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A PERSPECTIVE FROM THE PRIVATE SECTOR

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PARTICIPANTS:

Introduction and Moderator:

ÖMER TAŞPINAR
Nonresident Senior Fellow
The Brookings Institution

Panelists:

ÜMIT BOYNER
Chair
Turkish Industrialists' and Businessmen's
Association (TÜSIAD)

SOLI ÖZEL
Professor
Istanbul Bilgi University

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P R O C E E D I N G S

MR. TAŞPINAR: Good afternoon. I would like to say welcome to Brookings, but we're not at Brookings. We are at the University Club, but still we're very proud to host this event this afternoon with Ümit Boyner, who's the chair of the board of the Turkish Industrialist's and Businessmen's Association.

Those of you who are familiar with the Turkey program at Brookings would know that the Turkey program has a longstanding association with TÜSIAD. We're grateful to the support that TÜSIAD has provided to Brookings since 2006. In fact, our project in 2007 was titled the TÜSIAD-Brookings Project under the leadership of Mark Parris, and ever since, TÜSIAD has been the strongest supporter of our program. And it is thanks to such support that we are able to provide analysis, what we hope independent and objective analysis, on events in Turkey.

So, let me start by thanking TÜSIAD as an institution for its support to Brookings and we hope that our collaboration will continue in the future.

This is the first time we're hosting Ümit Boyner. She is, as I said, the new chairwoman of TÜSIAD and she has a longstanding prestigious career in banking and finance, but she has been also very active in the NGOs and in many different sectors of the Turkish social and civic life. She has an education in economics from the University of Rochester and you can read her CV. And most importantly, I think we should emphasize that she has been active as a very strong voice for democratization in Turkey. And ever since she became the leader of TÜSIAD, she has been very often in the news as a sound voice for depolarization in Turkish politics and the traditional voice of pro-European Union reforms. So in that sense we're grateful to have her here and we're very delighted to be able to share her views on Turkish-American relations, a very hot topic these days due to what happened in the United Nations with Turkey's no vote on sanctions in Iran, and, of

course, Turkish-Israeli relations. We're going through a difficult time in the Middle East and in Turkish-American relations. She will provide basically a private sector view of Turkish-American relations.

And I think it's a very timely occasion for us because my personal opinion as someone who is involved with the Turkey program is that behind Turkey's foreign policy, behind the new kind of self-confidence that we see in Turkey and the willingness to pursue an independent foreign policy sometimes challenging mainstream U.S. views, is the fact that the Turkish economy is doing rather well.

A couple years ago we were all predicting that Turkey would be in very bad shape if it did not sign an IMF deal with the International Monetary Fund. Nevertheless, without signing such a deal, the Turkish economy appeared to do really well. And I am a firm believer that behind this new Turkish foreign policy is -- and the self-confidence especially -- there is the performance of the Turkish economy in the private sectors. So, it's timely to get this view.

It is also a great pleasure to welcome Professor Soli Özel. Soli, I can say in a cliché way, needs no introduction to this crowd. He wears many hats; one of them is the advisor to the chair of TÜSIAD, but the other hat that I really like is his professorial ability. He was a professor of mine at SAIS. I sometimes, when I want to embarrass him I say he's my mentor, because we often disagree these days so he doesn't want to be my mentor I guess. So, it's a great pleasure to have Soli. He will also provide his insight after Ümit Boyner's speech.

So, welcome again, and the floor is yours.

MS. BOYNER: Thank you. It's great to be in Washington although the timing I would say is quite interesting. But I guess when you live in Turkey and when you're in NGO work, times are always interesting.

But we are really at the threshold of two major conflicts which we believe unfortunately converged and is setting the tone for Turkish-American relations and as a civil society, as a civil association, I think I'd like to say we're more than just the voice of private sector in Turkey because we have been in the forefront of the democratization process in our 40-year existence. We feel that maybe we can contribute to the level of understanding between Turkey and our allies, and also in our region.

