

## August 2012

### August 1-6, 2012

#### THIS WEEK:

##### TOP STORY

- PKK terrorist attacks

##### FOREIGN POLICY

- FM heads for Arbil to seek cooperation
- Clinton to make working visit to Turkey

##### ECONOMY / ENERGY

- Turkish official inflation rises to 9.07%
- Turkey's tax revenues trailing behind OECD
- Turkish-South Korean FTA enacted
- Turkey's export breaks record in June

##### DOMESTIC POLITICS

- Supreme Military Council discusses Syria, military promotions
- Commission disputes freedom of expression

## TOP STORY

### PKK terrorist attacks

A "serious military operation" against the Kurdistan Workers' Party (PKK) continues in its third week in Şemdinli, Hakkari in southeast Turkey. The operation had quietly started on July 23 but the government had maintained silence over the operations. A Parliamentary delegation visited the region on Aug. 5 asking for more transparency regarding the ongoing operations. According to the briefing the delegation received, about 100-150 PKK members had attacked Turkish security forces in the region, and seven of them were killed during the clashes. Nearly 500-600 Turkish soldiers had responded to the attack. The same day the government broke its silence over the heaviest PKK fight in years with Interior Minister İdris Naim Şahin announcing that 115 Kurdish militants had been killed in Hakkari and that six soldiers and two village guards had been killed in the province's Çukurca district.

"We know from the information we gathered that they determined 2012 as a final year for [the PKK]. For this reason, they sometimes resort to activities which carry a risk of death; the organized attacks both in Şemdinli and Hakkari Geçimli show that," Şahin added.

A resolution supporting Turkey in its fight against terrorist organization PKK was submitted to the US House of Representatives by Congressman and Co-chair of the Turkish-American Friendship Group in the Congress, Ed Whitfield two months after a similar resolution was submitted to the US Senate. In addition, the US Department of State named the PKK as the most prominent terrorist group in Turkey in its Terrorism Report 2011 as well as pointing out judicial problems due to its anti-terrorism laws. More rec

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Turkish Press Review, 2 August 2012, US lists PKK as turkey's top woe about terrorism  
Hurriyet Daily News, 3 August 2012, Big Şemdinli operation is still on, says minister  
Anadolu Agency, 4 August 2012, US Congress support to Turkey  
Hurriyet Daily News, 6 August 2012, CHP asks for transparency on operation  
Hurriyet Daily News, 6 August 2012, Bloodiest PKK fight in years kills dozens

Turkish Press Review, 6 August 2012, Gul, erdogan condemn recent pkk attacks

## **FOREIGN POLICY**

### **FM heads for Arbil to seek cooperation**

Foreign Minister Ahmet Davutoğlu met on August 1 with Iraqi Kurdish leader Massoud Barzani in Arbil to urge the Barzani government for cooperation in Syria's transition process, instead of unilateral moves on Iraqi Kurds such as collaboration with the Democratic Union of Kurdistan and militarily training Syrian Kurds. Davutoğlu also paid a historic visit to the city of Kirkuk, which was met by the Iraqi government with protests to the Turkish envoy, accusing Turkey of violating its constitution with the visit.

Meanwhile, Davutoğlu also held a phone conversation with Secretary General of Arab League Nabil al-Arabi on July 31 to discuss an upcoming Arab League resolution that will be submitted to the UN General assembly in the upcoming days. The Arab League made a call on Aug. 5 for Turkey and Iraq to preserve good neighborly relations based on mutual respect and understanding.

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Hurriyet Daily News, 1 August 2012, FM heads for Arbil to seek cooperation  
Anadolu Agency, 2 August 2012, Turkish FM pays historic visit in Iraq's Kirkuk  
Hurriyet Daily News, 3 August 2012, Iraq summons Turkey envoy to protest over visit  
Hurriyet Daily News, 3 August 2012, Davutoglu pays historic visit to kirkuk  
Anadolu Agency, 5 August 2012, Arab League calls on Turkey and Iraq to act with restraint

### **Clinton to make working visit to Turkey**

US Secretary of State Hillary Clinton is scheduled to make an official visit to Turkey on August 11 to hold talks mainly on the Syrian crisis. "Secretary Clinton will go to Istanbul for bilateral consultations with the Turkish government on Syria, as well as to cover other timely issues," US State Department spokeswoman Victoria Nuland stated on Aug. 5. Clinton's visit to Turkey will follow her current Africa tour set to end on August 10.

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Turkish Press Preview, 6 August 2012, Clinton to make working visit to Turkey

## **ECONOMY / ENERGY**

### **Turkish official inflation rises to 9.07%**

Turkish inflation on a 12-month comparison rose to 9.07 percent in July, the national statistics institute TUIK said on Aug. 3.

