

December 2012

3-11 December 2012

THIS WEEK:

TUSIAD HIGHLIGHTS

- TUSIAD Board wraps up Washington visit

TOP STORY

- NATO approves Patriot deployment in Turkey
- U.S. extends waiver on Iranian embargo
- Turkey tops list for record number of imprisoned journalists
- Turkey to launch second observation satellite

ECONOMY / ENERGY

- Turkey third-quarter GDP slows to lowest level since 2009
- IFC plans as much as \$2 billion investment in Turkey by 2015

TUSIAD Highlights

TUSIAD Board wraps up Washington visit

The President of the Board of Directors of the Turkish Industry and Business Association (TUSIAD) Ümit Boyner led a delegation to Washington, DC for talks on U.S.-Turkey relations on December 4-5, 2012.

The TUSIAD delegation met Assistant Secretary of State for Economic and Business Affairs Jose Fernandez and exchanged views on improving economic relations between Turkey and the United States. The visiting delegation also met Congressmen Gregory Meeks and Dan Burton and discussed prospects for U.S.-Turkey political relations. Congresswoman Virginia Foxx hosted a reception at the Capitol Hill Club for TUSIAD and the delegation had the opportunity to meet with members and their staff. Among the many distinguished guests, Boyner met House Foreign Affairs Committee Chairwoman Ileana Ros-Lehtinen. The Congressional outreach was sponsored by the Turkish Coalition of America, a leading Turkish-American organization.

TUSIAD President Ümit Boyner spoke at a conference hosted by The Brookings Institution exploring “The Next Phase of the U.S.-Turkey Strategic Partnership.” The event marked the launch of the TUSIAD U.S.-Turkey Forum at Brookings, a partnership focusing on U.S.-Turkey bilateral relations and Turkey’s role in the world. During the event, Professor Kemal Kirişçi was introduced as the “TUSIAD Senior Fellow” at Brookings.

Boyner was invited to Washington to attend the World Bank Knowledge Advisory Commission meeting held on Monday, December 3. The Knowledge Advisory Commission (KAC) is a recently constituted external body whose role is to provide the President and Senior Management of the World Bank with advice on the global development knowledge agenda.

TOP STORY

NATO approves Patriot deployment in Turkey

NATO approved Turkey's request to augment its air defense against a potential cross-border attack from Syria on December 4. The deployment of Patriot systems will likely take place in early 2013, as technical work to determine the number of batteries and sites (to be decided by the SACEUR, Supreme Allied Commander in Europe) as well as the completion of the national approval processes of the countries who will provide the systems.

Germany's Cabinet approved on November 6 sending German Patriot air defense missiles to Turkey. Defense Minister Thomas de Maiziere said that two batteries with a total of 400 soldiers would be sent to the border area under NATO command for one year, although the deployment could be shortened. The following day, the Netherlands approved to send two batteries as well as a maximum of 360 troops.

The NATO mission is expected to include up to six batteries, and a U.S. decision to contribute to the process will be decisive in finalizing the plan. Washington strongly supported Turkey's demand in the NATO but is still silent on its contribution. Both Turkish and American officials recalled that a decision on this issue is yet to be finalized.

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NATO, 3 December 2012, [Foreign Ministers to focus on support for Turkey, partnerships and Afghanistan](#)  
Anadolu Agency, 3 December 2012, [Putin: There are no nuclear weapons in Syria](#)  
Reuters, 5 December 2012, [Russia, Turkey discuss new ideas on Syria – Kremlin](#)  
NPR News, 6 December 2012, [Germans OK Patriot missiles to defend Turkey](#)  
Wall Street Journal, 6 December 2012, [Turkey missile deal moves ahead, with limits](#)  
Hurriyet Daily News, 6 December 2012, [Patriots to come in 2013](#)  
ABC News, 7 December 2012, [Dutch to send Turkey 2 Patriot systems](#)  
Hurriyet Daily News, 7 December 2012, [Turkey wants US in Patriots bid](#)

### **U.S. extends waiver on Iranian embargo**

The United States has renewed the 180-day waivers on Iran sanctions to Turkey, China, India and a number of other countries in exchange for their cutting purchases of oil from the Islamic Republic. One day before Turkey's exemption from U.S. sanctions ended, deputy prime minister announced that the Turkish national oil company, Tüpraş, will further cut its purchases of oil from Iran by 20 percent.