I would like to start by saying that I think it is quite obvious that the world has undergone a massive change since the days of the Cold War. The rules of diplomacy have changed and I think basically the economic crisis that we have been living through has led some economic concerns becoming major drives for foreign policy. And this necessitates a total economic and political restructuring in a global sense, and dynamic and nuanced diplomatic endeavors are inevitable. And as an emergent regional power, Turkey has to maintain its relations with its traditional allies and set a delicate and reasonable balance with her transatlantic strategic interests and also the regional neighborhood dimension of her foreign policy.

There's no way we cannot talk about Iran first. It is, we feel, questionable if the expanded sanctions regime to Iran will be productive and it is true that Turkey's negative vote was perceived as an act of defiance within the transatlantic alliance. We believe that Turkey has to be loyal to its strategic partners, but it seems Turkey also has the right to demand her partners to be more attentive to her concerns in the very unstable region that it is located.

Turkey has always supported a nuclear-free Middle East, nuclear armament-free Middle East. And we also understand that throughout the process of developing the economic sanctions program, Turkey was not part of the structuring. It was not informed of the process as a NATO member, as an ally, whereas countries like Russia

and China, who are not part of NATO, were part of the whole process.

Yes, we do promote a nuclear-free Middle East, but this view should not lead to a discourse that justifies Iranian nuclear program with reference to Israel.

In terms of nuclear armament, Turkey's objectives actually converge with that of the United States, but it seems that our methods are quite different. And at this point I would like to say that we are concerned about the clarity of communication between Turkey and U.S. as evidenced by the problems emanating from the content of President Obama's letters to Brazil and Turkey and the swap deal on the quantity of the enriched uranium among Brazil, Turkey, and Iran.

We'd like to stress that the Tehran deal was realized in full bona fide in order to retain Iran in the diplomatic game. We believe that going forward, the sanctions regime is obviously going to be complied by Turkey as well, but it will not completely close the doors to diplomatic instruments. We feel that we should work on the integration of Iran in the diplomatic system and global economy.

With respect to Israel, as TÜSIAD, we have criticized the Israeli government for its hardliner position vis-à-vis the Palestinians and the disproportional use of force against the humanitarian flotilla on the way to Gaza. It is difficult to understand this position just through legitimate security concerns. Events prove that the inhuman blockade in Gaza, as such, is no more sustainable and it is poisoning the relations of Israel with Turkey, as Turkey's public opinion is very sensitive to this problem, whatever the reason of the sensitivity is: human conditions, domestic political motivations, or religious solidarity. We do expect those responsible to be subjected to international law and the investigation to be conducted in an international manner in order to have universal credibility and impartiality.

We thought that the proposition put forward by the UN Secretary General

met these expectations, but the unilateral formation of the Israeli committee is problematic.

We appreciate the role of the U.S. administration on the release of activists from Israeli prisons, but we believe that it is very hard to calm down the public resentment in Turkey without Israel's formal apology.

However, all these criticisms should not lead to the complete disruption of bilateral relations. The diplomatic language necessitates a careful and nuanced terminology and behavior. If the rhetoric of active diplomacy becomes domestically oriented and populist, the human dimension of the problem becomes downgraded.

Domestic concentrations are the prerequisites for a democratic state, but they should not weigh heavily on the reasonable conduct of foreign policy.

I'd like to move over to the matter of Turkey's shift of axis. This has been talked about quite extensively in many articles and is Turkey actually changing its position? Is it moving more towards the East?

We do believe that that discussion is legitimate, but it is mistaken. With a cursory look, anyone can argue that Turkey's Western priorities are no more dominant. But a more in-depth look would reveal that even the European Union candidacy is Turkey's westward policy, and it is our basic anchor for the reform process.

Turkish foreign policy, even prior to 2002 -- and I would like to stress that -- is based on a (inaudible) to create stability in our region through economic cooperation, through dialogue, and peacekeeping. This role has actually been supported by the West and is emphasized as Turkey's main input as a regional ally. At this point, to see that our zero problem policy with our neighbors have come to a serious conflict with our Western partners, and this actually reveals a need for better communication, empathy, and understanding on both sides.

Moreover, for the Middle Eastern states that Turkey has strengthened its

relations, Turkey's power comes from its European orientation, its adherence to democratic values, the reforms that it has created within its system in the past candidacy. And actually for the transatlantic partners of Turkey, this rapprochement with our Eastern neighbors should actually be seen as an opportunity to increase ties, to develop trade, and to develop dialogue.