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Hurriyet Daily News, 3 August 2012, Turkish official inflation rises to 9.07%

### **Turkey's tax revenues trailing behind OECD**

The ratio of collected tax to the national income in Turkey is about 19 percent, which is below the average of 34 percent in the OECD countries, Finance Minister Mehmet Şimşek announced. The ratio rises to 26 percent if other fees and charges are calculated in. "It is clear that we are not comfortable with the budget this year," he said in what could be seen

as a possible tax hike signal. Turkey used to be first among OECD countries in terms of the tax rate collected from company profits in the past, Şimşek added, with the tax burden on companies having significantly decreased since 2002.

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Hurriyet Daily News, 4 August 2012, Turkey's tax revenues trailing behind OECD

## **Turkish-South Korean FTA enacted**

A free trade agreement (FTA) that was earlier signed in Turkey by South Korean President Lee Myung-bak and Turkish officials partially went into effect on August 1 on food and merchandise sections, while a services section will come into effect later. South Korean Trade Minister Taeho Bark said that relations between Turkey and South Korea recently increased to the strategic partnership level and that the Free Trade Agreement would be a basis to set up a systematic cooperation between the two countries.

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Hurriyet Daily News, 2 August 2012, Turkish-S Korean free trade agreement enacted  
Turkish Press Review, 2 August 2012, Turkey and south korea sign free trade agreement

## **Turkey's export breaks record in June**

Despite lowest sales to the EU in the last ten years, total export levels of Turkey reached its highest figure in June on monthly basis. According to the Turkish Statistics Agency (TUIK), Turkey's exports increased by 16.9 percent in June to reach \$13.3 billion. The share of EU in exports dropped from 48.2 to 37.1 percent. Economy Minister Zafer Çağlayan emphasized that exports have been continuously increasing for the last 28 months. Economists estimate that current account deficit will be less than \$4 billion by the end of this year.

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Turkish Press Review, 1 August 2012, Turkey's export breaks record in June

## **DOMESTIC POLITICS**

### **Supreme Military Council discusses Syria, military promotions**

Members of the Supreme Military Council (YAŞ) met on Aug. 2-4 to discuss developments at the Syrian border, review contingency plans, and review military personnel set to be promoted. 40 generals currently held under arrest were retired, 29 generals and admirals were promoted to higher ranks and 47 captains were promoted to generalship and admiralty. The terms in office of 33 generals and admirals were extended an additional year, as well.

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Turkish Press Review, 2 August 2012, Supreme military council convenes in Ankara  
Hurriyet Daily News, 3 August 2012, Military Council informed about Syrian border news  
Hurriyet Daily News, 6 August 2012, Arrested generals retired in YAŞ meet  
Turkish Press Review, 6 August 2012, Supreme military council decisions approved by Gul

### **Commission disputes freedom of expression**

Parliament's Constitution Conciliation Commission has been unable to reconcile differing ideas on the new charter's "Freedom of opinion, expression and media" article due to disparate conceptions of what should be restricted, leading to the postponement of an

authoritative definition of the clause. The article will be addressed again after discussion of "fundamental rights and liberties."

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Hurriyet Daily News, 6 August 2012, Commission disputes freedom of expression

## August 7-13, 2012

### THIS WEEK:

#### TOP STORY

- AKP, MHP distant on extraordinary session

#### FOREIGN POLICY

- Turkey and US to establish a working group on Syria
- Turkey, Iran friction deepening on Syria
- Gül heads to Saudi Arabia for Extraordinary Islamic Summit
- Turkish delegation in Myanmar for aid

#### ECONOMY / ENERGY

- Growth, budget targets may shift, says Babacan
- Minister confident on local investment habitat
- Four firms sign Gazprom deal
- Largest firms grows 30 pct in one year

#### DOMESTIC POLITICS

- Unmanned air vehicle lands off successfully

### TOP STORY

#### AKP, MHP distant on extraordinary session

The main opposition Republican People's Party (CHP) requested on Aug. 6 to hold an extraordinary session in parliament on Aug. 14 to discuss latest developments with terrorism, Syria and Iraq. The request was met with criticism from the ruling Justice and Development Party (AKP) and Nationalist Movement Party (MHP). As of Aug. 14, the congress had failed to meet due to failure to meet one-third quorum.

As military operations against the outlawed Kurdistan Workers' Party (PKK) militants in Turkey's southeastern province of Şemdinli, Hakkari continue for the third week, Prime Minister Recep Tayyip Erdoğan harshly criticized CHP's request claiming that such a meeting would demonstrate that the outlawed PKK was strong enough to convene Parliament. "There's no need [for Parliament] to convene an extraordinary session. The government is doing its duty and dealing with both the Syria issue and the activities of the terrorist organization [outlawed Kurdistan Workers' Party - PKK] sensibly," AKP deputy chair Ömer Çelik said late Aug. 6. MHP leader Devlet Bahçeli also said it would be useless to discuss the issue for hours in Parliament. "The state should show its force within the region instead," Bahçeli had told reporters Aug. 6.

