Hurriyet Daily News, 12 July 2012, Alevis fire at government in ongoing cemevi quarrel  
Today's Zaman, 15 July 2012, 'No' to cemevi causes resentment among Alevis

## **Erdoğan invites HAS party to unite with AKP**

Prime Minister Recep Tayyip Erdoğan met People's Voice (HAS) Party leader Numan Kurtulmuş on July 12. Speaking after the meeting, Kurtulmuş said that they have received an invitation from Erdoğan for HAS Party to join his ruling Justice and Development Party (AKP). "As you know, HAS Party is able to fill a gap with ideas, views, statements and political style and contributions to the processes in Turkey...We will discuss whether a merger is possible in line with our party's principles for the construction of a stronger Turkey," Kurtulmuş stated.

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Anadolu Agency, 12 July 2012, We received an invitation from PM Erdogan for uniting  
Turkish Press Review, 13 July 2012, Erdogan seeks to expand AKP with new merger

## **Erdogan to run for AKP leadership for one more term**

The Chairman of the ruling Justice and Development Party (AKP) and Prime Minister Recep Tayyip Erdoğan on July 15 said that he would run for leadership of his party for the fourth

but last time on September 30, the day AKP would hold its great congress in Ankara. "As promised, we were elected deputies for the third and last term on June 12, 2011. Some of us will be out of active politics for a term and everyone later will have a chance to become deputies again. Based on our promise, I will run for leadership of the AK Party for the fourth and last time on September 30," Erdogan indicated.

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Anadolu Agency, 16 July 2012, Turkish PM to run for leadership of his party for last time on Sep 30

## **CHP considers 34th congress an opportunity for unity, more votes**

The main opposition Republican People's Party (CHP) is expected to make significant changes to the party structure at the 34th congress, slated to take place on July 16-17 in an effort to win back the hearts of former party members who are currently serving in other political parties and some politicians from Turkey's popular parties. CHP Istanbul deputy Gürsel Tekin said in a televised interview that his party has called on center-right politicians—including those from the governing Justice and Development Party (AKP), True Path Party (DYP) and the Motherland Party (ANAVATAN)—to join the main opposition party on the occasion of the congress. Tekin said the CHP is waiting for center-right politicians, on the condition that they respect the principles of secularism and Atatürkism, two extremely important notions for the main opposition party.

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Today's Zaman, 16 July 2012, CHP considers 34th congress an opportunity for unity, more votes

## **July 17-23, 2012**

### **THIS WEEK:**

#### **TOP STORY**

- Turkey eyes to cut trade gap with Asian giants

#### **FOREIGN POLICY**

- Erdoğan visits Russia
- Turkey closes border gates, suspends consular activities in Aleppo
- Clinton to Israel: "Heal ties with Turkey"
- Iraq warns Turkey against violating airspace
- Turkey, Qatar to support Gaza Strip development
- Turkey refutes so-called election in Upper Karabakh

#### **ECONOMY / ENERGY**

- Turkey signs exploration deal with Baghdad, moves to buy natural gas from Arbil
- Ministry, chamber join forces
- Consumer confidence down
- Tupras, Turkey's largest industrial enterprise
- Yildirim: Baku-Tbilisi-Kars railway project vital for region
- The Netherlands lifts visa requirements for Turkish businessmen

#### **DOMESTIC POLITICS**

- Old faces on CHP board despite vow of change

#### **TUSIAD HIGHLIGHTS**

- TUSIAD cohosts "The European Union Business Awards for the Environment"

## TOP STORY

### Turkey eyes to cut trade gap with Asian giants

Turkish Economy Minister Zafer Çağlayan, Finance Minister Mehmet Şimşek and a delegate of Turkish representatives visited Singapore, Hong Kong and Japan this past week. The landmark visit to Japan, where Çağlayan signed a memorandum of understanding on economic cooperation, is a first step to a free trade agreement with the Asian trade powerhouse. The move comes as Turkey is set to finalize a free trade deal with South Korea next month, and is in a push to decrease its large trade deficit with East Asian countries, including China. The memorandum will pave the way to the establishment of a ministerial-level platform, which will discuss economic and commercial issues between the two countries. The two countries will set up a "joint working group" to evaluate the consequences of a free trade agreement between Turkey and Japan.