The Middle East and Europe are not two completely different universes. It is also true that until the Gaza war, Turkey's diplomatic activism in the region was also supported by Israeli. Therefore, these policies are not at the expense of the West, but we feel there is more to be gained in that rapprochement and we feel there is a lot of opportunity to be gained.

I'd like to come to the EU issue which I said is really the impetus for Turkey's reform process. It should continue -- and EU is actually very important for Turkey because as you know, we are part of the Customs Union since 1995 and our economic integration with Europe is almost complete. When you look at the legislation harmonization rate, it is over 65 percent and the new role of Turkey as a G-20 member and an emerging market fostering the European policies and regulations are key in the future. And the role of Turkey as a U.S. ally in security, energy, and free trade policies, as a European Union candidate is quite important.

However, the (inaudible) negotiations are not going at the rate that we desire and it's really not due to technical reasons. It's mostly political issues that are brought in front of Turkey in a way that has not happened to any candidate country before. And this lack of European dynamism in this process is actually making Turkey's relations with the West seem very hyperactive and it's not quite justified.

We do believe that the myopic view of the EU and its member states on changing global environment and increasing the role of Turkey in the region, is a key

concern for the future and it could actually be employed as a more constructive cooperation tool for the regional sphere in the future.

We feel there is a lot to be gained by establishing our foreign policy with more emphasis on the quality of our relations and not just about where we are in the map. It is a matter of our shared values and interests, and with this spirit, we need to look at our U.S. relations. What has to be done now is to restore our relations, build mutual confidence and healthier communication structures, and not to allow any kind of derailing because of hardening language. We must also do our utmost to avoid mutual disappointments.

Despite some disagreements on the priorities that are completely understandable, Turkey and U.S. still share the same interests in many aspects. We share the same priorities in the Middle East, in the Black Sea region, in the Caucasus, in Central Asia, in Afghanistan and Cyprus. Moreover, countering PKK and al-Qaeda terrorism is through increasing our understanding, respect and tolerance for each other.

I do hope our visit to Washington is going to play a key role in conveying some of our thoughts on this issue on Turkey's continued alliance with the U.S. and any misunderstanding and misconception of the way we are today. And for later I'll be very happy to answer any questions that you might have.

Thank you. (Applause)

MR. ÖZEL: Good afternoon. I won't speak to the issue of being a mentor. All I can say is, when you start pontificating about your student's theses and by trying to explain them you get yourself a position in the debates that means you should either retire or start thinking harder. And that's what I do with Ömer's invention, Turkish Gaullism, basically, very suggestive in my view formulation of Turkey's policies these days. In Turkish we say that metaphors cannot be wrong, therefore, whether this is the most appropriate metaphor, I don't know, but it does speak to a reality. And I'll try to then share with you how I view the

two crises and how I think we got there and what the structural reasons are behind these particular crises and plus the questions of mismanagement

In some sense, both the Gaza flotilla incident and the Iran sanctions vote were accidents waiting to happen. In a way, you can understand the Greek mythology. I mean, obviously Greek mythology inspires everything. You can understand what Cassandra must have felt all the time. Any thinking person knew that something awful was going to happen with the flotilla. We just didn't think it was going to be that awful, that it would be at the cost of nine lives. And everybody knew that a serious problem in Turkish-American relations would arise because of the rather important disagreements on the way the two sides thought Iran ought to be treated.

So, how did we get there? Let's first look at the issue of Israel. First of all, part of what happened between Turkey and Israel, that is, the, if you will, the deterioration of relations or the climbing down of the relations, or the slackening of the passion in the relations that we saw in 1996 is understandable. Time wears out all love affairs. But beyond that, there was also the fact that in 1996, Turkish-Israeli alignment was a function of regional and international circumstances that made it imperative for both sides to actually make their relation very public and get very close.

From the beginning, though, as has been the case since the establishment of diplomatic relations between Turkey and Israel back in March of 1949, the weak point, the Achilles' heel of Turkish-Israeli relations had always been the Palestinian issue. So, so long as the Oslo peace process appeared to be alive, the legitimacy of the relations were never really -- was never really in question.