Meanwhile, as the conflict continues, seven zones in Hakkari were declared temporary military safety zones until Oct. 6, 2012, the provincial Governor's Office announced. Erdoğan announced on Aug. 7 that 115 PKK terrorists had been killed since the start of the operations.

At the same time, suspected PKK members kidnapped CHP deputy Hüseyin Aygün on Aug.

12. He was released after 2 days on Aug. 14. Aygün explained "the organization told me that they staged this act as a political propaganda." Following the news of Aygün's kidnapping, CHP leader Kemal Kılıçdaroğlu stated that "Turkey was being dragged into a quagmire," while CHP spokesperson Haluk Koç said that this was the first time the PKK had kidnapped an elected deputy, and that it was time for politicians to stop placing the blame on each other and act together.

In response to increased conflict with the PKK, Prime Minister Recep Tayyip Erdoğan said in a recent TV interview that the members of the PKK that are backed by Syrian President Bashar al-Assad are seeking to infiltrate Turkey from Syria and that Turkey may launch military operations in Syria to stop it. "Assad was about to break his ties with [the PKK] in the past, when he had relations with Turkey based on good will. But it has been revealed that he supports the PKK," he stated. He added that the Turkish military will continue its operations in the north of neighboring Iraq as long as the PKK continues to exist there.

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Turkish Press Review, 7 August 2012, Erdoğan: Turkey may launch operations in Syria to stop PKK infiltration

Hurriyet Daily News, 7 August 2012, Seven zones declared forbidden in Hakkari

Hurriyet Daily News, 8 August 2012, AKP, MHP distant on extraordinary session

Hurriyet Daily News, 9 August 2012, AKP, MHP snub CHP bid for PKK talks at assembly

Hurriyet Daily News, 13 August 2012, PKK kidnaps Turkish lawmaker

Anadolu Agency, 14 August 2012, Parliament fails to gather for extraordinary session

Anadolu Agency, 14 August 2012, They staged this act as a political propaganda

## **FOREIGN POLICY**

### **Turkey and US to establish a working group on Syria**

US Secretary of State Hillary Clinton paid a visit to Turkey at the end of her Africa tour on Aug. 11 to discuss the latest developments in Syria. Clinton and Foreign Minister Ahmet Davutoğlu announced that the US and Turkey would set up a working group to respond to the crisis in Syria as conditions there deteriorate to coordinate military, intelligence and political responses to the potential fallout in the case of a chemical attack, which would result in medical emergencies and a likely rise in the number of refugees fleeing Syria. Clinton also stressed that Syria must not become a haven for the outlawed Kurdistan Workers' Party (PKK).

Following Clinton's visit, Turkish officials underscored that "a new stage" has begun in Syria, adding that US involvement in Syria will become more visible in the upcoming weeks. Both Turkey and the US have agreed that state institutions will remain intact in the post-Assad era, preventing a power vacuum in Turkey's southern neighbor.

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Hurriyet Daily News, 11 August 2012, Syria must not become a haven for PKK: Clinton

Turkish Press Review, 13 August 2012, Turkey signals to US, may go ahead 'solo' with safety zones in Syria

### **Turkey, Iran friction deepening on Syria**

Political tensions between Ankara and Tehran are growing over the conflict in Syria, with Turkey warning Iran to cease blaming Ankara for the violence while also calling on the

Islamic republic to stand against Damascus' alleged killings. Recent remarks by Iranian officials could "harm not only the rooted relations of Iran and Turkey, but the diplomacy Iran conducts in the international arena," Foreign Minister Ahmet Davutoğlu stated on Aug. 8, the day after he held talks with Iranian Foreign Minister Ali Akbar Salehi.

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Hurriyet Daily News, 7 August 2012, Turkey working on pilgrims  
Hurriyet Daily News, 9 August 2012, Turkey, Iran friction deepening on Syria  
Hurriyet Daily News, 9 August 2012, Iran suspends visa privileges for Turks  
Turkish Press Review, 8 August 2012, Davutoglu meets Salehi in Ankara

## **Gül heads to Saudi Arabia for Extraordinary Islamic Summit**

President Abdullah Gül will pay a visit to Mecca, Saudi Arabia Aug. 13 to 16 to participate in the fourth Extraordinary Islamic Summit called by the Organization of Islamic Cooperation (OIC). The discussion is expected to cover developments in Syria, Palestine, Myanmar, Sudan and Mali.

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Hurriyet Daily News, 11 August 2012, Gül heads to S Arabia to talk on Myanmar

## **Turkish delegation in Myanmar for aid**

Foreign Minister Ahmet Davutoğlu departed on Aug. 8 to observe the situation in Myanmar, from where he said Turkey was receiving "conflicting information" regarding deadly religious violence. The foreign minister is taking along medical supplies and donations collected by Turkey's Red Crescent to deliver to the probably more than 50,000 Muslims and 20,000 Buddhists who have been displaced from their homes by the conflict. The Turkish aid, the Foreign Ministry said in a statement, was the first foreign humanitarian assistance Myanmar had accepted, apart from support received through a United Nations campaign.

