

February 2014

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Foreign Policy

Readout of President Obama's Call with Prime Minister Erdogan

President Obama spoke by phone today with Prime Minister Erdogan of Turkey on a range of bilateral and regional issues. The President affirmed the value he places on a strong, mutually respectful bilateral relationship with the Republic of Turkey and expressed his view that Turkey can demonstrate leadership in the world through positive engagement. Additionally, the President noted the importance of sound

policies rooted in the rule of law to reassure the financial markets, nurture a predictable investment environment, strengthen bilateral ties, and benefit the future of Turkey.

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White House, 19 February 2014, Readout of President Obama's Call with Prime Minister Erdogan  
<http://www.whitehouse.gov/the-press-office/2014/02/19/readout-president-obama-s-call-prime-minister-erdogan>

Hurriyet Daily News, 20 February 2014, Obama, Erdoğan discuss Syria, Cyprus in rare phone conversation

<http://www.hurriyetdailynews.com/obama-erdogan-discuss-syria-cyprus-in-rare-phone-conversation.aspx?pageID=238&nID=62713&NewsCatID=338>

### **New Calls For Obama To Confront Turkey**

More than 80 top foreign policy figures from across the political spectrum wrote President Obama Thursday and asked him to end the U.S. government's tacit approval of what they describe as the anti-democratic actions of Turkish Prime Minister Recep Tayyip Erdogan and his government.

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Daily Beast, February 20 2014, New Calls For Obama To Confront Turkey

<http://www.thedailybeast.com/articles/2014/02/20/washington-calls-on-obama-to-confront-turkey.html>

Statement by the Press Secretary on Cyprus

President Obama and the United States welcome the meeting of the two Cypriot leaders, Mr. Nicos Anastasiades and Mr. Dervis Eroglu, and the renewal of negotiations on a Cyprus settlement under the auspices of the United Nations.

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White House, 11 February 2014, Statement by the Press Secretary on Cyprus

<http://www.whitehouse.gov/the-press-office/2014/02/11/statement-press-secretary-cyprus>

### **World Press Freedom Index 2014**

Following a continued crackdown on press freedoms Turkey drops to a 154 in the World Press Freedom Index. Going well beyond previous edicts on Turkish cyberspace, the new internet legislation hands the government the authority to block individual URLs without judicial review. It also obliges internet service providers (ISPs) to store users' personal internet data for up to two years, and creates a single association of ISPs.

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Reporters without Borders, February, World Press Freedom Index 2014

<http://rsf.org/index2014/en-index2014.php>

Erdogan struggles with Merkel's skepticism on Turkish EU bid

Turkish Prime Minister Tayyip Erdogan urged Angela Merkel to throw Germany's full weight behind his country's bid to join the European Union but there was no sign the chancellor had been swayed from her skeptical stance on Turkish membership.

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Reuters, 4 February 2014, Erdogan struggles with Merkel's skepticism on Turkish EU bid

<http://www.reuters.com/article/2014/02/04/us-turkey-germany-eu-idUSBREA130Z920140204?feedType=RSS&feedName=worldNews>

**Hollande cautiously backs Turkey's EU bid**

French President Francois Hollande has cautiously backed Turkey's aim to join the European Union despite its recent crackdown on police and judiciary and earlier French reservations about the idea.

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Al-Jazeera, 27 January 2013, Hollande cautiously backs Turkey's EU bid

<http://www.aljazeera.com/news/europe/2014/01/hollande-cautiously-backs-turkey-eu-bid-2014127185414651507.html>

Domestic Politics**Turkey's Erdogan Seeks Broader Intelligence Agency Powers**

Turkey's government submitted a draft law designed to give sweeping additional powers to its intelligence services, its latest move to expand executive control over key institutions ahead of pivotal elections.

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Wall Street Journal, 20 February 2014, Turkey's Erdogan Seeks Broader Intelligence Agency Powers

<http://online.wsj.com/news/articles/SB10001424052702303775504579394844182544338?KEYWORDS=turkey&mg=reno64-wsj&url=http%3A%2F%2Fonline.wsj.com%2Farticle%2FSB10001424052702303775504579394844182544338.html%3FKEYWORDS%3Dturkey>

**Turkey scraps coup plot courts in battle over judiciary**

Turkish lawmakers on Friday abolished special courts which had convicted hundreds of alleged military coup plotters, as Prime Minister Tayyip Erdogan battles a new foe he sees as using influence in the judiciary to try to unseat him.