By 2008, by 2009, by 2010, first of all, what made the relation with the intimacy with Israel so very important for Turkey -- and not just because of the military's mutually beneficial relations, but what made the relation with Israel so very important for

Turkey, those conditions were no longer around.

Back in 1996 Turkey had conflictual relations with six out of its nine neighbors. By the time we got to 2005, 2006, Turkey had conflictual relations with only three of its neighbors, which -- I should point out, which speaks to one misunderstanding or misinterpretation or lack of knowledge about history when the Justice and Development Party came to power in 2002, three of Turkey's most important conflictual relations were actually on their way to become much better. The Greek -- the relations with Greece were already on the upswing with the so-called Aegean spring. Relations with Syria were already on the upswing because (inaudible) was already kicked out of the country, the (inaudible) was signed, and the Turkish president back in 2000 went to Hafez al-Assad's funeral unexpected by the Syrians, and relations with Iran had begun to get much better from 1999 onwards.

Therefore, in 2000, until the Justice and Development Party found a Turkish engagement with three -- three of its most troubling neighbors. Therefore, Turkey was no longer feeling as closed in and surrounded by hostile powers after 2002 as it did in 1996. And by the time we reached 2007, 2008, as Ümit Boyner has tried to explain, the upswing from the economic crisis, the robustness of the Turkish economy, and the particular foreign policy vision whose driving force was economic expansionism, basically made relations -- put the relations on a very differing -- in my view, in a very different framework.

But -- and this also meant that there were two increasingly conflictual visions for the Middle East that the Israeli and the Turkish governments held. The Turkish government's overall foreign policy principle is, especially for the Middle East, to create a virtual cycle of peace, political stability, and economic integration, and more economic integration that will consolidate political stability and actually engender more peace. And to that extent, the two other non-Iraq countries in the Middle East who also have regional

power aspirations -- meaning Israel and Iran -- had almost the opposite view in terms of what would be necessary in the Middle East. Iran believes that it thrives only when other countries are unstable and Israel so far has not shown any interest of presenting itself as part of the Middle East and taking the concerns of the region in general as at least part of its foreign policy agenda.

Therefore I think structurally we did have the elements of a conflict in place, especially as the Palestinian situation seemed to deteriorate. And everything came to a head to a certain extent in 2009 with the Gaza -- 2008 -- December 2008 with the Gaza war.

Now, at that point, the Turkish government believed that it was very close to clinching an Israeli-Syrian deal, which the Turks have actually started despite American objections. And unexpected by anyone, they came close to creating an environment whereby even direct Israeli-Syrian relations or negotiators could have been possible.

Prime Minister Olmert visited Turkey in, I think, 17th or the 18th of December, spent five and a half hours with the Turkish Prime Minister -- and they spoke on the phone. The Turks have spoken on the phone with the Syrians during that meeting and the Turks, rightly or wrongly, believed that a deal was almost reachable. Three days later, Israel attacks Gaza, the Prime Minister of Turkey wasn't told about it, and we now learn that the Egyptians were told about it. So there was a sense of acute betrayal on the part of the Turkish government. And I think that also spoke to this conflicting visions for the Middle East that, in my judgment, structurally made Israeli-Turkish relations much more fragile than anybody could have expected them to be back in 1996 all the way to 2005.

And from Israeli perspective the way I see it, the fact that Turkey pushed an Iran policy that was antithetical to what the Israelis would have preferred to see, the fact that Turkish government insisted on presenting a linkage, rightly or wrongly, between the Iranian program and Israel's possession of weapons of mass destruction, the fact that the Turkish

discourse brought the issue of Israeli nuclear arms into the agenda in the nuclear disarmament talks, and finally the fact that Turkey pushed very hard for lifting the embargo on Gaza and of course Turkey's -- the Turkish government's quite sympathetic approach to Hamas also rubbed the Israelis the wrong way; also created upon those structural conflictual conditions, actual practical matters that made the situation very incendiary. And ultimately, we have had this attack against the flotilla. And because there is blood, it will be very difficult to repair the relations, certainly so long as these two governments are in place. And much more importantly, the legitimacy of the relations with Israel have been also hurt because Turkish lives were lost and these guys were killed by the Israeli military and were not even contiguous to Israel and there is no declared war between the two parties.