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Hurriyet Daily News, 8 August 2012, Turkish delegation in Myanmar for aid  
Turkish Press Review, 9 August 2012, Davutoglu departs for Myanmar to deliver aid

## **ECONOMY / ENERGY**

### **Growth, budget targets may shift, says Babacan**

Turkey may not meet its target of 4 percent annual growth and the goals for budget deficit this year, Turkish Deputy Prime Minister Ali Babacan, who also heads the Economy Coordination Committee within the Cabinet, stated on Aug. 9 due to prospects in the world economy. The deputy prime minister said there was no need for any additional measures this year as macroeconomic development, including 15-percent annual credit expansion and economic growth, are progressing as expected.

According to data from the Turkish Statistical Institute (TurkStat), Turkey's industrial production index increased by 2.7 percent in June, compared to the same month last year. Considering the sub-sectors of industry, the mining and quarrying sector grew by 4.6 percent and the manufacturing sector by 1.8 percent over same month previous year. The gas, steam and air conditioning supply sector index grew by 9.2 percent in June over the same month of 2011. Speaking on these figures, Science, Industry and Technology Minister Nihat Ergün said that the general trend in growth was more important than temporary

changes, adding, "The data are in line with economic targets set by a government medium-term economic program (OVP)."

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Turkish Press Review, 9 August 2012, Turkey's industrial production increases  
Hurriyet Daily News, 10 August 2012, Growth, budget targets may shift, says Babacan

## **Minister confident on local investment habitat**

The investment environment in Turkey has surpassed that in a number of European countries due to improvements in transparency, access to qualified labor and less red tape and time involved in launching businesses, according to the Economy Ministry's June economic outlook report. Turkey attracted a total of \$15.85 billion in direct international investment last year, posting a 74 percent increase year on year, well above the world average, the report said.

In a move to improve health tourism, the Turkish Ministry of Health is planning to establish 'free health zones' and employ a number of foreign health personnel to be assigned to foreign patients at private hospitals. Health Minister Recep Akdağ said Turkey is one of the few countries to provide high-quality health services for low prices, but added that the number of doctors, nurses and other health officials was insufficient.

In addition, the government is working on a draft law to liberalize the railway sector by the end of the year. Foreign and local railway companies active in railcar locomotive construction and transportation are preparing to enter Turkey's promising market as the government plans to lift the state monopoly of the industry. "[The Turkish railway sector] will reach unimaginable levels with liberalization. More than \$150 billion in investments will be made [in the sector] by the 100th anniversary of the foundation of the Republic [of Turkey] from both public and private companies. Passenger transportation will develop further, as well as freight, forming a large market where the private sector will be active after the law is enacted," Railway Transport Association President İbrahim Öz said.

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Turkish Press Review, 7 August 2012, Minister confident on local investment habitat  
Hurriyet Daily News, 10 August 2012, Foreign companies show interest in local railways  
Hurriyet Daily News, 11 August 2012, Free medical zones to hire, treat foreigners

## **Four firms sign Gazprom deal**

Four Turkish companies, out of 13 that applied, inked deals with Russian Gazprom to replace state-run Botaş in gas imports via the West Line. The remaining nine companies have been given a further ten days to finalize their paperwork, including a deal with Gazprom. Turkey's state-run pipeline company Botaş and Russia's Gazprom failed to agree to terms for further gas trade via the pipeline by the end of last year.

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Hurriyet Daily News, 13 August 2012, Four firms sign Gazprom deal

## **Largest firms grows 30 pct in one year**

The largest Turkish companies, those that made local Capital magazine's top 500 list for 2011, collectively grew 30.1 percent in that year. The Capital 500 list is based on turnover. Local fuel companies dominated the top 10 places on the 2011 list, with Tüpraş, Turkey's

private oil refiner, being the champion, with 41.4 billion Turkish Liras of turnover. The other 9 companies were: Petrol Ofisi, Opet Petrolcülük, Türk Telekom, Turkish Airlines, Shell & Turcas Petrol, Ford Otosan, Philip Morris Sabancı Pazarlama, Turkcell, and Ereğli Demir Çelik.

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Hurriyet Daily News, 6 August 2012, Largest firms grows 30 pct in one year

## DOMESTIC POLITICS

### Unmanned air vehicle lands off successfully

Turkish Aerospace Industry's (TAI) most recent UAV, Şimşek (Thunder), made its maiden flight Aug. 4. The UAV will be used as a target drone in air defense training. TAI experts predict that the use of Şimşek will cut air defense costs as flying Şimşek costs less than the current UAV used for training and it can be reused if it is not hit. TAI has previously tested its ANKA drone and is now preparing an armed version of ANKA for the Turkish military.

