

JULY 2013**THIS MONTH:****DOMESTIC POLITICS**

- Parliament curtails army powers
- Turkey criticized internationally for failing to protect media freedom after prominent journalist is fired

FOREIGN POLICY

- Turkey calls Morsi's removal 'unacceptable coup'
- Turkey says it won't tolerate 'de facto' Kurdish entity in Syria
- Turkey won't accept Israel's ex gratia payment as compensation in Mavi Marmara case

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- Turkey probes tax affairs of Koç energy firms
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- Turkey raises interest rates for the first time since 2011
- Turkey's exports show surge, but more slowly
- Turkey becomes 4th largest donor of international assistance

DOMESTIC POLITICS**Parliament curtails army powers**

The Turkish Parliament on July 13 amended an army regulation that had paved the way for military intervention in politics. The original rules gave the military responsibility of preserving the Republic of Turkey, a clause previously used as a justification for coups. Article, No. 35, now restricts the army to “defending the Turkish nation against external threats and dangers,” the semiofficial Anatolian News Agency reported.

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New York Times, July 13, 2013, Turkish lawmakers move to curb army's political power

[http://www.nytimes.com/2013/07/14/world/europe/turkish-lawmakers-move-to-curb-armys-political-power.html?\\_r=0](http://www.nytimes.com/2013/07/14/world/europe/turkish-lawmakers-move-to-curb-armys-political-power.html?_r=0)

BBC, July 13, 2013, Turkey parliament curtails army powers

<http://www.bbc.co.uk/news/world-europe-23302046>

**Turkey criticized internationally for failing to protect media freedom after prominent journalist is fired**

Turkey drew renewed international criticism on July 26 over its stance on media freedom after a prominent journalist who had criticized the government was fired this week. The pro-government Sabah newspaper dismissed Yavuz Baydar from his position as ombudsman — or arbiter between the paper and its readers — on July 23 after he wrote an opinion piece published in The New York Times that accused Turkish media owners of a “shameful” role in curtailing press freedom.

It's not the first time that Turkey has been slammed for its curbs on media freedoms. But the criticism has intensified over the treatment of journalists following the protests. The Paris-based Reporters without Borders has labeled Turkey the world's "biggest prison for journalists". Similarly, the European Union denounced Baydar's dismissal to another newspaper — Today's Zaman — that employs the journalist, while the New York-based Committee to Protect Journalists said late July 25 that it was alarmed by the firing of the leading columnist and other journalists for their coverage of the protests.

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Washington Post, July 27, 2013, Turkey criticized for failing to protect media freedom after prominent journalist is fired

http://www.washingtonpost.com/world/middle_east/turkey-criticized-for-failing-to-protect-media-freedom-after-prominent-journalist-is-fired/2013/07/26/340fec74-f612-11e2-81fa-8e83b3864c36_story.html

FOREIGN POLICY

Turkey calls Morsi's removal 'unacceptable coup'

"The removal of President Mohamed Morsi, who came to power through a democratic election, by the intervention of the Egyptian army is an extremely worrying situation," Foreign Minister Ahmet Davutoğlu told reporters in Istanbul in regards to last week's military takeover. Turkish officials said the democratically elected leader's overthrow by the military is "unacceptable" and called for his release from house arrest on July 4. The response by Turkey's government, which like Morsi's Muslim Brotherhood has Islamist roots, appeared to be the strongest foreign reaction so far to Morsi's overthrow.

As the unrest in Egypt continues post military intervention, Turkey condemned today the Egyptian army's firing on people during the dawn prayer in Cairo, killing dozens of people who demonstrated against ousting of Morsi. Ankara described the incident as a "massacre," while Turkish officials called on the U.N. to show a reaction to those behind the coup.

In addition to the U.N., Ankara's diplomatic campaign led by Prime Minister Recep Tayyip Erdoğan and Davutoğlu, includes the United States, the European Union and prominent Arab countries, such as Qatar. In a bid seeking joint international reaction against the military coup in Egypt, Davutoğlu held 12 phone conversations on July 8 with his international counterparts calling for immediate elections.

