

October 2012

October 1-8, 2012

THIS WEEK:

TOP STORY

- Turkish Parliament authorizes military for cross-border operations in Syria

FOREIGN POLICY

- Turkey arrests two after killing of US ambassador
- Iraq tells Turkey to stop pursuing Kurdish rebels over border

ECONOMY / ENERGY

- Turkey to miss deficit target

DOMESTIC POLITICS

- AKP's A Team
- Constitution panel fails to agree on language, sovereignty
- Turkey exhumes ex-president as death investigated

TOP STORY

Turkish Parliament authorizes military for cross-border operations in Syria

Cross-border artillery fire between Turkey and Syria continued for a sixth day on October 8 as Turkey responded to continued artillery hitting its border towns, heightening fears that the clashes between the two nations will escalate. Turkey started firing mortars into Syria on October 3 as retaliation against a deadly Syrian shelling earlier in the day that killed 5 people including women and children, and wounding 9 in Akçakale, a Turkish border town. Turkey targeted military outposts in Tal Abyad in Syria. Setting new rules of engagement, Foreign Minister Ahmet Davutoğlu said this would now be the standard response.

On October 8, President Abdullah Gül stated that the worst-case scenarios in Syria were coming true.

The immediate response after the October 3 incident was within international law Prime Minister Recep Tayyip Erdoğan's office has stated. At an emergency session on October 4, Turkey's Parliament approved a government motion authorizing the military to use ground troops for cross-border military operations into Syria for a year. The motion passed by 320 to 129. "We have no intention of starting a war with Syria," Erdoğan said in a press conference, but added that Turkey had the power to protect its nationals and borders if needed. "No country should dare test our determination on that," he warned.

US Defense Secretary Leon Panetta on October 6, as well as UN Secretary General Ban Ki-Moon on October 8, raised warnings that the conflict may escalate and spread to neighboring countries. On October 4, Pentagon Press Secretary George Little stated that the US military respected Turkey's right to defend itself and that the US "stands behind [its] Turkish allies."

Immediately after the attack, Turkey called an emergency meeting of NATO, consulted with US Secretary of State Hillary Clinton, UN General Secretary Ban Ki-Moon, UN-Arab League Joint Special Envoy on Syria Lakhdar Brahimi, and other world leaders. As international leaders condemned Syria's actions and showed support for Turkey, they also urged for

caution. Turkey's Deputy Prime Minister Beşir Atalay had initially reported that Syria had apologized for the incident. However, Syria's ambassador to the United Nations, Bashar Jaafari, later denied the apology and blamed the attacks on the opposition forces. Syria's government, despite international condemnation, has held back from apologizing to Turkey while it investigates the source of the fire from its territory.

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Wall Street Journal, 3 October, Turkey, Syria trade fire  
Reuters, 4 October 2012, Russia urges Syria to say Turkey border attack was accident  
New York Times, 4 October 2012, Turkey's Parliament approves further military action against Syria  
CNN News, 4 October 2012, Security Council condemns Syria's attack on Turkey  
Associated Press, 4 October 2012, Pentagon: Turkey has a right to defend itself  
Bloomberg News, 5 October 2012, Syria clash spills into bond markets as yields surge  
Turkish Press Review, 5 October 2012, Turkish parliament approves motion  
Hurriyet Daily News, 5 October 2012, Syria has not apologized to Turkey: report  
Hurriyet Daily News, 5 October 2012, Turkish PM Erdogan says Turkey does not want war  
Wall Street Journal, 5 October 2012, Turkey strikes Syria, adds war powers  
Reuters, 6 October 2012, Turkey strikes back at Syria after Erdogan warning  
NPR, 6 October 2012, Syria vows to 'crush' rebels, launches new attacks  
Associated Press, 6 October 2012, Leon Panetta: Syria clash with Turkey may escalate  
Wall Street Journal, 7 October 2012, Syria, Turkey trade fire; blast hits Damascus police  
NTVMSNBC, 8 October 2012, Gül: Suriye'de en kötü senaryolar gerçekleşiyor  
Reuters, 8 October 2012, Turkey returns fire after mortar bomb strike from Syria-official

## **FOREIGN POLICY**

### **Turkey arrests two after killing of US ambassador**

US officials confirmed that two suspects in the Sept. 11 attack that killed Ambassador J. Christopher Stevens were arrested at Istanbul's Ataturk airport on October 3. The two suspects were identified as Tunisian citizens. They were detained as they attempted to enter the country with fake passports. It was not clear whether the suspects might be extradited to Libya or the US or whether the two were considered to be suspects or witnesses.