Again, from the Israeli side, obviously this looks very different, but personally and -- I don't need to get into the details of that -- I don't see why the attack had to take place 72 miles from the shore and in darkness and all that, anyway.

But, of course, the Turkish reaction to the incident also brings about a number of questions that I will just mention in passing and then if there are questions perhaps we can debate them, and that is, the logic of the Israeli-Turkish relation was the logic of two non-Arab states aligning themselves in a region which was defined by the Arabs as an Arab region. So, does the deterioration of relations between Israel and Turkey mean that the Turks have now made a decision to change axis? So, the shift of axis question, I think it may be more relevant in today's circumstances in the Middle East than whether or not Turkey is turning its back on Europe.

And secondly, the Gaza rhetoric, the Hamas rhetoric, the policy vis-à-vis Hamas that the Turkish government has, makes it extraordinarily popular in the Arab street perhaps. But I doubt that many of the Arab regimes share that particular enthusiasm. Therefore, on the one hand, Turkey tries to be in very good terms with most of the Arab

countries and Arab regimes. On the other hand, even the Prime Minister's closest advisors have a rather condescending view of the (inaudible) not be gaining them a lot of friends in Arab countries.

Now, this issue of the Arab countries virtually aligning themselves with Israel when it comes to Iran, when it comes to Gaza, Hamas, and whatever, also is the way we can (inaudible) to the Iran issue because these issues are related not in the way that they are usually presented in the press in my judgment, but if we look at what Turkey wants in Iran, what it is interested in, in my judgment we can make the following argument, and that is, a very mercantilist government does not want to alienate any of its economic partners. Thousands upon thousands of trucks take Turkish goods to Central Asian countries via Iran. Turks do not want to jeopardize that. And Iran supplies 20 percent of Turkey's gas and the Turks are very interested in exploring gas and oil fields in Iran and there have been agreements that were signed.

Historically as well, these two countries had been both competitors, at times enemies, but also had to by virtue of geography cooperate and basically live in a live and let live type of arrangement between the two of them. So, the official Turkish policy is that Turkey does not want a nuclearized Iran, but Turkey does not want a war against Iran because somebody else fights a war and we are holding the bag as neighbors of those countries.

And thirdly, Turkey does not want any sanctions because it believes it would jeopardize its economic interests.

On the other hand, and I know that especially the Prime Minister's rhetoric makes Turkey appear as the attorney of the Iranians and we seem to be giving beyond what can be called a reasonable level to the Iranians, but if you look at the practice of the foreign policy, what Turkey does is, in a certain way, is undermining Iranian influence in the Sunni

Arab Middle East as well.

Four years ago newborn babies were named either Musullah or Mahmoud Ahmed for Mahmoud Ahmadinejad. Now they are being named Recep Tayyip Erdoğan, and at a symbolic level, this speaks to the competitiveness of Turkish-Iranian relations.

Moreover, we have very different interests than the Iranians when it comes to the rebuilding of Iraq. And Turkey and Iran found themselves on different sides of who should be forming the government and whom they favored in the last Iraqi elections.

Now, since the time is limited, obviously both these developments, that is, the falling out with Israel and the vote against the sanctions at the UN Security Council, created, in my view, a serious bubble dip problem with the United States as well. At a certain level, this is the yet undefined relations between a global power and a regional power which is increasingly more assertive and the global power can be said not to have made the adjustment to listening to regional powers, especially on matters that are relevant to the regional power's interest.

On the other hand, I think there was also a question of Turkey not recognizing the centrality of the Iran issue beyond its own definition of what this issue had to be seen as. And, therefore, in my judgment, we do have not a passing problem, but a serious problem. And that serious problem, in my judgment, stems from not just the two parties' inability to actually define their common interest, but also from a mismanagement of their relations and certainly a level of miscommunication that proved in this case to be rather destructive.

MR. TAŞPINAR: Thank you to both Ümit and Soli Özel. I see many familiar faces in the room and I'm tempted to take the prerogative of the chair and ask a question, but I want to allow more time for Q&A, so please let's go ahead with the time we have on Q&A.