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Wall Street Journal, July 3, 2013, Turkey's leadership watches uneasily as Egypt's brotherhood stumbles

<http://stream.wsj.com/story/latest-headlines/SS-2-63399/SS-2-268688/>

Reuters, July 4, 2013, Turkey calls Mursi's removal 'unacceptable coup'

<http://www.reuters.com/article/2013/07/04/us-egypt-protests-turkey-idUSBRE9630DD20130704>

Washington Post, July 4, 2013, Turkey says Egyptian leader's ouster by military is 'unacceptable'

[http://www.washingtonpost.com/world/middle\\_east/turkey-says-egyptian-leaders-ouster-by-military-is-unacceptable/2013/07/04/b1dce4d6-e4a1-11e2-bffd-37a36ddab820\\_story.html](http://www.washingtonpost.com/world/middle_east/turkey-says-egyptian-leaders-ouster-by-military-is-unacceptable/2013/07/04/b1dce4d6-e4a1-11e2-bffd-37a36ddab820_story.html)

Hürriyet Daily News, July 8, 2013, Turkey keeps seeking international reaction against military coup in Egypt

<http://www.hurriyetdailynews.com/turkey-keeps-seeking-international-reaction-against-military-coup-in-egypt.aspx?pageID=238&nID=50286&NewsCatID=338>

Hürriyet Daily News, July 8, 2013, Ankara in diplomacy to undo Egypt coup

<http://www.hurriyetdailynews.com/ankara-in-diplomacy-to-undo-egypt-coup.aspx?pageID=238&nID=50229&NewsCatID=338>

### **Turkey says it won't tolerate 'de facto' Kurdish entity in Syria**

Turkey's Deputy Prime Minister Bülent Arınç says his country supports Syria's territorial integrity and won't tolerate the creation of a "de facto" Syrian Kurdish entity on its frontiers. Speaking to reporters July 22, Arınç would not spell out what Turkey would do prevent any such entity from coming about but said it would act carefully and in a cool-headed manner.

Authorities here have been concerned over Syrian Kurdish militants' recent strengthening of power in areas bordering Turkey. The concerns have been heightened by reports that Kurds in Syria are preparing to form an autonomous region in those areas. Last week, a Syrian Kurdish group — affiliated with Turkey's own autonomy-seeking Kurdish rebels — took control of a town on the border with Turkey after fighting radical Islamic groups.

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Washington Post, July 22, 2013, Turkey says it won't tolerate 'de facto' Kurdish entity in Syria

http://www.washingtonpost.com/world/middle_east/turkey-says-it-wont-tolerate-de-facto-kurdish-entity-in-syria/2013/07/22/5da66f5c-f2f4-11e2-8464-57e57af86290_story.html

Turkey won't accept Israel's ex gratia payment as compensation in Mavi Marmara case

The reason for the deadlock in compensation talks between Turkey and Israel is the latter's insistency in redressing the damages of the Mavi Marmara victims as an ex gratia payment and not as a result of its wrongful act, a senior Turkish government official has said. "In our first meeting [the Israelis] showed no opposition to this. But in the second meeting, they intended to give an ex gratia payment as a form of reparation because they fear compensation [as a result of their wrongful act] will set an example for other cases, which is not a concern to us," Deputy Prime Minister Bülent Arınç told Ankara bureau chiefs late on July 23. Arınç is leading a Turkish team composed of diplomats and legal experts negotiating the compensation issue with the Israeli government.

Israel had formally apologized to Turkey on March 22 over the killing of nine Turkish citizens on board the Gaza-bound Mavi Marmara vessel in 2010. It also agreed to redress the damages and loss of life and promised to lift an embargo imposed on the Gaza Strip. However, compensation talks were suspended after the parties held three meetings in April and in May with unconfirmed reports that the primary reason was the disagreement over the amount of money.

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Hürriyet Daily News, July 25, 2013, Turkey won't accept Israel's ex gratia payment as compensation in Mavi Marmara case

<http://www.hurriyetdailynews.com/turkey-wont-accept-israels-ex-gratia-payment-as-compensation-in-mavi-marmara-case.aspx?PageID=238&NID=51347&NewsCatID=338>

## **ECONOMY/ENERGY**

### **Turkey probes tax affairs of Koç energy firms**

Turkey's government has launched a probe into the tax affairs of energy firms affiliated with one of the country's most prominent business dynasties, weeks after criticizing one of the family's hotels for sheltering protesters during anti-government unrest. Police and finance ministry tax inspectors late on July 24 raided the offices of TUPRAS, Turkey's sole refiner, and energy company Aygaz, both of them controlled by conglomerate Koç Holding. Shares in all three companies fell more than 3 percent, extending losses from late on July 24.

