

October 2013

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FOREIGN POLICY

Turkey open to other bids if China defense deal fails

Turkey would be open to new offers for a missile defense system if a deal agreed with a Chinese firm under U.S. sanctions falls through, Prime Minister Tayyip Erdoğan said.

The NATO member's decision to co-produce the long-range air and missile defense system with China Precision Machinery Import and Export Corp (CPMIEC) over rival bids from Russian, U.S. and European firms has raised concern among Turkey's Western allies.

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Reuters, 25 October 2013, Turkey open to other bids if China defense deal fails

<http://www.reuters.com/article/2013/10/25/turkey-china-defence-idUSL5N0IF18H20131025>

**EU to restart Turkey membership talks in move to encourage reforms**

Germany is to drop the opposition it raised in June to opening a new chapter of talks with European Union membership candidate Turkey after its crackdown on a wave of anti-government protests earlier this year, a source said.

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Guardian, 21 October 2013, EU to restart Turkey membership talks in move to encourage reforms

<http://www.theguardian.com/world/2013/oct/21/turkey-eu-membership-talks-restart-reforms>

Reuters, 20 October 2013, Germany to back EU talks with Turkey

<http://www.reuters.com/article/2013/10/20/us-germany-turkey-eu-idUSBRE99J04420131020>

Turkey blows Israel's cover for Iranian spy ring

Washington Post columnist David Ignatius wrote, "Turkish government of Prime Minister Recep Tayyip Erdogan is said to have disclosed to Iranian intelligence the identities of up to 10 Iranians who had been meeting inside Turkey with their Mossad case officers."

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Washington Post, 16 October 2013, Turkey blows Israel's cover for Iranian spy ring

[http://www.washingtonpost.com/opinions/david-ignatius-turkey-blows-israels-cover-for-iranian-spy-ring/2013/10/16/7d9c1eb2-3686-11e3-be86-6aeaa439845b\\_story.html](http://www.washingtonpost.com/opinions/david-ignatius-turkey-blows-israels-cover-for-iranian-spy-ring/2013/10/16/7d9c1eb2-3686-11e3-be86-6aeaa439845b_story.html)

**TUSIAD Washington Representative Office marks 15 years in Washington**

The TUSIAD Board of Directors and nearly 50 TUSIAD members' Washington visit marked the 15th anniversary of the Washington Representative Office on October 10 – 11. The establishment of a representative office in Washington 15 years ago reflects the Turkish business world's appreciation of the importance of the bilateral relationship and has demonstrated the recognition of the potential for greater economic and political ties between Turkey and the United States.

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TUSIAD US, 15 October 2013, TUSIAD Washington Representative Office marks 15 years in Washington

<http://www.tusiad.us/press-releases/the-tusiad-washington-representative-office-marks-15-years-in-washington/>

Turkey's spymaster plots own course on Syria

Since Hakan Fidan, Turkey's spymaster and Prime Minister Erdoğan's second man, took over Turkey's national-intelligence apparatus, the Milli İstihbarat Teşkilatı, or MIT, in 2010, Fidan has shifted the agency's focus to match Erdoğan's. His growing role has met a mixture of alarm, suspicion and grudging respect in Washington, where officials see him as a reliable surrogate for Erdoğan in dealing with

broader regional issues—the futures of Egypt, Libya and Syria, among them—that the Arab Spring has brought to the bilateral table.

U.S. intelligence agencies believe Fidan doesn't aim to undercut the U.S. but to advance Erdoğan's interests. In recent months, as radical Islamists expanded into northern Syria along the Turkish border, Turkish officials have begun to recalibrate their policy—concerned not about U.S. complaints but about the threat to Turkey's security, say U.S. and Turkish officials.

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Wall Street Journal, 10 October 2013, Turkey's spymaster plots own course on Syria  
<http://online.wsj.com/article/SB10001424052702303643304579107373585228330.html>

### **EU commissioner welcomes democracy package**

EU Commissioner for Enlargement Stefan Füle welcomed a democratization package announced earlier this week by the Turkish government during a meeting in Brussels with EU Minister Egemen Bağış, where the upcoming Progress Report was the burning topic.

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Hurriyet Daily New, 2 October 2013, EU commissioner welcomes democratization package during meeting with Minister Bağış
<http://www.hurriyetdailynews.com/eu-commissioner-welcomes-democratization-package-during-meeting-with-minister-bagis.aspx?pageID=238&nID=55589&NewsCatID=351>

DOMESTIC POLITICS

Kurdish rebels threaten new fight in Turkey as Syria clashes intensify

Kurdish rebels are ready to re-enter Turkey from northern Iraq, the head of the group's political wing said at his mountain hideout, threatening to rekindle an insurgency unless Ankara resuscitates their peace process soon.