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Bloomberg, 4 October 2012, Turkey arrests two after killing of U.S. ambassador: TV
Hurriyet Daily News, 5 October 2012, Alleged killers of US envoy apprehended in Istanbul: Claim
New York Times, 5 October 2012, Turkey detains 2 in connection with killings in Libya

Iraq tells Turkey to stop pursuing Kurdish rebels over border

Iraq asked Turkey on October 2 to stop attacking PKK elements sheltering across the border in northern Iraq. The Baghdad government's power over Iraq's autonomous Kurdish region is limited, but the comments are an indication of tensions with Turkey, which has given refuge to Iraq's fugitive vice president. The Turkish parliament approved the government's mandate to pursue cross border operations in northern Iraq.

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Reuters, 3 October 2012, Iraq tells Turkey to stop pursuing Kurdish rebels over border

## **ECONOMY / ENERGY**

### **Turkey to miss deficit target**

Turkey will miss its official 2012 budget deficit target, 1.5% of gross domestic product, by as much as one percentage point, Finance Minister Mehmet Şimşek said on October 5. Şimşek reiterated that Turkey is committed to maintaining a tight grip on its public finance. Fueling the gap is a slowing economy that is forecast to grow 3.4% in 2012. One way to fight cyclical budget deficits is to fight the shadow economy and improve tax collection Şimşek added. A signal for Turkey's future commitment to fiscal discipline will come by Oct. 17, the deadline for the government to submit the 2013 budget to parliament.

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Wall Street Journal, 5 October 2012, Turkey to miss deficit target

DOMESTIC POLITICS

AKP's A Team

The AK Party's 50-seat Central Decision and Executive Council was selected on September 30 at the party's congress and the main executive body of the party - the 19-member Central Executive Board - was chosen by Prime Minister Recep Tayyip Erdoğan on October 4. Members include:

Numan Kurtulmuş, deputy chairman responsible for the economy
Süleyman Soylu, deputy chairman for research and development
Mehmet Ali Şahin, deputy chairman for politics and justice
Ömer Çelik, deputy chairman for foreign affairs

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Dünya, 4 October 2012, İşte AKP'nin A takımı

Reuters, 4 October 2012, Turkey's ruling party names Kurtulmus as deputy leader

### **Constitution panel fails to agree on language, sovereignty**

The Constitution Conciliation Commission has failed to agree on the use of language in education and how to refer to sovereignty in the new text, adding to the long list of disputed articles for a new constitution. The 12 members of the Parliamentary Constitution Conciliation Commission are currently discussing the "Fundamental Rights and Freedoms" part of the new constitution and are working to conclude the article on "Right and Freedom to Education." The four parties could not reach agreement in writing most of the articles in this section so far.

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Hurriyet Daily News, 8 October 2012, Constitution panel fails to agree on language, sovereignty

Turkey exhumes ex-president as death investigated

The remains of former Turkish President Turgut Özal were exhumed from his grave in Istanbul on October 2 on the orders of State Audit Board (DDK). Prosecutors are investigating suspicions of foul play in the President's death 19 years ago. The body was reinterred on October 5.