"Ministry of Finance tax inspectors carry out around 50,000 inspections a year. There is absolutely no linkage between (last month's) protests and current tax probes," Finance Minister Mehmet Simşek said on his Twitter account. Koç declined to comment on the investigation.

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Reuters, July 25, 2013, UPDATE 2-Turkey probes tax affairs of Koc energy firms

<http://www.reuters.com/article/2013/07/25/turkey-koc-probe-idUSL6N0FV15Q20130725>

Turkey probes financial markets

Turkey's financial markets, hit back-to-back by a global selloff in developing economies and the biggest antigovernment protests in a decade, are in the grip of an investigation that threatens faith in the country's capital markets just as international investment is most needed.

The Ankara-based Capital Markets Board launched one of the broadest financial probes in Turkey's history after a massive month long exit from Turkey by foreign investors starting in late May, which pushed stocks into bear territory, raised borrowing costs significantly and sent the lira plummeting to record lows against the dollar.

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Wall Street Journal, July 7, 2013, Turkey probes financial markets

<http://online.wsj.com/article/SB10001424127887324507404578592080287837800.html>

### **Turkey raises interest rates for the first time since 2011**

Turkey's Central Bank raised interest rates for the first time in almost two years after the lira slumped to a record low this month. The bank increased its overnight lending rate by 75 basis points to 7.25 percent on July 23, and said that "additional monetary tightening will be implemented when necessary." It kept

its benchmark one-week repo rate and overnight borrowing rate unchanged at 4.5 percent and 3.5 percent respectively, according to an announcement on its website.

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Bloomberg, July 23, 2013, Turkey Raises Rates for First Time Since 2011 on Lira Slide

<http://www.bloomberg.com/news/2013-07-23/turkey-increases-top-end-of-interest-rate-corridor-to-7-25-.html>

Turkey's exports show surge, but more slowly

Turkey sold products worth \$74.66 billion in the first half of this year – a 2.5 percent increase from over a year ago – data from the Turkish Exporters' Assembly (TİM) have shown, sending positive signals for year-end goals. At a press conference attended by Finance Minister Mehmet Şimşek and TİM's president, Mehmet Büyükekşi, in the southeastern province of Batman on July 1, TİM announced that Turkish exports were growing despite problems and a diminishing demand by major trade partners. Turkey's exports rose slightly to \$11.8 billion in June, a 0.6 percent increase from the same month a year earlier. "Turkey is now \$85.3 billion away from its 2013 export target, around \$160 billion." said Economy Minister Zafer Çağlayan in a written statement.

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Today's Zaman, July 1, 2013, Turkish H1 exports surge 2.5 percent to \$74.7 bln

<http://www.todayszaman.com/news-319729-turkish-h1-exports-surge-25-percent-to-747-bln.html>

Hürriyet Daily News, July 2, 2013, Turkey's exports show surge, but more slowly

<http://www.hurriyetdailynews.com/turkeys-exports-show-surge-but-more-slowly.aspx?pageID=238&nID=49839&NewsCatID=344>

### **Turkey becomes 4th largest donor of international assistance**

Turkey has become the fourth largest government donor of humanitarian assistance across the world in 2012, contributing over \$1 billion, which is 0.13 percent of its national wealth, according to a recent survey. Official development assistance (ODA) from Turkey has grown substantially in recent years, almost doubling between 2011 and 2012, said The Global Humanitarian Assistance (GHA) report 2013, conducted by an international organization named Development Initiatives. Turkey's humanitarian assistance increased to \$1 billion in 2012, making up over 40 percent of total official development assistance across the world and ranking it the 4th largest donor that year, according to the report. "It is likely" that much of this went to the surrounding region, especially due to the escalating Syrian crisis, the report says.

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Hürriyet Daily News, July 19, 2013, Turkey becomes 4th largest donor of international assistance

<http://www.hurriyetdailynews.com/turkey-becomes-4th-donor-of-international-assistance.aspx?pageID=238&nID=50995&NewsCatID=338>

BBC, July 17, 2013, Turkey fourth biggest donor country

<http://www.bbc.co.uk/news/world-europe-23341189>

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