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Reuters, 21 February 2014, Turkey scraps coup plot courts in battle over judiciary

<http://www.reuters.com/article/2014/02/21/us-turkey-courts-idUSBREA1K0WE20140221>

Turkey's Gul approves law tightening Internet controls

Turkish President Abdullah Gul said on 18 February he had approved a new law tightening control of the Internet, in a move bolstering embattled Prime Minister Tayyip Erdogan but raising concerns about free speech.

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Reuters, 18 February 2014, Turkey's Gul approves law tightening Internet controls

<http://www.reuters.com/article/2014/02/18/us-turkey-government-approval-idUSBREA1H1SF20140218>

### **Lawmakers Brawl as Turkey Tightens Grip on Judiciary**

Turkey's parliament on Saturday approved a bitterly contested bill to tighten the government's grip on the judiciary, after a heated debate that degenerated into a fistfight that left one lawmaker with a broken nose and another with a broken finger.

The amended bill—which will give the justice ministry greater sway over the Supreme Board of Judges and Prosecutors, or HSYK, an independent body responsible for appointing members of the judiciary—was introduced as the government of Prime Minister Recep Tayyip Erdogan grapples with a major graft scandal that has plunged his government into its most severe crisis since it swept to power in 2002.

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Wall Street Journal, 16 February 2014, Lawmakers Brawl as Turkey Tightens Grip on Judiciary

<http://online.wsj.com/news/articles/SB10001424052702304315004579385392164251698?KEYWORDS=Turkey>

Turkey's top business group warns that Internet bill violates rights

Turkey's top business group has warned that a bill including controversial arrangements concerning the "protection of private life" on the Internet might have negative results on human rights, in a statement sent to the Family and Social Policies Ministry, which proposed the bill.

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Hurriyet Daily News, 5 February 2013, Turkey's top business group warns that Internet bill violates rights

<http://www.hurriyetdailynews.com/turkeys-top-business-group-warns-that-internet-bill-violates-rights.aspx?PageID=238&NID=62024&NewsCatID=338>

Turkish Industry and Business Association, February, TUSIAD Statement on Internet Legislation

<http://www.tusiad.org/information-center/press-room/press-releases/tusiad--the-omnibus-bill-passed-by-parliament-will-widen-internet-censorship-and-constrain-rights-and-liberties/>

**Freedom Houses releases report on press crackdown in Turkey**

The report catalogues the Turkish government's actions to suppress freedom of speech, which have intensified since the emergence of a major corruption scandal in December 2013.

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Freedom House, 3 February 2014, Democracy in Crisis: Corruption, Media, and Power in Turkey

<http://www.freedomhouse.org/report/special-reports/democracy-crisis-corruption-media-and-power-turkey#.UvkBPGJdU5m>

Whose Turkey Is It?

Someday Erdogan will be gone, but Turkey's system will still be a work in progress. Democratization takes a long time, and as Gezi Park and other global movements have proved, part of the process is figuring out what kind of country its citizens want.

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New York Times, 5 February 2014, Whose Turkey Is It?

<http://www.nytimes.com/2014/02/09/magazine/whose-turkey-is-it.html>

**Turkey's Internet Crackdown**

President Abdullah Gul, Turkey's head of state, has now joined Prime Minister Recep Tayyip Erdogan in the government's assault on free speech. On Tuesday, Mr. Gul approved a new law, passed earlier by Parliament, that is intended to help protect Mr. Erdogan and his allies from a widening corruption scandal by tightening government control of the Internet. It would allow the authorities, without a court order, to block web pages under the guise of protecting personal privacy, and to collect users' browsing histories.

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New York Times, 21 February 2014, Turkey's Internet Crackdown

http://www.nytimes.com/2014/02/22/opinion/turkeys-internet-crackdown.html?_r=0

Erdogan accuses TUSIAD chairman of treason

Muharrem Yilmaz, the chairman of the Turkish Industry and Business Association (TUSIAD), which has the largest share of revenue, employment and taxes paid to the state out of Turkey's private sector, gave a speech that incensed Prime Minister Recep Tayyip Erdogan.