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Reuters, 1 October 2012, Turkey to exhume ex-president as death investigated  
Hurriyet Daily News, 6 October 2012, Remains of Turgut Özal reinterred

## **October 8-14, 2012**

### **THIS WEEK:**

#### **FOREIGN POLICY**

- NATO ready to defend Turkey

#### **ECONOMY / ENERGY**

- Turkey forecasts 3.2% growth
- Turkey reins in current account deficit
- Unemployment rate 8.4% in July
- Turkey becoming Greece's No 2 trading partner

#### **TUSIAD HIGHLIGHTS**

- New TUSIAD Board to be determined in January
- TUSIAD-Brookings Institute host joint seminar
- "These Young People Have Potential!" Project winner

### **FOREIGN POLICY**

#### **NATO ready to defend Turkey**

NATO Secretary-General Anders Fogh Rasmussen said "NATO is ready to defend Turkey," ahead of a meeting of defense ministers in Brussels. Rasmussen's remarks come after a week of cross-border artillery and mortar exchanges dramatically escalated tensions between Turkey and Syria. When pressed on what kind of trouble on the border would trigger those plans, NATO's chief said he could not discuss contingency plans. "We hope it won't be necessary to activate such plans, we do hope to see a political solution to the conflict in Syria," he said.

Turkey claimed that it had found Russian munitions aboard a Syrian passenger jet forced to land in Ankara on October 10 by Turkish F-16s. Following the search the plane was allowed to continue on its way without its cargo. At a news conference, Turkish Prime Minister Recep Tayyip Erdoğan said that the cargo included unspecified "munitions" and military material. Turkey also grounded and searched an Armenian flight carrying humanitarian aid to Syria on October 15. The Foreign Ministry stated that, in contrast to the passenger jet from Moscow, the Armenian cargo plane had agreed to have its contents searched in exchange for permission to use Turkey's airspace.

In retaliation, Syria has banned Turkish passenger flights from its airspace. Foreign Minister Davutoğlu downplayed the ban, saying "Their statement has no importance at all." Turkey in turn issued a ban on all Syrian aircraft entering the Turkish airspace.

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Huffington Post, 9 October 2012, Syria Turkey attack: NATO ready to defend Turkey
Washington Post, 11 October 2012, Turkey says Syrian jet carried Russian arms, drawing Moscow deeper into crisis
Hurriyet Daily News, 15 October 2012, Turkish FM snubs Syrian jet ban
New York Times, 14 October 2012, As tension escalates, Turkey issues a ban on all Syrian aircraft

Wall Street Journal, 15 October 2012, Turkey releases Armenian jet's cargo after probe

ECONOMY / ENERGY

Turkey forecasts 3.2% growth

Turkey Tuesday cut its growth forecasts for this year and next, suggesting the sluggish global economy will take its toll on the country's own economy. Turkey now expects gross domestic product to rise 3.2% in 2012, lower than its earlier prediction of 4% growth, and downgraded its forecast for 2013 to 4% from 5%.

The lower GDP forecasts were detailed in the government's Medium Term Economic Program for 2012-2015, which was presented by Deputy Prime Minister Ali Babacan at a news conference in Ankara.

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Wall Street Journal, 9 October 2012, Turkey downgrades growth forecasts

### **Turkey reins in current account deficit**

Turkey's current account deficit shrank more than forecast to its narrowest in almost three years, helping make a case to investors that economic growth isn't solely based on runaway spending and increasing the nation's chances of winning investment-grade status from credit rating companies.

The deficit in the current account, which measures Turkey's short-term external financing need, declined to \$1.18 billion in August from \$4.03 billion a year earlier, reducing the 12-month figure to \$59 billion, or about 7.5% of gross domestic product, the Ankara-based central bank said on October 11.

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The Wall Street Journal, 11 October 2012, Turkey reins in current account deficit

Unemployment rate 8.4% in July

Unemployment rate in Turkey increased from 8% in June to 8.4% in July. Although the rate increased from last month, it is lower than the July 2011 rate of 9.1%.

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NTVMSNBC, 15 October 2012, İşsizlik oranı Temmuz'da yüzde 8.4

### **Turkey becoming Greece's No 2 trading partner**

Former regional adversary Turkey has become Greece's second-biggest trading partner, having posted \$4.1 billion in bilateral commerce in 2011, according to Greece's new counselor for economic and commercial affairs. "This figure has surpassed Germany and comes after Italy. Turkey is now Greece's number-two trading partner" Greece's new counselor for economic and commercial affairs, Lambis Kounalakis stated.