In Singapore on July 16 Çağlayan spoke at the "Turkey-Singapore Business & Investment Forum 2012," stating that Turkey would like to see productive results for development of the business volume between the two countries, increase in the mutual investments and cooperation in third countries.

Çağlayan highlighted that Singapore was an important country for Turkey because it was standing as an open door of Asia-Pacific region to Far East. Announcing some of his policy, Çağlayan expressed government support for companies to place TV ads in market countries and announced that "All refinery investments in Turkey will be exempt from the condition that they provide at least 40 percent added value."

On his return, Finance Minister Mehmet Şimşek stated that "The investors who have listened to us told us that Turkey would become more important in their portfolio among other developing countries including Korea and Mexico. We saw it clearly that Turkey will attract more international investors in the upcoming years," Şimşek said, adding that he has also told investors that Turkey was unable to successfully manage the process of soft landing and that it had sufficient room for maneuver in case of any negative development.

Meanwhile, a 150-person delegation from China's Guandong province were in Istanbul on July 16 for the "Istanbul Guangzhou Economic Trade Forum" seeking investment opportunities.

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Anadolu Agency, 16 July 2012, 150 Chinese businesspeople in Istanbul to seek investment opportunities

Hurriyet Daily News, 18 July 2012, Turkey eyes to cut trade gap with Asian giants

Turkish Press Review, 19 July 2012, Çağlayan in Japan to promote new incentive system

Turkish Press Review, 20 July 2012, Çağlayan continues contacts in Japan

Turkish Press Review, 23 July 2012, Çağlayan pledges support for refinery investments

Turkish Press Review, 23 July 2012, Şimşek completes contacts in Singapore and Hong Kong

Anadolu Agency, 23 July 2012, Turkey attaches special importance to Asia-Pacific region

## FOREIGN POLICY

### Erdoğan visits Russia

Russian President Vladimir Putin and Turkish Prime Minister Recep Tayyip Erdoğan met on July 18 in Moscow to discuss the developments in Syria. Turkey is not trying to convince Russia to drop its resistance to Western pressure over Syria, but is instead consulting with Russia, Turkey's foreign minister Ahmet Davutoğlu stated. "Though we diverge on some points, the meeting was productive," Davutoğlu said, differences of opinion on how to approach Syria should not cast a cloud over Turkish-Russian ties. Despite Turkey's expression of disappointment over Russia and China's veto of another UN draft resolution on Syria, Turkish and Russian leaders remain committed to maintaining their economic and strategic ties.

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Hurriyet Daily News, 18 July 2012, Ankara confident over Russia ties despite discord on Syria

Today's Zaman, 18 July 2012, Turkey and Russia commit to deep strategic ties despite Syria tensions

Hurriyet Daily News, 20 July 2012, Turkey denies attempt to convince Russia on Syria

Today's Zaman, 20 July 2012, Turkey disappointed over third veto of UN draft resolution on Syria

### Turkey closes border gates, suspends consular activities in Aleppo

Turkey has sent batteries of ground-to-air missiles to its Syrian border on July 22, boosting its firepower as rebels in Syria seized several border posts. Rebels were said to have taken control of three crossing points on the border with Turkey. In addition, nine Turkish trucks were burned and several others looted. In light of the increased conflict, Turkey has closed its Cilvegözü border gate as well as starting to build a new refugee camp to accommodate 10,000 people near Karkamış, Gaziantep. Turkey has also recalled its consular officials in Aleppo due to increased security concerns.