Meanwhile, U.S. diplomats have been in talks with Ankara over the flow of gold from Turkey in exchange for Iranian natural gas, the State Department said on December 4. "We continue, obviously, to consult closely with Turkey – as we do with all the countries – on the scope of U.S. sanctions against Iran," State Department spokesman Mark Toner told reporters at a daily briefing. The U.S. Senate last week resoundingly approved a third round of sanctions that target loopholes including the flow of gold from Turkey to Iran in payment for natural gas exports.

Turkey has not received any new request from the United States to reduce the level of its crude oil purchases from Iran and is continuing with its existing level of imports, Turkish Energy Minister Taner Yıldız told Reuters the following the meetings.

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Hurriyet Daily News, 3 December 2012, [Turkey cuts Iranian oil to obtain U.S. exemption](#)
Reuters, 4 December 2012, [UPDATE 1-U.S. says in talks with Turkey over Iran gas-for-gold](#)
Reuters, 4 December 2012, [UPDATE 2-Turkey says Iran gas not covered by US sanctions](#)
Reuters, 5 December 2012, [UPDATE 2-Turkey says no new U.S. request to cut Iran oil imports](#)
Hurriyet Daily News, 10 December 2012, [US extends waiver on Iranian embargo](#)

Turkey tops list for record number of imprisoned journalists

The U.S.-based Committee to Protect Journalists said it identified 232 writers, editors, and photojournalists behind bars in the world as of Dec. 1, an increase of 53 from 2011 figures and a record number since the group began counting in 1990. Turkey currently holds more journalists — 49 — than any other country, the group said. Dozens of those imprisoned are Kurdish reporters and editors held on terror-related charges and anti-government plots.

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Washington Post, 11 December 2012, [Turkey, Iran, China top list as record number of journalists imprisoned globally, group says](#)

### **Turkey to launch second observation satellite**

Turkey's second home-made earth observation satellite, Gokturk-2, will be launched into space from China on December 19. Gokturk-2 will be the first National Earth Observation Satellite, which has been produced by the Scientific and Technological Research Council of Turkey (TUBITAK) and Turkish Aerospace Industries. Gokturk-2 satellite, with 2.5 meters of resolution, will be used for the image requirements of the Turkish Armed Forces as well as other institutions that require satellite images for agriculture, transportation and urban development.

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Anadolu Agency, 9 December 2012, [Turkey's second observation satellite to be launched on Dec. 19](#)

ECONOMY / ENERGY

Turkey third-quarter GDP slows to lowest level since 2009

Turkey's economic growth eased to the slowest pace since 2009 in the third quarter, challenging the government's year-end growth target and reinforcing expectations that the central bank will cut interest rates. Gross domestic product advanced 1.6 percent on an annual basis after climbing a revised 3 percent in the second quarter and a revised 3.4 percent in the first.

Meanwhile, Turkey's current-account deficit narrowed for the 12th straight month in October as slowing economic growth curbed demand for imported goods and gold sales to Iran and the U.A.E. boosted

exports.

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Bloomberg BusinessWeek, 10 December 2012, Turkey third-quarter GDP slows to lowest level since 2009

Bloomberg, 11 December 2012, Turkey current account gap narrows for 12th month on imports

### **IFC plans as much as \$2 billion investment in Turkey by 2015**

International Finance Corp., the World Bank's private-sector investment arm, plans to invest between \$1.7 billion and \$2 billion in Turkey between 2012 and 2015, its fourth largest commitment in the world, under its country partnership strategy.

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Bloomberg, 7 December 2012, IFC plans as much as \$2 billion investment in Turkey by 2015

10-17 December 2012

THIS WEEK:

FOREIGN POLICY

- U.S. approves deployment of Patriot air defense missiles to Turkey
- EU General Affairs Council announces meeting conclusions
- Turkey, Pakistan, Afghanistan ink MoU on trade

ECONOMY / ENERGY

- Unemployment figures up in September
- TPAO detects oil and natural gas in 17 wells
- Çağlayan announces international direct investment inflow data

DOMESTIC POLITICS

- Ergenekon trial grows bigger amid protests
- Turkish ex-leader's body shows poison, death cause unclear
- Turkey's government to update terror law for press freedom
- Turkey seizes drugs, guns, ammo in raid on Kurdish rebels