If you could please identify yourself and come to the floor and ask your question.

SPEAKER: My name is (inaudible). I'm a policy scholar at the Woodrow Wilson Center here in Washington, D.C. My question is the following: We've heard about the main structural elements that have changed the Turkish policy that were presented, but when we say the shift that we are seeing is a permanent one in terms of a foreign policy of Turkey, that also reflects some changes taking place inside Turkey, like the role of the NGOs, you know, that now the government probably is listening more to, I don't know, the civil society, you know, changes that happen inside Turkey even an impact of, you know, more liberal policy or the Europeanization of the civil society also in Turkey.

Thank you.

MS. BOYNER: I think generally Turkey has been -- I mean, at some levels we always said that it wasn't enough, but it has been on a democratization process, I would say, in a more pronounced way, since we became a candidate for Europe. That's why we put so much weight on that.

It has certainly become more civil. I would say that the role of military has diminished greatly in real politics. And I was actually asked earlier a question about if the military would ever come back and we don't think so. I think generally the rules of a more civil system is in place.

And one thing about the foreign policy, what is taking place in the foreign policy, maybe should be viewed in a sense that, what is being done and what is being said -- you know, rhetoric, because we've been talking about the rhetoric and some of the inflammatory remarks on both sides -- should actually be distinguished and in that sense I think there is generally, as I have said earlier, there is a drive for becoming more of a stabilizer in the region for increasing dialogue and we feel that is also happening at home.

Is it enough? No, I don't think it's enough. I mean, we still had this ongoing debate about the constitution, about how the constitutional accord was going to be formed and it's still at the constitutional accord right now, the decrees that have been given by the government, and it might end up in a referendum.

So, yes, there is still an ongoing debate and the level of democratization and the level that civil society is influential in Turkey still has more that is desired. One thing, that as TÜSIAD we have been very vocal on is the constitution, obviously. We've said from day one that we need to rewrite the constitution because even though there has been some amendments to it and although the new offer, the new proposition is amending some of the decrees that were put in place by the 1982 military coup, or the constitution that was prepared by the military coup, we feel that a constitution written with more representation from the public, all spheres of public, is necessary.

And the second is political reforms. We've been also very vocal about election law in Turkey and the political party system in Turkey which is still, I would say, closed to the system. We don't have the primary elections like you do here. Basically the party structure is very dependent on what the leader and his -- we call it politburo -- around him says, and this actually is distracting the whole civil society movement, that the representation of all spheres of the society is not there because the accountability of the parliament is basically first to the leaders of the parties rather than its constituents.

So these, we believe, are two structural areas where Turkey needs to make a change for the emergence, or I would say, the divergence of what is happening in terms of public awareness, in terms of how civil we're becoming, so that our voices are more represented in the parliament, so that we are more of a pluralistic parliamentary system.

MR. BLAKUS: My name is Nick Blakus. I'm an attorney here in Washington. I have lived in Turkey and I have represented the Islamic Republic of Iran in

the past.

I'm interested, Professor, in the three points you made which were that, first, Turkey does not want to see a nuclear armed Iran; second, that you are opposed to any war, to make sure that that does not happen; and that, third, that you are not in favor of UN sanctions. Would you please tell us what the next steps would be to make sure that what you don't want to have happen, happens?

MR. ÖZEL: The day I'm appointed Foreign Minister, I will do the following. I mean, look, I really think the mishandling of Turkey's efforts at mediation and Turkey's misunderstanding or lack of appreciation of the centrality of the Iran matter for the Obama Administration currently put us at an impasse which we will have to recover from. Many colleagues believe, in Turkey, that -- as our Foreign Minister said, that the swap deal that Turkey, Brazil, and Iran signed is still at the table and that Turkey's no vote was explained not just by the need to be consistent with its past policy, but also to maintain the trust of the Iranians so that Turkey can continue being a mediator.

I really do not think this is going to be possible, so we'll have to first figure out a way of mending Turkish-American relations over the issue of Iran, and then we can move forward.