According to recent reports, Turkey has aborted an attack on Syria at the last minute after its two fighter pilots were shot down because the details of the shooting were not yet clear and because Turkey was apprehensive about international fallout from such a move.

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Hurriyet Daily News, 17 July 2012, Turkey to open new refugee camp for Syrians

Hurriyet Daily News, 19 July 2012, Turkey aborted attack on Syria at last minute over downed jet, report says

Anadolu Agency, 19 July 2012, FSA seizes control of crossing along Turkey-Syria border

Today's Zaman, 22 July 2012, Turkey closes border crossing after looting of Turkish trucks

Hurriyet Daily News, 23 July 2012, Turkey suspends consular activities in Aleppo due to security concerns

Hurriyet Daily News, 23 July 2012, Turkey sends missile batteries to Syria border

Today's Zaman, 24 July 2012, Turkey responds to Syria chemical weapons warning

### Clinton to Israel: "Heal ties with Turkey"

US Secretary of State Hillary Clinton completed a 12-day tour in nine countries in Europe and the Middle East. In Israel, Clinton urged Israel to strengthen the Palestinian

administration, reiterating that the US would use "all elements of American power" to prevent Iran from developing a nuclear weapon, and urged Israel to heal ties with Turkey, saying that it would be for the benefit of Israel as well. Israeli Prime Minister Benjamin Netanyahu has maintained that Turkey and Israel are looking for ways to normalize political relations. As the crisis in Syria aggravates and instability in the region looms, Israel has started to send warm messages, the first of which came from Israeli Foreign Affairs Minister Avigdor Lieberman last week, to Turkey in an effort to mend significantly damaged diplomatic relations.

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Turkish Press Review, 18 July 2012, Clinton: "Heal ties with Turkey"

Today's Zaman, 24 July 2012, Netanyahu: We want to restore relations with Turkey

## **Iraq warns Turkey against violating airspace**

Iraq warned Turkey against violating Iraqi airspace saying its radars had repeatedly detected Turkish warplanes in its airspace. "The Iraqi government condemns these violations to Iraq's airspace and sovereignty warns Turkey against any violations of Iraq's airspace and territory," government spokesman Ali al-Dabbagh said in statement after a cabinet meeting. Turkish Prime Minister Recep Tayyip Erdoğan has dismissed the allegations saying Iraqi officials are aware of the Turkish "aerial operations against terrorists" in northern Iraq.

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Today's Zaman, 17 July 2012, Turkish planes stranded in Arbil as Iraq warns against 'violations'

Hurriyet Daily News, 17 July 2012, Iraq warns Turkey against violating airspace

Hurriyet Daily News, 18 July 2012, Iraq PM warns Turkey on territory violations

Hurriyet Daily News, 20 July 2012, Not Turkey, but others violate Iraq space: prime minister

## **Turkey, Qatar to support Gaza Strip development**

Turkey and Qatar will contribute to reconstruction in the Gaza Strip, Palestinian Gaza Strip Labor Minister Yusuf al-Mensi has told Anatolia news agency. Turkey has already made significant contributions to reconstruction in the Gaza Strip by launching many projects in education, health and infrastructure al-Mensi said. A delegation from Gaza will attend a meeting in Ankara between Turkish Prime Minister Recep Tayyip Erdoğan and Hamas premier Ismail Haniyeh after the Ramadan holiday.

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Hurriyet Daily News, 17 July 2012, Turkey, Qatar to support Gaza Strip development

## **Turkey refutes so-called election in Upper Karabakh**

Turkey has declared that it would not recognize the results of the "so-called" presidential election to be held in the Upper Karabakh region. The Turkish ministry of foreign affairs said that the election was in explicit breach of UN Security Council resolutions and principles of the Organization for Security and Cooperation in Europe (OSCE).