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Hurriyet Daily News, 15 October 2012, Turkey becoming Greece's No 2 trading partner

TUSIAD HIGHLIGHTS

New TUSIAD Board to be determined in January

The new Board of Directors of TUSIAD will be determined at the General Assembly meeting on January 17, 2013. On October 12, Vice-President of the TUSIAD Board of Directors Muharrem Yılmaz was nominated as Chairman of the Board for the 2013-2015 term.

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

TUSIAD-Brookings Institute host joint seminar

TUSIAD and Brookings Institute organized a joint seminar entitled "[US Presidential Elections and What They Mean for Turkey and the Region](#)" on October 15, 2012 in Istanbul. The speakers included Michal O'Hanlon, Senior Fellow, Director of Research for Foreign Policy at the Brookings Institution, Richard Burt, Managing Director for Europe, Russia and Eurasia of McLarty Associates and US Chair of Global Zero, Soli Özel from Istanbul Kadir Has University, and Cengiz Çandar, Radikal Daily. The event was moderated by Volkan Vural, President of TUSIAD's Platform of International Politics.

"These Young People Have Potential!" Project winner

TUSIAD selected the winners of its "[These Young People Have the Potential!](#)" Project, which aims to reduce youth unemployment by encouraging entrepreneurship among university students. Ümit Boyner, President of the Board of Directors of TUSIAD [spoke](#) during the ceremony.

October 15-23, 2012

THIS WEEK:

FOREIGN POLICY

- Reports on Syria
- US admiral in Turkey to discuss closer cooperation
- Turkey and Egypt seek alliance amid regional upheaval

ECONOMY / ENERGY

- Overseas investment hit record \$2.97 billion in 8 months

DOMESTIC POLITICS

- Turkey's bid to revamp constitution falters
- CPJ report criticizes press freedom in Turkey

FOREIGN POLICY

Reports on Syria

Turkey's military has fired on Syria 87 times, killing 12 Syrian soldiers and destroying several tanks in retaliation to 27 mortars or shells fired from Syria. The cross border shelling started since the killing of five Turkish civilians in a frontier town in October by Syrian forces.

Turkey joined the appeal for a cease-fire during the four-day Eid al-Adha holiday that begins

on Oct. 26. The cease-fire was proposed by the Syrian peace envoy Lakhdar Brahimi. Turkish Foreign Minister Ahmet Davutoğlu said both Syrian forces and rebels should end hostilities "at least" through the holiday and that both sides should aim for a truce. "Let's hope that the Syrian regime listens to this call by the international community and stops these attacks during Eid al-Adha," Davutoğlu said. "In response, we expect the opposition to abide by the cease-fire in the same way."

Along with several other nations, Iran has also declared support for the cease-fire proposal, joining Turkey in a rare moment of accord between two of the regional powers.

Meanwhile, the Prime Ministry announced that there were 100,363 Syrian refugees at 13 tent cities in Turkey as of October 16. According to the data, "More than 143,000 Syrians have entered Turkey [since the conflict began in March 2011,] while 42,777 Syrians have subsequently returned."

The US government is intensifying its intelligence sharing and military consultations with Turkey behind the scenes as both countries confront the possibility that Syria's civil conflict could escalate into a regional war, according to U.S. and NATO officials.

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NPR, 16 October 2012, Turks fear what Syria's war will bring  
New York Times, 17 October 2012, Iran and Turkey join Syria peace envoy in call for truce  
Turkish Press Review, 18 October 2012, FM Davutoglu: We do all we can for the ceasefire  
Washington Post, 19 October 2012, US steps up support of Turkey amid Syrian conflict  
Hurriyet Daily News, 19 October 2012, Turkey fires on Syria in retaliation incident: state TV  
Reuters, 20 October 2012, Turkish retaliatory fire has killed 12 Syrian soldiers  
Turkish Press Review, 20 October 2012, Number of Syrian refugees exceeds 100,000

### **US admiral in Turkey to discuss closer cooperation**

Adm. James Winnefeld, the vice chairman of the Joint Chiefs of Staff, arrived in Turkey on Oct. 23 as part of a previously scheduled counterpart visit with Deputy Chief of the Turkish General Staff Gen. Hulusi Akar, an official from the US Embassy to Turkey said. "Admiral Winnefeld will participate in a series of discussions on military-to-military cooperation and mutual defense issues impacting both Turkey and the United States," US embassy spokesman in Ankara, T.J. Grubisha, stated. The fight against the PKK and the Syrian crisis will top the agenda.