TUSIAD HIGHLIGHTS

- TUSIAD met with the Undersecretary Sanchez
- "World Energy Outlook 2012" report launch in Turkey

FOREIGN POLICY

U.S. approves deployment of Patriot air defense missiles to Turkey

U.S. Defense Secretary Leon Panetta signed an official deployment order on his way to Turkey to deploy two Patriot air defense batteries and 400 American military personnel to Turkey as tensions intensify with neighboring Syria. Panetta landed at the Incirlik air base in Turkey on December 14 as part of a tour that has also taken him to Afghanistan and Kuwait.

The missiles are expected to become operational at the end of January, officials said. In addition, NATO will send Turkey special aircraft that can detect missile launches from Syria.

Iranian army chief of staff Gen. Hassan Firouzabadi warned Turkey over the weekend against stationing NATO anti-missile systems on its territory, saying such a move risks conflict with Syria. Iranian President Mahmoud Ahmadinejad canceled a planned visit to Turkey following the decision.

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Washington Post, 13 December 2012, [Patriot air defense missiles in Turkey to become operational end of January, Dutch PM says](#)

Turkish Press Review, 13 December 2012, [Davutoğlu attends a meeting of friends of Syria in Marrakesh](#)

New York Times, 14 December 2012, [Panetta orders deployment of U.S. antimissile units in Turkey](#)

ABC News, 15 December 2012, [Iran warns turkey over NATO's missile system](#)

Hurriyet Daily News, 16 December 2012, [Ahmadinejad cancels visit to Turkey](#)

### **EU General Affairs Council announces meeting conclusions**

The General Affairs Council of the European Union announced the conclusions of its enlargement and stabilization and association progress meeting on December 11. Stating that the Council strongly encourages Turkey's work on a new constitution, and the broad, democratic and participatory process put in place for this purpose, which will remain essential for a positive outcome.

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Turkish Press Review, 13 December 2012, [EU General Affairs Council announces meeting conclusions](#)

Turkish Press Review, 13 December 2012, [Foreign Ministry issues statement on conclusions of EU General Affairs Council](#)

Turkish Press Review, 13 December 2012, [French parliament members extend support to Turkey's EU membership bid](#)

Turkey, Pakistan, Afghanistan ink MoU on trade

A Trilateral Memorandum of Understanding (MoU) was signed among the governments of Turkey, Afghanistan and Pakistan on December 12 to promote and facilitate trade and economic cooperation. The MoU, signed during the 7th trilateral Summit of Afghanistan, Pakistan and Turkey in Ankara, provides for the establishment of a Trilateral Trade Council, which will work to promote foreign investment, enhance and diversify commercial ties and explore possibilities for cooperation in services sectors.

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Dawn, 12 December 2012, [Turkey, Pakistan, Afghanistan ink MoU on trade](#)

### **ECONOMY / ENERGY**

#### **Unemployment figures up in September**

Unemployment figures in Turkey increased to 9.1 percent in September. Unemployment reached 11.3 percent in urban areas and 4.8 percent in rural areas. Labor force participation rate was 51 percent.

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Anadolu Agency, 17 December 2012, [Unemployment figures of Turkey up in September](#)

TPAO detects oil and natural gas in 17 wells

The Turkish Petroleum Corporation (TPAO) has drilled 57 wells across Turkey this year, and found oil in 11 and natural gas in six of them, according to data obtained from the Energy and Natural Resources Ministry. The TPAO also completed oil surveys on eight fields in the Southeastern Anatolia Region and gas surveys in the Thrace Region on three fields.

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Turkish Press Review, 17 December 2012, [TPAO detects oil and natural gas in 17 wells](#)

### **Çağlayan announces international direct investment inflow data**

Economy Minister Zafer Çağlayan announced the International Direct Investment Inflow data for October 2012. Accordingly, the international direct investment inflow into Turkey amounted to \$498 million in October this year. \$164 million was received from the EU-member countries, with the Netherlands ranking first followed by Germany. The cash capital inflow from Asian countries amounted to \$125 million.