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Anadolu Agency, 18 July 2012, Turkey refutes so-called election in Upper Karabakh

## **ECONOMY / ENERGY**

### **Turkey signs exploration deal with Baghdad, moves to buy natural gas from Arbil**

Iraq signed an initial deal with a Turkey-Kuwait consortium for fields in the south of the country and awarded another contract to a Russia-led group to drill for oil and natural gas on July 16 as part of Baghdad's efforts to strengthen its role as a major energy producer. Meanwhile, Turkey is also speeding up efforts to buy natural gas from Arbil after the start of crude oil purchases from the Kurdistan Regional Government (KRG).

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Hurriyet Daily News, 17 July 2012, Baghdad inks exploration deal with Turkey despite new row

Hurriyet Daily News, 19 July 2012, Turkey rushes to buy Arbil gas

### **Ministry, chamber join forces**

A protocol was signed on July 19 joining the forces of the development agencies of Turkey's Ministry of Development and the Foreign Economic Relations Board of Turkey (DEİK). The protocol aims to woo both Turkish and foreign investors to all regions of the country and to decrease interregional development differences by providing potential investors with detailed regional information, which is crucial in making investment decisions.

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Hurriyet Daily News, 20 July 2012, Ministry, chamber join forces

### **Consumer confidence down**

The Turkish Statistical Institute (TÜİK) announced on July 16 that Turkey's consumer confidence index decreased by 0.4 percent in June 2012 to 91.8 compared to May 2012. TÜİK's monthly Consumer Tendency Survey was carried out with consumers' assessments of the current economic situation and their expectations for personal financial standing and the general economic outlook as well as their expenditure tendencies for the near future.

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Hurriyet Daily News, 17 July 2012, Consumer confidence down

### **Tupras, Turkey's largest industrial enterprise**

Istanbul Chamber of Industry (ISO) announced on July 17 that Tupras (Turkish Petroleum Refineries Corp.) is Turkey's largest industrial enterprise. ISO 2011 report stated that out of the 500 largest industrial enterprises of Turkey, Tupras became Turkey's largest enterprise with a sales figure of about 15 billion USD.

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Anadolu Agency, 24 July 2012, Tupras, Turkey's largest industrial enterprise

### **Yıldırım: Baku-Tbilisi-Kars railway project vital for region**

Turkish Transportation, Maritime & Communication Minister Binali Yıldırım, Azerbaijani Transportation Minister Ziya Mammadov and Georgian Regional Development & Infrastructure Minister Ramaz Nikolaishvili attended the fourth ministerial meeting of Baku-Tbilisi-Kars Railway Project in Baku on July 18. Yıldırım has said that Baku-Tbilisi-Kars railway project had a vital importance not only for Turkey, Georgia and Azerbaijan but also

for the whole region, adding that the next phase of the project will be more important as ministers continue to discuss superstructure as well as the management model.

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Anadolu Agency, 18 July 2012, Yildirim: Baku-Tbilisi-Kars railway project vital for region

## **The Netherlands lifts visa requirements for Turkish businessmen**

Dutch authorities have lifted the need for a visa for Turkish service providers and self-employed Turks. According to a letter sent by Dutch Minister for Immigration, Integration and Asylum Policy Gerd Leers and Dutch Foreign Minister Uri Rosenthal to the Dutch parliament, Turkish service providers and self-employed Turks will be able to enter and stay in Netherlands for a period less than three months without needing a visa on the condition that they document their status as such.

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Turkish Press Review, 18 July 2012, The Netherlands lifts visa requirements for Turkish businessmen

## **DOMESTIC POLITICS**

### **Old faces on CHP board despite vow of change**

Kemal Kılıçdaroğlu was reelected as the Chairman of main opposition Republican People's Party (CHP) at the party's 34th ordinary congress in Ankara. Despite vows of serious change and transformation, the members were predominantly experienced and familiar figures. During the congress, Kılıçdaroğlu released his "Democracy and Freedom Manifesto," which includes criticism of the government's interference in the judiciary and "individual rights and choices," and the government's "utopian foreign policy." Turkey's main opposition party elects a new top board of predominantly experienced and familiar figures, despite its leader's previous vow the party's congress would herald serious change and transformation.