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Hurriyet Daily News, 23 October 2012, US admiral in Turkey to discuss closer cooperation in anti-PKK fight

Turkey and Egypt seek alliance amid regional upheaval

Turkey and Egypt are working to strengthen their alliance amid regional upheaval. The two nations are considering plans to lift visa restrictions and have recently completed joint naval exercises in the Mediterranean Sea. Turkey has offered a host of measures to bolster Egypt's economy, including a \$2 billion aid package. A wider-ranging partnership is expected to be announced in the coming weeks when the Turkish Prime Minister Recep Tayyip Erdoğan visits Cairo.

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New York Times, 22 October 2012, Turkey and Egypt seek alliance amid region's upheaval

## **ECONOMY / ENERGY**

### **Overseas investment hit record \$2.97 billion in 8 months**

Total investments made by Turks overseas amounted to \$2.97 billion in the first eight months of 2012, marking the highest figure Turkey has ever realized for this type of investment. The Turkish Central Bank's latest Balance of Payments report indicates that the total Turkish investment volume in foreign countries equaled roughly 26 percent of the \$7.71 billion total foreign direct investment (FDI) in Turkey between January and August of this year. This is a significant number considering that the total Turkish overseas investment between 2002 and 2012 stood at \$18.7 billion.

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Turkish Press Review, 19 October 2012, Overseas investment hit record \$2.97 billion in 8 months

DOMESTIC POLITICS

Turkey's bid to revamp constitution falters

Political wrangling at home and mounting risks abroad are jeopardizing Turkey's bid to overhaul its constitution, analysts and politicians say. Despite unanimous agreement last October by political parties to replace the current charter, efforts to draft an inclusive document have slowed to a crawl.

The country is grappling with the rising threat of conflict with neighboring Syria and the bloodiest year of fighting since the 1990's between the military and PKK. More than 700 people have died in violence, according to the International Crisis Group.

Meanwhile, Prime Minister Recep Tayyip Erdoğan has threatened to bypass the all-party constitutional conciliation commission if it doesn't reach conclusions by the end of the year.

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The Wall Street Journal, 16 October 2012, Turkey's bid to revamp constitution falters

### **CPJ report criticizes press freedom in Turkey**

Turkey received the latest in an increasingly long list of critical reports lambasting the country's poor press freedom record; this time by the New York-based media watchdog, the Committee to Protect Journalists (CPJ).

In the report, the CPJ concluded that Turkey's press freedom is "in crisis" after waging one of the world's heaviest crackdowns on free media in recent years.

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Wall Street Journal, 22 October 2012, Watchdog slams Turkey's press freedom
Committee to Protect Journalists, October 2012, Special report: Turkey's press freedom crisis

October 22-29, 2012

THIS WEEK:

FOREIGN POLICY

- No Syria-related US military presence in Turkey: Turkish army
- Turkish PM successful in fighting PKK, US army chief says

ECONOMY / ENERGY

- Turkey gives \$1.2 billion in aid
- Turkey fails to appeal to investors
- Turkey raises inflation forecast
- Banks issue bonds on upgrade hopes

DOMESTIC POLITICS

- Turkish police use tear gas and water cannons against illegal pro-secular demonstration
- Turkish government asks Kurdish prisoners to end hunger strike

FOREIGN POLICY

No Syria-related US military presence in Turkey: Turkish army

The United States has not deployed any military personnel or units in Turkey in connection with the crisis in Syria, the Turkish army said in a statement Saturday. The headquarters of the Turkish armed forces denied press reports that US military personnel had been sent to the country following increasing tension along its border with Syria. "There are neither military personnel nor units deployed in Turkey beyond those at the base at Incirlik (in the southern province of Adana) and those at Kurecik (in the southeastern province of Malatya, home to a NATO radar installation) and those at the American embassy in Ankara," the statement said.