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Hurriyet Daily News, 9 August 2012, Unmanned air vehicle lands off successfully

## August 14-20, 2012

### THIS WEEK:

#### TOP STORY

- Gül in Mecca for OIC Summit, Davutoğlu in Jedda

#### FOREIGN POLICY

- US insists on political solution to Kurdish question
- Ankara issues travel warning to Lebanon after abductions
- Turkey to raise Syrian refugee crisis in UN Security Council
- Turkey wins five medals in London Olympic games

#### ECONOMY / ENERGY

- Çağlayan releases direct investment figures into Turkey
- Turkey's unemployment rate 8.2 percent in May
- Protocol signed to increase domestic production
- Turkey to drill for new oil in Cyprus

#### DOMESTIC POLITICS

- Higher board of terrorism convenes
- Turkey OK with economy drive, worried by terror

### TOP STORY

#### Gül in Mecca for OIC Summit, Davutoğlu in Jedda

Turkish President Abdullah Gül attended the Extraordinary Summit of the Organization of Islamic Conference (OIC) in Mecca, Saudi Arabia on Aug. 15. The Turkish president has issued a warning about the inter-sectarian tension currently on the rise in the region, specifically in Iraq, Syria and Lebanon, which he said may lead to a great catastrophe. The Islamic world should not be allowed to face what Europe experienced during the Middle Ages, President Abdullah Gül said, referring to escalating sectarian tension in the region.

Gül discussed the latest developments in Syria, and urged that "from now on a transition

process for the post-Assad regime in Syria should be administered without delay,” adding “We have done everything we can so that the transformation process can be adopted through peaceful methods.” On the sidelines of the summit, Gül also held separate meetings with his Iranian counterpart Mahmoud Ahmadinejad, Libyan President Mohammed el-Megarif, Lebanese Prime Minister Najib Miqati, Pakistani President Asif Ali Zardari and Egyptian President Mohammed Morsi.

Turkish Foreign Minister Ahmet Davutoğlu attended a meeting in Jeddah, Saudi Arabia for the foreign ministers of nine countries participating in the OIC summit. In the meeting of foreign ministers, developments in Syria, Myanmar and Somalia were discussed. Davutoğlu stressed that the pace of transition and changeover in Somalia should be put into fast track.

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TurkishNY, 13 August 2012, Turkish FM Holds Talks in Jeddah

TurkishNY, 14 August 2012, Jeddah Meeting Focuses On Syria, Muslims In Myanmar

TurkishNY, 15 August 2012, Gul Meets Ahmadinejad

Turkish Press Review, 16 August 2012, Gul addresses OIC summit

Hurriyet Daily News, 17 August 2012, Sectarian clashes lead to calamity, Gül warns

## **FOREIGN POLICY**

### **US insists on political solution to Kurdish question**

A political solution to the Kurdish question is the “responsible and promising way” and could drain the terrorist swamp, the US ambassador Francis Ricciardone has said, amid escalated terror acts which include the abduction of a Turkish lawmaker. “We support the government of the Republic of Turkey, we support the political parties, all of them, in government or in opposition, in their calls for a political solution to this [problem] within Turkish democracy. We think that’s the responsible and promising way ahead,” Ricciardone stated on Aug. 14.

Ricciardone’s words coincided with a domestic political row between the ruling and opposition parties on convening Parliament for an extraordinary session to discuss terrorism issues, including the ongoing Şemdinli operations and the kidnapping of a Republican People’s Party’s (CHP) deputy.

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Hurriyet Daily News, 14 August 2012, CHP alone in call for session on [terrornID=27737&NewsCatID=338](#)

Hurriyet Daily News, 15 August 2012, US insists on political solution to Kurdish question

Hurriyet Daily News, 14 August 2012, CHP slams AKP, MHP over convention failure

### **Ankara issues travel warning to Lebanon after abductions**

Turkey issued a warning for its citizens against travel to Lebanon Aug. 17 after two of its citizens were kidnapped by the Lebanese armed Miqdad tribe among 20 people in retaliation to the arrest of one of their tribesmen by the Free Syrian Army (FSA) inside Syria. Diplomatic efforts to secure the release of two Turkish citizens continued with series of talks over the weekend.

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TurkishNY, 15 August 2012, Turkish National among Kidnapped in Lebanon

TurkishNY, 17 August 2012, Turkish Citizen Abducted In Lebanon In Good Health

Hurriyet Daily News, 17 August 2012, Ankara issues travel warning to Lebanon after abductions

## **Turkey to raise Syrian refugee crisis in UN Security Council**

Turkish Foreign Minister Ahmet Davutoğlu has said Turkey will raise the issue of growing number of Syrian refugees crossing into Turkey every day in the UN Security Council and ask the top UN body to assess the matter as an "international crisis," referring to a ministerial meeting of UN Security Council members planned for Aug. 30, where Turkey will also participate.