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Hurriyet Daily News, 17 July 2012, CHP eyeing return to social democrat roots

Hurriyet Daily News, 20 July 2012, Old faces on CHP board despite vow of change

Anadolu Agency, 17 July 2012, Kilicdaroglu reelected CHP chairman

## **TUSIAD HIGHLIGHTS**

### **TUSIAD cohosts "The European Union Business Awards for the Environment"**

TUSIAD and the Regional Environment Center (REC) co-organized "[The European Union Business Awards 2011-12: Program Turkey](#)" on July 18 in Istanbul. The European Commission awards companies generating environment-friendly policies and products with "The European Union Business Awards for the Environment."

## **July 24-31, 2012**

### **THIS WEEK:**

#### **TOP STORY**

- Obama, Erdoğan want to accelerate transition in Syria

#### **FOREIGN POLICY**

- Turkey begins work on ICBM

- Professional soldiers take on border security duty
- FM receives representative of Arakan Muslims
- International Religious Freedoms report of 2011
- Turkish FM suggests a new vision for least developed countries
- Israel seeks formula to mend ties with Turkey

## ECONOMY / ENERGY

- Turkey, South Korea to sign free trade agreement
- Turkish foreign trade deficit 30 pct less worrying in June
- New incentive package attracts \$3.2 bln in investment in 40 days
- Turkey's defense purchases to reach \$8 billion by 2016
- Free zones post \$22.6 billions in revenues

## DOMESTIC POLITICS

- CHP leader aims to be VP of socialist group
- 'Almost 9,000 inmates released under package'
- Court rejects cemevis as houses of worship

## TOP STORY

### Obama, Erdoğan want to accelerate transition in Syria

President Barack Obama and Turkish Prime Minister Recep Tayyip Erdoğan spoke by telephone on July 30 "to coordinate efforts to accelerate a political transition in Syria," the White House stated. This "would include the departure of (Syrian leader) Bashar al-Assad and be responsive to the legitimate demands of the Syrian people," the statement said.

Obama and Erdoğan's conversation came a day after US Assistant Secretary of State for European and Eurasian Affairs Philip Gordon's visit to Turkey to discuss security concerns in Syria. In addition to the rising violence, which led to the closing of border gates to commerce, Washington and Ankara are also concerned with the potential expansion of the Syrian Kurdish-controlled area in northern Syria and the establishment of another front for the PKK. Gordon voiced opposition to Kurdish autonomy in northern Syria, saying that in the future "We want to see a Syria that remains united."

According to Turkish officials, the Syrian administration has left three districts in northern Syria to the control of the Democratic Union of Kurdistan (PYD) known as an affiliate of the outlawed Kurdistan Workers' Party (PKK). In addition, Turkey was made uneasy by remarks from Iraqi Kurdish leader Masoud Barzani indicating that the Kurdistan Regional Government (KRG) was training Kurdish-Syrian fighters who will then be sent back to defend Kurdish territory at home through an "Arbil agreement" between Iraqi Kurds and PYD. Foreign Minister Ahmet Davutoğlu visited Arbil on July 31 to press the KRG for greater cooperation in preventing these groups from establishing control in northern Syria with fears of increased conflict. The KRG's recent joint mobilization with Syrian Kurds could potentially cause further ethnic polarization along Turkey's southern border, Turkish officials have cautioned.

Meanwhile, Deputy Undersecretary Halit Çevik will have talks with Iranian officials as part of political consultations between the two countries, Turkey's Tehran embassy said. Last week Syria and Iran announced a new energy and water supply deal, signaling continued cooperation between the two countries.