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Reuters, 22 October 2013, Kurdish rebels threaten new fight in Turkey as Syria clashes intensify  
<http://www.reuters.com/article/2013/10/22/us-turkey-kurds-pkk-idUSBRE99L06820131022>

#### **Number of Syrian refugees in Turkey exceeds 600,000: Turkish official**

The number of Syrian refugees in Turkey has exceeded 600,000 and more than 400,000 of them are living outside refugee camps, the Turkish disaster management agency said on 21 September.

Prime Minister Tayyip Erdogan said in August Turkey has already spent around \$2 billion sheltering the refugees. The United Nations expects another 2 million Syrians to become refugees in 2014 and 2.25 million more to be displaced within the country.

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Reuters, 21 October 2013, Number of Syrian refugees in Turkey exceeds 600,000: Turkish official
<http://www.reuters.com/article/2013/10/21/us-syria-crisis-turkey-refugees-idUSBRE99K04O20131021>

Turkey's parliament renews permission for military operations

Kurdish rebels have criticized reforms unveiled by Turkey's government and said that could lead them to end a unilateral cease-fire they began six months ago. The rebel declaration, carried by the pro-Kurdish Firat news agency on October 10, said the government's position in the coming days will determine "whether the cease-fire will continue."

The government hasn't attacked rebels of the Kurdistan Workers' Party, or PKK, since the cease-fire began. But the PKK recently suspended its pullout from Turkish territory, accusing the government of failing to grant Kurds more rights. Turkey has frequently struck targets in Iraq, where the PKK has bases, and earlier October 10 parliament extended the military's right to do that for another year.

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Washington Post, 10 October 2013, Kurdish rebels consider ending cease-fire, saying Turkish reforms have fallen short

[http://www.washingtonpost.com/world/middle\\_east/turkeys-parliament-renews-permission-for-military-operations-against-kurdish-rebels-in-iraq/2013/10/10/ccdb30c8-31b6-11e3-ad00-ec4c6b31cbed\\_story.html](http://www.washingtonpost.com/world/middle_east/turkeys-parliament-renews-permission-for-military-operations-against-kurdish-rebels-in-iraq/2013/10/10/ccdb30c8-31b6-11e3-ad00-ec4c6b31cbed_story.html)

### **Turkish Premier announces proposals aimed at Kurds**

Prime Minister Recep Tayyip Erdogan announced a package of measures on Monday that appeared intended to revive the stalled peace process with the country's ethnic Kurds, who have fought a decades-long insurgency against the Turkish state.

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New York Times, 30 September 2013, Turkish Premier announces proposals aimed at Kurds
http://www.nytimes.com/2013/10/01/world/europe/turkish-premier-announces-proposals-aimed-at-kurds.html?_r=0

Turkish PM unveils reforms after summer of protests

Turkey's prime minister, Recep Tayyip Erdogan, unveiled the first big package of liberalising reforms in years on Monday, making overtures to the large Kurdish minority and proposing that headscarved women be allowed to sit in parliament and work as civil servants for the first time in the history of the Turkish republic.

The proposals, which have been repeatedly delayed due to their potentially incendiary impact, followed a summer of the largest and most persistent anti-government protests in Erdogan's 11 years in power.

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The Guardian, 30 September 2013, Turkish PM unveils reforms after summer of protests

<http://www.theguardian.com/world/2013/sep/30/turkish-pm-erdogan-reforms>

**ECONOMY/ENERGY****International oil companies gamble on Turkey's shale gas**

While information on Turkey's hydrocarbon reserves remains elusive, some shale investors are willing to take the risk.

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Al-monitor, 25 October 2013, International Oil Companies Gamble on Turkey's Shale Gas

<http://www.al-monitor.com/pulse/originals/2013/10/turkey-shale-oil-tpao-gas.html>

IMF says Turkey should tighten monetary, fiscal policy

The International Monetary Fund called on Turkey to tighten its monetary and fiscal policies to reduce its external imbalances, which have been exacerbated by capital outflows from emerging markets.

"The market reappraisal of advanced economies' monetary policies has exposed Turkey's main vulnerability — its external imbalance," the IMF said after a mission visit to Turkey.

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Reuters, 4 October 2013, IMF says Turkey should tighten monetary, fiscal policy

<http://www.reuters.com/article/2013/10/04/us-imf-turkey-idUSBRE99311L20131004>

**Turkey to overhaul income tax structure in bid to boost economy**

A new income tax law being drafted in Turkey's parliament would expand the tax base by encouraging investment and manufacturing and bringing more undeclared income out into the open, Finance Minister Mehmet Şimşek said in an interview.

The bill strives to achieve those aims through measures including narrower exemptions, incentives for farmers and new taxes on income from real estate. It is also would tighten oversight on tax collection in manufacturing.

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Bloomberg, 23 October 2013, Turkey to overhaul income tax structure in bid to boost economy
<http://www.bloomberg.com/news/2013-10-23/turkey-to-overhaul-income-tax-structure-in-bid-to-boost-economy.html>