

Insights into Turkish Domestic and International Politics during December 2011

Key Points:

- *The TSK mistakenly bombs unarmed Kurdish smugglers near the Iraqi border, adding yet another incident that sets back Turkish-Kurdish relations and possibly fueling further violence.*
- *Military, economic and political ties are severed between France and NATO ally Turkey following the National Assembly's vote to move an Armenian genocide bill forward.*
- *Turkey's Central Bank sells off over \$1 billion in dollars to combat rising inflation, though by month's end the rate had surpassed 10%.*
- *Azerbaijan and Turkey agree to a new gas transport and supply deal for the Shah Deniz field, upsetting some in Brussels who feel the new pipeline could undermine the time consuming progress for NABUCCO.*

The Kurds

An answer to the Kurdish question seems as far away as ever for AKP leaders following the accidental bombing of Kurdish smugglers carrying fuel and tobacco along the Turkish-Iraqi border by the Turkish Security Forces (TSK) on December 28. The planes mistakenly bombed villagers in the Sirnak province along a route sometimes used by PKK fighters.

Prime Minister Erdogan immediately expressed remorse for the deaths, explaining to reporters that "Images transmitted by drones showed a group of 40 people in the area, it was impossible to say who they were. Afterwards it was determined they were smugglers transporting cigarettes and fuel on mules."

Leader of the Kurdish BDP party, Selahattin Demirtas, called the incident "a massacre of civilians", but cautioned Kurds to protest through "democratic means". The PKK denied the bombing was an accident and called on all Kurds to respond through "uprisings", an ambiguous phrasing that has been used by the PKK in the past to call for both peaceful and armed protests.

It's hard not to see history repeating itself at the moment with violence and reprisals appearing to increase, all such a short time after Erdogan's once hopeful "Kurdish opening" in 2009. The continued violence on the porous Iraqi-Turkish border will likely strain ties with Baghdad, where Prime Minister Nuri al-Maliki relies on Kurdish partners in his still wobbly governing coalition. Those killed in the bombing, while Kurds, were also Iraqi citizens, and further incidents like this can be expected to occur until peace is the norm for Kurds living in Turkey's eastern provinces.

The closing of the infamous Diyarbakir Prison (and subsequently turning it into a museum) is a step in the right direction, proving the government is intent on making an effort to right some wrongs of the past; but a symbol like Diyarbakir Prison may not immediately

heal wounds that have been left untended for so long. As discussions on the country's new constitution continue, an effort on the part of the ruling AKP to bring over as many BDP deputies and politicians possible seems to be the only way that the country's large Kurdish minority will feel it has another outlet to air its grievances aside from the violent struggle of the PKK.

Armenian Genocide

Relations between France and Turkey hit a new low following the French National Assembly's vote on December 22 to make it a crime to not acknowledge the Armenian genocide, despite a public stance against the recognition by Foreign Minister Alain Juppe who stated, "Passing laws in France won't change their minds in Turkey. We recognize the consequences. I would expect a robust Turkish response. The retaliation could have damaging and serious consequences."

Should the bill pass the Senate in 2012, anyone publicly denying the genocide could face a year in jail and a \$58,000 fine. Turkey recalled its ambassador the following day, followed immediately by Erdogan's press conference in which the Turkish prime minister went on a rambling attack on France's notorious period as the colonial power in Algeria.

Erdogan said that an estimated 15% of Algeria's population was killed during the colonial occupation, and personally attacked French President Nicholas Sarkozy saying, ""They (Algerians) were mercilessly martyred. If Mr Sarkozy doesn't know there was a genocide, he can ask his father, Pal Sarkozy ... who was a legionnaire in Algeria in the 1940s. I'm sure he has a lot to tell his son about the massacres committed by the French in Algeria."

The threat of freezing of all political and diplomatic ties, along with withdrawing permission for over flight rights for French military aircraft and suspending all joint military exercises was predictable. But the

personal on the French president's father came across as petty for someone in the prime minister's office. Well known for his bluster (and no doubt playing to the domestic and regional audiences attentively listening), Erdogan came across as churlish at best, though the vitriol will do well to boost his poll numbers and popularity with fellow Muslims throughout the region.