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Hurriyet Daily News, 25 July 2012, Turkey to close all border gates with Syria  
Hurriyet Daily News, 26 July 2012, Safety woes scuttle Syria-Turkey trade  
Hurriyet Daily News, 26 June 2012, Turkey to take action against PKK in Syria  
Hurriyet Daily News, 27 July 2012, Unhappy with Barzani's move, FM heads to Arbil  
Today's Zaman, 29 July 2012, Iran and Syria make energy deals amid crisis  
Today's Zaman, 30 July 2012, Turkish military convoy heads for Syrian border  
Today's Zaman, 30 July 2012, Turkish official visiting Iran for Syria talks  
Today's Zaman, 30 July 2012, US warns Kurdish autonomy in Syria could be slippery slope  
Turkish Press Review, 31 July 2012, Erdogan holds phone conversation with Obama  
Today's Zaman, 31 July 2012, Turkey to urge Barzani to step up cooperation against PKK in Syria

## **FOREIGN POLICY**

### **Turkey begins work on ICBM**

The Turkish Armed Forces have begun working on a project to develop an intercontinental ballistic missile (ICBM). A decision to launch the project was made in a July 17 meeting of the Defense Industry Executive Board, headed by Prime Minister Recep Tayyip Erdoğan and Chief of General Staff Gen. Necdet Özel. Erdoğan had previously requested that the military develop missiles with a 2,500-kilometer range.

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Hurriyet Daily News, 24 July 2012, Turkey begins work on ICBM

### **Professional soldiers take on border security duty**

In line with an action plan drafted by the ruling Justice and the Development Party (AKP) government, the Turkish Armed Forces (TSK) has begun its transformation to a professional force, rather than a conscripted one. Since July 2011, 35,877 people have applied to the TSK to join the army as professional soldiers, according to figures provided by Defense Minister İsmet Yılmaz. Of these, 1,388 have so far been trained and sent to border units, Yılmaz said.

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Hurriyet Daily News, 24 July 2012, Professional soldiers take on border security duty

### **FM receives representative of Arakan Muslims**

Turkish Foreign Minister Ahmet Davutoğlu on July 31 received Mohammed Yunus, representative of Arakan Muslims in Ankara. Head of Turkey's Directorate of Religious Affairs Mehmet Görmez accompanied Yunus during the meeting, which was closed to the press. Reportedly, Yunus asked for Turkey's support in dealing with the humanitarian crisis, which forced many Rohingya Muslims to flee from oppression in Myanmar into Bangladesh, and called for the mobilization of the international community to aid the displaced Rohingya Muslims.

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Turkish Press Review, 31 July 2012, FM receives representative of Arakan Muslims

### **International Religious Freedoms report of 2011**

US Department of State made public its 2011 International Religious Freedoms report. In

the section on Turkey, the report drew attention to the Turkish government's steps to facilitate the return of property to minority foundations. "The constitution and other laws and policies protect religious freedom, and in practice, the Turkish government generally respected religious freedom," the report said. The government's actions demonstrated a trend of improving respect for and protection of the right to religious freedom.

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Anadolu Agency, 30 July 2012, International Religious Freedoms report of 2011  
US Department of State, International Religious Freedoms report of 2011: Turkey

## **Turkish FM suggests a new vision for least developed countries**

Turkish Foreign Minister Ahmet Davutoğlu published a new article titled "A new vision for least developed countries (LDC)" in which he points out the economic and ecological challenges that LDCs face and what the developing points of these countries can be. The article published by the Center for Strategic Research of the Ministry of Foreign Affairs of the Republic of Turkey (SAM) explains that as Turkey is growing economically, it is becoming more concerned of inequality. Davutoğlu suggests that the LDCs should be renamed as "Future Developing Countries (FDCs)" in order to take out the negative connotations in the name. He wrote that "The Turkish Government will take this unilateral step informally by describing the 48 countries officially embedded in the UN's LDC lexicon as FDCs in its communications relating to this group of countries."