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Today's Zaman, 20 August 2012, Turkey to raise Syrian refugee crisis in UN Security Council

## **Turkey wins five medals in London Olympic games**

Turkey won two gold and two silver medals and a bronze medal in the London Olympic Games competing in 16 branches with 114 athletes. Olympic golds and silvers came in athletics and Taekwondo as bronze medal was won in wrestling. Asli Cakir Alptekin won the gold in women's 1,500 meters which saw another Turkish athlete, Gamze Bulut came second to claim the silver medal. In Taekwondo, Servet Tazegul won the gold medal in men's 68kg and Nur Tatar clinched the silver in women's 67kg. Turkey's single bronze medal was claimed by wrestler Riza Kayaalp in men's 120kg Greco-Roman.

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TurkishNY, 12 August 2012, Turkey wins five medals in London Olympic games

## **ECONOMY / ENERGY**

### **Çağlayan releases direct investment figures into Turkey**

Economy Minister Zafer Caglayan said yesterday in a written statement that international direct investments into Turkey increased by 21 percent and reached \$8.2 billion within the first six months of the year. Stating that the growth figure confirms that Turkey is a safe haven for direct investments, Caglayan said that a total of 30,333 foreign companies were active in Turkey as of the end of June 2012, 52 percent of which had partner companies from the European Union. Germany, leading the way in terms of the number of companies operating in Turkey with 4,918, is followed by Britain at 2,369 and the Netherlands at 2,014. Of the foreign companies in Turkey, 6,546 of them are from Middle Eastern countries.

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Turkish Press Review, 15 August 2012, Çağlayan releases direct investment figures into Turkey

Hurriyet Daily News, 15 August 2012, EU dominates foreign investments to Turkey

### **Turkey's unemployment rate 8.2 percent in May**

Unemployment rate in Turkey in May 2012 dropped 1.2 points over the same month a year earlier to 8.2 percent, the country's statistics authority said on Aug. 15. Urban unemployment dropped 1.5 points to 10.1 percent, and rural unemployment dropped 0.9 point to 4.5 percent in the given period, TurkStat said. The number of jobless decreased

278,000 to 2.27 million in May 2012. The figure was 2.55 million in May 2011. The number of employed people rose to 25.2 million from 24.4 million.

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TurkishNY, 15 August 2012, Turkey's unemployment rate 8.2 percent in May

## **Protocol signed to increase domestic production**

A research and development protocol was signed jointly by the Energy and Natural Resources Ministry, Science, the Industry and Technology Ministry and the Scientific and Technological Research Institution of Turkey (TUBITAK) in order to increase domestic production in areas such as thermal and hydroelectric power station design, nuclear power station production and manufacturing technologies from renewable energy resources. TUBITAK Chairman made a statement saying that domestic production in energy would increase by a minimum of 20 percent in a decade thanks to the protocol.

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Turkish Press Review, 14 August 2012, Protocol signed to increase domestic production

## **Turkey to drill for new oil in Cyprus**

The Turkish Petroleum Corporation (TPAO) is set to begin searching for oil in a new field in Turkish Cyprus, Energy Minister Taner Yıldız said on Aug. 15 during his visit to an oil well operated by TPAO in the southeastern province of Adiyaman.

Meanwhile, Turkish energy companies continue to invest in neighboring countries. Turkey's Zorlu Enerji has accepted a \$277 million loan from Israeli banks for its natural gas investments in Israel. At the same time, several Turkish companies have decided to invest in Bosnia and Herzegovina in renewable energy potential and water resources after the Bosnian Minister of Energy, Mining and Industry, Erdal Trhulj, paid a visit to Turkey at the beginning of the month.

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Hurriyet Daily News, 16 August 2012, Turkey to drill for new oil in CyprusID=27898&NewsCatID=348

Hurriyet Daily News, 16 August 2012, Turkish firm gets Israeli loan for power

productionHurriyet Daily News, 18 August 2012, Turkish firms eye Bosnian energy

## **DOMESTIC POLITICS**

### **Higher board of terrorism convenes**

Higher Board of Counter Terrorism convened on Thursday under the chairmanship of Deputy Prime Minister Besir Atalay in Ankara. The three-hour meeting was attended by Justice Minister Sadullah Ergin, Interior Minister Idris Naim Sahin, National Defense Minister Ismet Yilmaz, Finance Minister Mehmet Simsek, Secretary General of National Security Council Muammer Turker, Deputy Chief of the Turkish General Staff Gen. Hulusi Akar, Commander of the Turkish Gendarmerie Forces Gen. Bekir Kalyoncu and National Intelligence Agency (MIT) Undersecretary Hakan Fidan. During the meeting, top military and civilian officials discussed the ongoing fight against terrorism, recent rise in terrorist acts by the terrorist PKK, developments in Syria and the situation of Syrian refugees into Turkey.

The meeting took place amid political tension between the ruling AKP and opposition CHP

parties on the issue after CHP leader Kemal Kilicdaroglu's request for a Parliamentary meeting on terrorism was ignored by the AKP. "Terrorism should be dropped from the political parties' agendas as an issue for political competition," Deputy Prime Minister Bekir Bozdağ told reporters late Wednesday. Calling on those who have ideas as to how the problem could be solved to discuss them with the government, Bozdağ said.