However, even if he is correct in accusing Sarkozy of supporting the bill "to win an election based on promoting animosity against Turks and Muslims," he may have unwittingly given the French leader his own boost in the polls. Furthermore, this development comes in the midst of a debate on Turkish-French cooperation in Syria, undermining efforts to mediate in the country in light of the Arab Spring.

Economy

The country's economy was again a central point of discussion at the end of the month after the Economic Ministry announced that exports increased by 18.2% over the course of 2011, a total of more than \$134.6 billion in revenue.

Now the world's 17th largest economy, Turkey's growth slowed in 2011 compared to 2010, falling from 8.9% to 8% against the backdrop of slowed or possibly receding growth in the eurozone and the US. However, the government and central bank have so far managed to keep the economy moving forward, if gingerly, with a number of measures to combat inflation. The latter added liquidity at the turn of the new year in order to combat rising prices in goods that threatened to take the country's inflation rate above 10% and keep the GDP growth at a steady growth rate of 8.2% - a rate only second to China's amongst emerging economies (AFP, January 2, 2012).

The sale of \$3 billion in US currency seemed to keep the lira from falling too far against the world's reserve currency on December 30, though inflation did surpass 10%. Should the eurozone suffer a

catastrophic collapse or the US fail to continue its own fragile growth, however, the Turkish economy could face slower and slower growth prospects as the year goes on.

Pipeline Geopolitics

In a move that has been coming for months, Turkish and Azerbaijani officials signed a memorandum of understanding that will allow the transit of Azerbaijani gas supplies via the Turkish pipeline and transport network. Most notable of this development is the emergence of plans calling for the creation of a new pipeline to run from the Shah Deniz II field to Western Turkey, with continuing transit of supplies to Europe. Turkish and Azerbaijani ministers of energy, Taner Yildiz and Natig Aliyev respectively, signed the agreement on December 26, thereby initiating the planning stages of the *Trans-Anadolu* (Anatolian) pipeline project. With construction set to begin in 2012 (with a five year timeline for completion), Azerbaijan will hold a majority stake, though Turkey's minority share could increase in coming years.

The deal is a win for all those involved, much to the detriment of NABUCCO, which has dropped further back in line for the EU in order of importance while Brussels focuses on the eurozone crisis. Turkey gains increased clout as a major energy transit hub while also securing supplies for its economy's growing demand, while Azerbaijan increases its supply capabilities in its effort to become a leading international energy supplier. The deal considerably warms relations that have become somewhat touchy in the past year, while almost simultaneously complicating the prospects of the Southern Energy Corridor from the perspective of some leading European energy concerns.

Clearly, as Ankara-based EFG Affiliated Expert, Saban Kardas recently suggested, the new pipeline arrangement between two Turkic nations could affect the bids of the NABUCCO, ITGI and the TAP projects to transport Caspian gas to Europe. An announcement

on the successful bid to transport gas to Europe from Azerbaijan's Shah Deniz II field is due at the end of March 2012. Further, Turkey has also come to an agreement with Russia, allowing Moscow's current pet project, the South Stream gas pipeline, to traverse the country's territorial waters in the Black Sea. There are rumblings from some in the Directorate General for Energy in the European Commission in Brussels that Ankara has given the Russians, via state-owned Gazprom, the "knife to put at NABUCCO's throat".

However, Turkey's business and political leaders have once again proven that they are skillful operators in a very complicated region comprised of many stakeholders and varied interests. The glacial pace of

NABUCCO's construction, which continues to fall farther and farther behind schedule, is not a problem for Ankara, but rather for Brussels. To the contrary, Turkish state rhetoric suggests that Ankara remains committed to NABUCCO and, indeed, the Turkish government remains signed up to inter-governmental and other relevant agreements to the project. The fact that Turkey also appears to be endorsing the South Stream project, implies that Ankara is signaling that it does not intend to become an obstacle to either project and throws the question of competition between the routes back to the Europeans, as well as to Russia.

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