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Anadolu Agency, 31 July 2012, "A new vision for least developed countries" article by Turkish FM

## **Israel seeks formula to mend ties with Turkey**

Israeli Prime Minister Benjamin Netanyahu invited a group of Turkish journalists to Jerusalem and spoke about the Mavi Marmara incident with them on July 24. Netanyahu expressed that in a region of instability, it is crucial for the two countries to normalize relations.

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Turkish Press Review, 25 July 2012, Israel seeks formula to mend ties with Turkey

## **ECONOMY / ENERGY**

### **Turkey, South Korea to sign free trade agreement**

Economy Minister Zafer Çağlayan said on July 30 that Turkey and South Korea will sign a free trade agreement on August 1. Stating that this will be Turkey's first free trade agreement in Far East, Çağlayan said, "Thanks to the agreement, the parties will cut some 90 percent of current trade tariffs in 10 years' time. Some 93 percent of the Turkish exports to South Korea will be tariff-free with the start of the implementation of the deal."

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Turkish Press Review, 30 July 2012, Turkey, South Korea to sign free trade agreement

### **Turkish foreign trade deficit 30 pct less worrying in June**

The national foreign trade deficit plummeted by some 30 percent in June compared with over a year ago, the Turkish Statistics Institute (TurkStat) said on July 31. Exports

increased by nearly 17 percent to \$13.26 billion, and imports decreased by more than 5 percent to drop to \$20.4 billion in June compared to the same month a year earlier. Thus, the foreign trade deficit of the country was \$7.2 billion for the sixth month of the year, compared with over \$10 billion last year.

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Today's Zaman, 31 July 2012, Turkish foreign trade deficit 30 pct less worrying in June

## **New incentive package attracts \$3.2 bln in investment in 40 days**

Turkey has received 480 project proposals worth TL 5.5 billion (\$3.2 billion) since the introduction of a new incentive package on June 19 designed to attract both foreign and domestic investment to the country announced Ministry of Economy.

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Today's Zaman, 30 July 2012, New incentive package attracts \$3.2 bln in investment in 40 days

## **Turkey's defense purchases to reach \$8 billion by 2016**

Turkey will spend up to \$8 billion in defense purchases, as its exports will reach \$2 billion in 2016, four years from now, according to a major estimation by the procurement agency, the Undersecretariat for Defense Industries (SSM). The present figures are around half of that.

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Hurriyet Daily News, Turkey's defense purchases to reach \$8 billion by 2016

## **Free zones post \$22.6 billions in revenues**

Turkey's 19 free zones registered \$22.6 billion in turnover last year and created employment for 54,000 people. The country's free zones, which have been operational in Turkey for 27 years, have played a crucial role in the country's economy and in creating employment, according to the Economy Ministry.

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Hurriyet Daily News, 25 July 2012, Free zones post \$22.6 billions in revenues

## **DOMESTIC POLITICS**

### **CHP leader aims to be VP of socialist group**

Main opposition Republican People's Party (CHP) leader Kemal Kılıçdaroğlu has officially petitioned to become a vice president of the Socialist International (SI), the deputy in charge of his campaign for the post has announced on July 24.

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Hurriyet Daily News, 24 July 2012, CHP leader aims to be VP of socialist group

### **'Almost 9,000 inmates released under package'**

Some 9,000 inmates have been released so far under a recently adopted legal arrangement extending the scope of judicial control measures known as the third judicial reform package, Justice Minister Sadullah Ergin announced on July 25.

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Hurriyet Daily News, 26 July 2012, 'Almost 9,000 inmates released under package'

## **Court rejects cemevis as houses of worship**

Turkey's Supreme Court of Appeals has ruled that that only mosques and masjids can be considered places of worship, but not cemevis, overturning the ruling of a lower court.

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Hurriyet Daily News, 26 June 2012, Court rejects cemevis as houses of worship