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Turkish Press Review, 17 August 2012, Higher board of terrorism convenes  
Hurriyet Daily News, 17 August 2012, Gov't reviews fight against terrorism, calling for unity

## **Turkey OK with economy drive, worried by terror**

Seven out of 10 people in Turkey approve of the government's struggle against the economic crisis, as terror remains the main concern of the country's population, according to a recent Eurobarometer report, which covers a broadened European area. Some 69 percent of respondents in Turkey said the Turkish government had acted "effectively" to combat the economic crisis until "Spring 2012," the report said. Only 19 percent of Turkish respondents said the government had acted "not effectively." Of the survey's respondents, 58 percent in the European Union said governments had acted effectively in combating the economic crisis, versus 37 percent that claimed the opposite. However, 52 percent of respondents said they judged the Turkish economy's current situation as bad, while 45 percent said the current economic situation was good. Terrorism was the "most important issues facing the country at the moment" for 62 percent of Turks, while employment was cited as the most important issue on average for EU countries at 46 percent.

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Hurriyet Daily News, 14 August 2012, Turkey OK with economy drive, worried by terror

## **August 21-27, 2012**

### **THIS WEEK:**

#### TOP STORY

- Bombing kills 9, injures 68 in Turkey near Syrian border

#### FOREIGN POLICY

- US, Turkey Syria working group gathers
- Hostage-taking spiraling into a complicated crisis
- Turkey to keep its door open to Syrians, call UN for action
- Foreign ministers of CCTS gather in Bishkek

#### ECONOMY / ENERGY

- Low demand hurting real economy
- Turkey to launch 'free health zones' in 2014
- Fitch gives hope to Turkey

#### DOMESTIC POLITICS

- Commission to gather on religious education
- 4th judicial package to see critical steps
- Turkish president undergoes surgery

#### TUSIAD HIGHLIGHTS

- TUSIAD press release on Gaziantep attacks

## TOP STORY

### **Bombing kills 9, injures 68 in Turkey near Syrian border**

A car laden with explosives was detonated on August 19 in the eastern province of Gaziantep, near the Syrian border, killing at least nine people and wounding 68. Assailants remotely detonated the explosives at 7:38 p.m. after leaving the car at a bus stop 30 meters from the Karşıyaka Police Station in the province's Şehitkamil district. The explosion incinerated a city bus and a minibus picking up passengers at a bus stop. Numerous vehicles and shops were damaged by the blast.

A prime suspect in the case is a school teacher, M.H. Reports claimed that a member of the outlawed Kurdistan Workers' Party (PKK) was driving the car to Gaziantep and called his superiors for instruction when the broke down. The PKK, in turn, allegedly sent M.H. to the car's location to take care of the problem. M.H. first called two mechanics to repair the car and then called in a tow truck after the mechanics failed to start the vehicle. M.H. allegedly instructed the tow-truck driver to leave the car at a spot in Gaziantep where it later blew up.

Government officials have stated that influence of foreign actors such as Iran and Syria were under investigation. Deputy Prime Minister Bülent Arınç said they had no evidence about Syrian involvement as initially speculated but added that the probe was continuing.

Gaziantep is one of the country's export centers, with an annual export volume of nearly \$5 billion each year. A group of business organizations and non-governmental organizations, including TUSIAD, visited Gaziantep over the weekend to lend support.

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Hurriyet Daily News, 20 August 2012, Bombing kills 9, injures 68 in Turkey near Syrian border

Hurriyet Daily News, 21 August 2012, Second bus avoids deadly bombing by chance

Hurriyet Daily News, 22 August 2012, Terrorism-stricken province is regional export hub

Hurriyet Daily News, 23 August 2012, Turkey investigating possible role of Iran, others in Gaziantep bombing: Arınç

Hurriyet Daily News, 24 August 2012, Prime suspect in deadly bombing revealed to be school teacher

Hurriyet Daily News, 27 August 2012, Business people lend support to Gaziantep

## FOREIGN POLICY

### **US, Turkey Syria working group gathers**

Turkish and US officials began on Aug. 23 their first "operational planning" meeting aimed at bringing about the end of Syrian President Bashar al-Assad's embattled regime. The meeting is expected to coordinate military, intelligence and political responses to the crisis in Syria. Turkish foreign ministry deputy under-secretary Halit Çevik and US ambassador Elisabeth Jones are leading the delegations made up of intelligence agents, military officials and diplomats at the Ankara meeting.

Meanwhile, Çevik is set to be Turkey's new representative in the United Nations. He is

scheduled to begin his tenure in October and will replace Ertuğrul Apakan.