The no nuclear Iran principle, I guess, is a no-brainer. And there, too, our government itself is divided because our Prime Minister suggests or says that he doesn't believe the Iranians are trying to produce -- they don't have a weapons program, whereas our President is dead sure that the Iranians are pursuing a weapons program, so we really don't know whom to believe. But I think in general the desire not to have a nuclear Iran makes sense strategically, makes sense politically, makes sense in terms of the Turkish foreign policy's main aim of having a stable region.

We don't want war, but I don't think it will be up to us to actually prevent it

from happening if somebody actually decides to wage one, although I think Turkey will try to the bitter end to let the -- to make the region avoid one. And the sanctions, of course the sanctions regime, as I read the new sanctions package, with all the bribes given to Moscow and Beijing, there really is no (inaudible) is it? I mean, yeah, maybe a couple of revolutionary guard guys will not be able to travel and won't be able to accumulate mileage, but apart from that, I don't think it is really a sanctions regime with great teeth either.

So, we are so long as the Iranians don't change their behavior, I really don't see how Turkey can by itself move us to the next stage, and if Turkey can do anything about it, it will just have to see eye-to-eye with the United States. In that sense, I find this particular break in communications to be rather disturbing because, again, because this also goes to the issue of whether or not Turkey's changing axis.

As you can imagine I am mostly a Europhile person and I support Turkey's European Union membership, but I really get annoyed when especially the Europeans ask us if we're turning our back to the Europeans because then we can always ask back and say, have we seen anything but your back lately? And to that extent, I think Secretary of Defense Gates identified an important problem in terms of this perception of Turkey that is now prevailing and all these concerns that are being raised. After this debacle, in my view, the thing to do is to find a new policy of engagement with Turkey with much better communications. That should be the next step.

SPEAKER: Marina (inaudible) with Carnegie Endowment. All three of you, to different extents, have presented the foreign policy of Turkey as the outcome of the period of economic growth, the fact that the country is much more self-assured, that it's becoming a regional power. If you look at many of the interpretation that have been given here, particularly by the more conservative part of the press by groups are close to Israel, the policy has been presented as the policy of an Islamic political party that's in power.

So, my question is, to what extent is the policy changes that we have seen, not necessarily the tone of some of the discussions, but sort of the thrust of the policy, is this Turkish policy or is this the policy of a particular government or a particular regime?

MS. BOYNER: I think I mentioned earlier that we need to distinguish between the actions taken and some of the rhetoric that took place and I firmly underline that. But also I would say that if some of these changes and some of these agreements with our Eastern neighbors or some of the actions that Turkey took in the Middle East had taken place by, I would say, a social democratic government, some of these concerns or some of the anti-propaganda that is taking place against Turkey, would not have taken place.

So, yes, I think some of the reforms or changes in the policy have taken place because of the changing global situation, the fact that Turkey's self-assured, and Turkey does not act with the Cold War intuitions -- that era's intuitions anymore, that it is a viable player in the region. I think it is a Turkish policy; it's not the policy of just AK Parti, of the governing party. But some of the rhetoric that has taken place is preparing the ground for some of the anti-propaganda that is taking place here.

MR. ÖZEL: It's a very legitimate question to raise, but I assign myself a mission lately and that mission consists of one thing and one thing alone, to correct the misrepresentation of Turkish political history which is so rampant that it is so annoying I cannot tell you.

The world did not start turning, Turkish foreign policy was not born in November of 2002. Everything -- I don't mean this for you, I mean, I mean this for those who say it was. Every single issue that we're talking about today was already thought out by Prime Minister and then President Özal. He couldn't implement it because circumstances were not present and Turkey was not yet as robust to carry on such a policy, but the foundations were laid in the course of the last 20 years, certainly after the Cold War ended,

number one.

Number two, as I suggested in my introduction, Turkey's relations with its neighbors began to ameliorate in 1999 not in 2002. This does not take away from the fact that the AKP government put a lot more emphasis than any others and showed incredible devotion and energy to make sure that these would be even ameliorated further.