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Turkish Press Review, 14 December 2012, [Çağlayan announces international direct investment inflow data](#)

DOMESTIC POLITICS

Ergenekon trial grows bigger amid protests

Despite protests both inside and outside the courthouse, the court hearing the Ergenekon coup plot case agreed to merge another indictment with the ongoing case on December 13. A state prosecutor was expected to sum up his case last week against the defendants accused of membership of “Ergenekon,” an alleged underground network of nationalist coup plotters. However, contrary to expectations, the prosecutor did not make his final arguments, instead reading the new indictment. The defendants’ lawyers objected to the newly merged indictment, which centers around a group of suspects accused of providing arms to Ergenekon.

Thousands of protestors, led by main opposition Republican People’s Party (CHP), the Workers’ Party (İP) and the Turkish Youth Union (TGB), protested the trial in front of the 13th High Criminal Court in Istanbul’s Silivri district.

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Reuters, 11 December 2012, [Turkey’s Ergenekon conspiracy trial approaches endgame](#)  
Hurriyet Daily News, 14 December 2012, [Ergenekon trial grows bigger amid protests](#)

### **Turkish ex-leader's body shows poison, death cause unclear**

The exhumed body of Turkey's late President Turgut Özal, who led the country out of military rule in the 1980s, contained poison but the cause of death was unclear, local media reported an autopsy as showing on December 12. Özal died of heart failure in 1993 but was suspected of being poisoned. The body was exhumed in October, after a report commissioned by current President, Abdullah Gül, and the Chief Prosecutor's Office in Ankara recommended subjecting the body to modern-day methods for examination, to finally clear the question mark over his death.

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Reuters, 12 December 2012, [Turkish ex-leader's body shows poison, death cause unclear: media](#)
Wall Street Journal, 13 December 2012, [Prosecutor: Turkey's ex-resident was not poisoned](#)

Turkey's government to update terror law for press freedom

Deputy Prime Minister Bülent Arınç said Dec. 15 that Turkey's Anti-Terror Law would be reinterpreted in order to secure press freedom. "We agree on making more up-to-date interpretations of propaganda in articles 6 and 7 [of the Anti-Terror Law, which declares printing announcements of or making propaganda on behalf of a terrorist organization a crime]. We think an article, a report or a speech may not constitute a crime as long as it does not provoke violence or arming," Arınç said at the "Future of Media and Communications in Turkey" conference held by the Media Council of the Turkish Union of Chambers and Commodities Exchanges (TOBB) in Bolu.

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Hurriyet Daily News, 17 December 2012, [Turkey's government to update terror law for press freedom](#)

### **Turkey seizes drugs, guns, ammo in raid on Kurdish rebels**

Turkish security forces backed by helicopters seized an estimated \$22.5 million worth of marijuana along with guns and fertilizer in a swoop against suspected Kurdish militants on December 15, officials said. Hundreds of soldiers, police and special forces carried out the coordinated raids in seven villages around the southeastern city of Diyarbakır, seizing drugs, guns, ammunition and ammonium nitrate, which can be used to make explosives, officials said. Turkish officials say the drug trade is a major source of funding for Kurdistan Workers Party (PKK) militants.

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Reuters, 15 December 2012, [Turkey seizes drugs, guns, ammo in raid on Kurdish rebels](#)

TUSIAD HIGHLIGHTS

TUSIAD met with the Undersecretary Sanchez

The USA Working Group of TUSIAD International, chaired by Adnan Nas, had a meeting with an official U.S. delegation which was led by the U.S. Undersecretary of Commerce Francisco Sanchez on December 7, 2012.

The sectors of energy, healthcare, construction/infrastructure, automotive spare parts and aerospace/defense have been raised in the meeting as a topic of bilateral cooperation between Turkey and the U.S. Both parties underlined the opportunities of doing business together in the third countries. Undersecretary Sanchez stressed that Turkey is one of the priority countries for the U.S. Department of Commerce and they attribute much importance to the USA-Turkish Business Council which was established under the Framework for Strategic Economic and Commercial Cooperation. Next period's joint activities were mentioned in the meeting which draw attention to the importance of Public Private Partnerships on infrastructure.

“World Energy Outlook 2012” report launch in Turkey

TUSIAD and International Energy Agency (IEA) will launch the “World Energy Outlook 2012” report in Turkey on December 21, 2012. You can find the full program of the event [here](#).