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Hurriyet Daily News, 22 August 2012, US, Turkey Syria working group gathers

Hurriyet Daily News, 23 August 2012, Turkey, US officials in first operational meeting on Syria

Turkish Press Review, 24 August 2012, US, Turkey boost post-Assad planning for Syria

Hurriyet Daily News, 24 August 2012, US, Turkey in talks to shape post-Assad era

## **Hostage-taking spiraling into a complicated crisis**

The case of 11 Lebanese pilgrims kidnapped in Syria, which was set to be solved in its very early stages, has become further complicated by the kidnapping of two Turkish citizens in Lebanon, increasing concern among Turkish diplomatic sources that the issue is gaining a political dimension with deeper implications.

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Hurriyet Daily News, 23 August 2012, Hostage-taking spiraling into a complicated crisis

## **Turkey to keep its door open to Syrians, call UN for action**

Turkey has said it will not close its borders to fleeing Syrians, even if their numbers exceed the 100,000 limit it had earlier introduced. However, it also underlined that it would call on the United Nations to take more comprehensive measures to deal with the growing number of migrants if the numbers continue to rise. Turkey had announced a week prior that it could only shelter up to 100,000 refugees, and had begun temporarily holding thousands of Syrians on the Syrian side of the border as it struggled to cope with a growing wave of refugees.

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Hurriyet Daily News, 21 August 2012, Turkey sets 100,000 limit for Syrian refugee influx

Hurriyet Daily News, 26 August 2012, Struggling to cope, Turkey stops refugees on Syrian border

Hurriyet Daily News, 27 August 2012, Turkey to keep its door open to Syrians, call UN for action

## **Foreign ministers of CCTS gather in Bishkek**

Foreign ministers of the Cooperation Council of Turkic Speaking States (CCTS) consisting of Turkey, Azerbaijan, Kazakhstan and Kyrgyzstan gathered in Bishkek on Aug. 22 ahead of the 2nd summit of the CCTS to be attended by President Abdullah Gül, Foreign Minister Ahmet Davutoğlu and National Education Minister Ömer Dinçer. At the meeting the newly adopted symbol of the Turkic Council which "carries traces of the flags of Turkey, Azerbaijan, Kyrgyzstan and Kazakhstan" was introduced.

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Turkish Press Review, 23 August 2012, Foreign ministers of CCTS gather in Bishkek

## **ECONOMY / ENERGY**

### **Low demand hurting real economy**

The real economy in Turkey is facing difficulties not only due to the global crisis but also due to low demand in the domestic market, Istanbul Chamber of Commerce Chairman Murat

Yalçıntaş has said. Economic activities have picked up moderately in the second half of the year, but there is a visible tightness in the markets, according to Yalçıntaş.

In addition, according to a study carried out by the opposition party CHP, Turkish families are increasingly in debt as their financial responsibilities have jumped 18 times in the past nine years while their income has only doubled in the given time.

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Hurriyet Daily News, 21 August 2012, Low demand hurting real economy

Hurriyet Daily News, 21 August 2012, Turkish families deep in debt, 2 million may face levies: MP

## **Turkey to launch 'free health zones' in 2014**

Turkey's Health Ministry revealed the details of a new initiative to turn the country into a destination for health tourism in the region by instituting a network of "health free zones" throughout the country. The plan aims to attract entirely foreign firms to invest in facilities in the zones by promising minimal red tape according to the ministry's head of the Medical Tourism Department.

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Hurriyet Daily News, 21 August 2012, Turkey to launch 'free health zones' in 2014

## **Fitch gives hope to Turkey**

Turkey's credit note might be upgraded from BB to BBB- if the country manages to reduce its current account deficit, lower inflation to the targeted level and accelerate growth, the international rating agency Fitch announced in a report. Fitch said they are not expecting an official recession in the country and that they foresee Turkish growth to be 2.8 percent in 2012 and 4.5 percent in 2013.

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Turkish Press Review, 24 August 2012, Fitch gives hope to Turkey

## **DOMESTIC POLITICS**

### **Commission to gather on religious education**

Parliament's Constitution Conciliation Commission will return to work on Aug 27 after a long break to continue writing the "Fundamental Rights and Freedoms" section of the constitution this week. The commission will discuss the article on "freedom of thought and faith," on which it failed to reach a consensus in its last session.

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Hurriyet Daily News, 25 August 2012, Commission to gather on religious education

### **4th judicial package to see critical steps**

The Justice Ministry will abolish the statute of limitations for torture crimes and the requirement of permission for investigations from the affiliated institutions for public personnel committing murder or injury in the fourth judicial package.

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Hurriyet Daily News, 21 August 2012, 4th judicial package to see critical steps

## **Turkish president undergoes surgery**

President Abdullah Gül has undergone a surgery on Aug. 23 after cutting his trip to Kyrgyzstan short and returning to Ankara due to a recurring ear infection.

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Hurriyet Daily News, 23 August 2012, Turkish president undergoes surgery

## **TUSIAD HIGHLIGHTS**

### **TUSIAD press release on Gaziantep attacks**

TUSIAD's [statement](#) on Aug. 22 following the terrorist attack in Gaziantep called for the unification of political and civil society organizations in the face of terrorism and violence to reiterate democratic ideals of Turkish society.