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AFP, 28 October 2012, No Syria-related US military presence in Turkey: Turkish army

**Turkish PM successful in fighting PKK, US army chief says**

Turkish Prime Minister Recep Tayyip Erdoğan is doing a good job in fighting terrorism, US Chief of General Staff Martin Dempsey told reporters during a recent Pentagon press conference, daily Hürriyet reported. "This is Prime Minister Erdoğan's country. I cannot judge his approach. And he is doing his job well," the general reportedly said.

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Hurriyet Daily News, 26 October 2012, Turkish PM successful in fighting PKK, US army chief says

ECONOMY / ENERGY

Turkey gives \$1.2 billion in aid

The official amount of assistance Turkey extended to underdeveloped and developing countries reached \$1.2 billion in 2011, an increase of 31.6 percent when compared to 2010. In 2011, 46.6 percent of the assistance was extended to Central and South Asia, 23.9 percent to the Middle East, 22 percent to Africa and 6.3 percent to Balkan countries.

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Hurriyet Daily News, 29 October 2012, Turkey gives \$1.2 billion in aid

### **Turkey fails to appeal to investors**

Turkey ranks number 71 out of 185 in ease of doing business, according to a World Bank report. Turkey even lags behind Azerbaijan and Trinidad. "Doing Business 2013 Smarter Regulation for Small and Medium-Size Enterprises" report, the same position it was in last year. "Turkey managed to maintain its ranking from the year before given that all the other countries in the sampling were able to make as many economic reforms as Turkey."

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Hurriyet Daily News, 26 October 2012, Turkey fails to appeal to investors  
International Finance Corporation, Doing Business 2013: Turkey

### **Turkey raises inflation forecast**

On October 24, Turkey's central bank raised its inflation forecasts for this year and next, the result of tax increases and higher domestic energy prices, but said it expects inflation to fall again by the end of 2013 even as it tries to reinvigorate the economy. Central bank governor Erdem Başçı lifted the bank's end-2012 inflation forecast to 7.4% from 6.2%, and its end-2013 inflation forecast to 5.3% from 5.1%. The bank raised its end-2012 oil price forecast to \$112.

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Wall Street Journal, 24 October 2012, Turkey raises inflation forecast

### **Banks issue bonds on upgrade hopes**

Turkish banks are on track to issue more than double the amount of foreign bonds this year compared to last year. The surge is likely to continue in 2013, as the country's expected upgrade to investment status lures investors. Lenders including Akbank and İşbank have sold some \$5.9 billion in foreign currency-denominated bonds so far this year as they look to lengthen their debt maturities and diversify their sources of financing at low cost.

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Hurriyet Daily News, 25 October 2012, Banks issue bonds on upgrade hopes

## **DOMESTIC POLITICS**

### **Turkish police use tear gas and water cannons against illegal pro-secular demonstration**

Police used tear gas and water cannons against a demonstration by tens of thousands of pro-secular protesters, but the march on October 29 to mark the 89th year of the founding of the Turkish republic went on in defiance of a government ban.

The Ankara governor's office last week denied authorization for the march, citing security reasons, and declared the gathering illegal. Challenging the ban, tens of thousands of people assembled in the old part of Ankara, near the building housing Turkey's first parliament, to march to the mausoleum of Mustafa Kemal Atatürk.

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Washington Post, 29 October 2012, Turkish police use tear gas and water cannons against illegal pro-secular demonstration

### **Turkish government asks Kurdish prisoners to end hunger strike**

Turkey's government made an emotional plea to hundreds of hunger-striking Kurdish prisoners—some who haven't eaten in more than a month—to end their protest. Justice Minister Sadullah Ergin made the televised appeal October 21 during a visit to Sincan prison in the Turkish capital. "I am telling the prisoners and detainees who are on this action: On the eve of this holiday, for the sake of your own body, your own health, the people who love you and whom you love, stop this action," the minister said.

Gönül Sonbahar, a member of the Human Rights Association's Prison Commission, told CNN the hunger-striking prisoners were determined to continue their protest, even if it results in illness or worse. She stated that the protesters had three main demands: the release of imprisoned Kurdish rebel leader Abdullah Öcalan, the right to Kurdish language education and the use of Kurdish in Turkish courts.

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CNN, 28 October 2012, Turkish government asks Kurdish prisoners to end hunger strike