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Al-Monitor, 27 January 2014, Erdogan accuses TUSIAD chairman of treason

<http://www.al-monitor.com/pulse/originals/2014/01/erdogan-tusiad-treason-turkey-business-tax-politics.html>

## **Economy & Energy**

### **Turkey attracts \$12.6 billion FDI, down 4 percent**

Turkey received foreign direct investment (FDI) of \$12.6 billion in 2013, a drop of 4.1 percent compared to 2012, according to data released by the Economy Ministry.

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Hurriyet Daily News, 21 February 2014, Turkey attracts \$12.6 billion FDI, down 4 percent

<http://www.hurriyetdailynews.com/turkey-attracts-126-billion-fdi-down-4-percent-.aspx?pageID=238&nID=62768&NewsCatID=344>

Will Froman and De Gucht Talk Turkey?

United States Trade Representative Ambassador Michael Froman and EU Trade Commissioner Karel De Gucht are meeting in Washington this week to take stock of the Transatlantic Trade and Investment Partnership (TTIP) negotiations to date. They will assess progress made in the first three rounds of negotiations and provide political guidance on how best to move forward. The stocktaking meeting also provides an opportunity for the U.S. and EU to discuss the unique position of Turkey – an important American and European ally that should not be excluded from the transatlantic economy.

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America's Trade Policy, 17 February 2014, Will Froman and De Gucht Talk Turkey?

[http://americatradepolicy.com/will-froman-and-de-gucht-talk-turkey/#.UwO\\_5GJdU5m](http://americatradepolicy.com/will-froman-and-de-gucht-talk-turkey/#.UwO_5GJdU5m)

### **Tailspin or Turbulence?**

Since the beginning of the year, a new wave of doubt has engulfed emerging markets, driving down their asset prices. The initial wave struck in the spring of 2013, following the Federal Reserve's announcement that it would begin "tapering" its monthly purchases of long-term assets, better known as quantitative easing (QE). Now that the taper has arrived, the emerging-market bears are ascendant once again.

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Project Syndicate, 17 February 2014, Tailspin or Turbulence?

<http://www.project-syndicate.org/commentary/kemal-dervi--blames-private-sector-balance-sheets-for-the-turbulence-now-engulfing-emerging-markets>

Turkey Outlook Cut by S&P Citing 'Hard Landing' Risk

Turkey's credit rating outlook was cut to negative from stable by Standard & Poor's, which said there's a growing risk of a "hard economic landing" as reserves decline and policy makers spar over interest rates.

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Bloomberg, 7 February 2014, Turkey Outlook Cut by S&P Citing 'Hard Landing' Risk

<http://www.bloomberg.com/news/2014-02-07/turkey-outlook-cut-by-s-p-citing-hard-landing-risk.html>

### **Turkey Struggles to Protect Its Lira**

The currency has lost a third of its value against the dollar, since the Federal Reserve in Washington began making noises last May about cutting back on its stimulus program, prompting investors to move their money from risky emerging markets to the United States in anticipation of higher interest rates there. More recently, the steady exit of foreign money has been more of a stampede, with about half the lira's decline occurring since mid-December, as political turmoil engulfed the government of Prime Minister Recep Tayyip Erdogan and violence raged in neighboring Syria and Iraq.

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New York Times, 9 February 2014, Turkey Struggles to Protect Its Lira

<http://www.nytimes.com/2014/02/10/business/international/turkey-struggles-to-protect-its-lira.html?ref=turkey>

Talking Troubled Turkey

The direct global spillovers from Turkey, with its Los Angeles-sized economy, won't be large. But we're hearing that dreaded word "contagion" — the kind of contagion that once caused a crisis in Thailand to spread across Asia, more recently caused a crisis in Greece to spread across Europe, and now, everyone worries, might cause Turkey's troubles to spread across the world's emerging markets, writes Paul Krugman of the New York Times.

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New York Times, 30 January 2014, Talking Troubled Turkey

<http://www.nytimes.com/2014/01/31/opinion/krugman-talking-troubled-turkey.html?hp&rref=opinion>

### **Turkey Rate Increase Stems Lira Decline as Basci Defies Erdogan**

The lira swung between gains and losses as traders assessed whether a doubling of interest rates would be enough to stem capital outflows in the face of further reductions in U.S. monetary stimulus.

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Bloomberg, 29 January 2014, Turkey Rate Increase Stems Lira Decline as Basci Defies Erdogan

<http://www.bloomberg.com/news/2014-01-28/turkey-more-than-doubles-main-interest-rate-to-halt-lira-slump.html>