Now, in that sense then, I think there are three reasons as to why Turkey pursues the policy that it does and unless something really drastic happens will continue to do so. One, the center of gravity of the world's strategic problems has shifted east and we are very close to that new center of gravity. Second, the United States made a mess of the Middle East with the Iraq war. Somebody had to fill in the vacuum, Turkey stepped in, certainly between 2005 and 2009, and it will not really leave the area. And thirdly, Turkey's own dynamics pushed it towards engagement with all the regions around it. Fourthly -- and that may be the critical difference between AKP and other governments that have pursued the same policy, that is, the AKP sees itself not just as a regional power, but as a regional hegemony which will working together with the United States and will unseat Israel strategically. This is why the structural conflict between the two is so strong, and both parties, after this incident, tried to push the United States to make a decision between the two. And Washington, in my judgment, refused to do it and I think that was a very wise decision.

MR. TAŞPINAR: Just on this, I think -- you made the parallel between Özal and Erdoğan. If it is Erdoğan's policy to push Washington to pick between Turkey and Israel, I don't think Özal would ever have done something like that.

MR. ÖZEL: That's what I said, this is the distinguishing factor. I didn't say Özal would have done it.

MR. TAŞPINAR: So, in that sense, Turkey would have been in a different

position, I believe, if it had a -- the Özal-like vision today because I think more than AK Parti, Özal's vision was based on Turkey's comparative advantage being part of the West and he wanted to speak to the Islamic world, to the Middle East, but with a leg firmly anchored in Washington and firmly anchored in the European Union.

Now, things have changed. We should not be unfair to AK Parti. They tried to be anchored in the European Union, but a lot of things have changed since then. But I think there is a certain level of visionary difference between Özal and Erdoğan in that sense.

SPEAKER: (inaudible). Prime Minister Erdoğan and President (inaudible) will meet in Canada during the G-20 summit at the end of this month, so my question is about that, because President (inaudible) said that this meeting, this "face-to-face" meeting, so what is (inaudible) expectations from this meeting?

Thank you.

MS. BOYNER: Well, a lot can happen. In the way we are living today, a lot can happen between today and the G-20 meetings. And we believe a face-to-face meeting - - and we hope -- will be constructive in starting up a fresh dialogue, as I've stated earlier, that basically puts our relationship on more shared values and interests rather than this hardening language because as it is today, it is not sustainable. So, it is a good opportunity.

But what will happen in terms of this inspection with respect to the incident in the flotilla and how the U.S. responds, if there will be any response from today until then, how some of the tracks of diplomacy work, I think these are all determinants of how that face-to-face meeting is going to evolve. And I'm not even sure that we're going to witness or hear everything that happens, but hopefully it will be a good opportunity.

SPEAKER: (inaudible) from (inaudible) television. You mentioned about the problems Turkey and U.S. are having in their relations lately. Do you think that this problem has the potential to affect bilateral economic relations as well? Are you concerned

such a deterioration can happen between economic relations between two countries?

MS. BOYNER: U.S. and Turkey?

SPEAKER: Turkish economic (inaudible).

MS. BOYNER: I think our relations are too entrenched, and not just economic relations, and actually as you might know that there has been a committee that was formed by Alibabajan to actually increase our trade and investment, bilateral investment, into countries, and U.S. is a very important trade partner for Turkey. U.S. has a lot of investments in Turkey. I am hoping, and I think this is the rational thing to hope, that this situation, this conflict that we're living today, is not going to lead to that. There is so much in our past to prevent that.

MS. DOMINIC: Mary Dominic. I had a question about an article that appeared last Thursday or Friday in the UN Wire, it was first from the BBC, that Turkey, Lebanon, Syria, Jordan, have taken steps to have freedom of movement of people and goods and I think they're lifting visa requirements. Can you comment on this please, especially the European reaction?

MS. BOYNER: I said earlier that the economic necessities sometimes -- not sometimes, but increasingly so -- pave the way for diplomacy. I was in the southeastern region of Turkey just three weeks ago. These are cities called Gaziantep, Urfa, that are on the Syrian border. And you can't imagine the level of economic activity, the increase in GDP output, that has taken place since some of these rapprochements and all these developments happened in that border. I think it is very important for Turkey to increase its trade with its neighbors especially on the southeastern border because these are underdeveloped or comparatively underdeveloped regions of Turkey, and the European reaction to that, I have not really heard anything terribly objecting that.

But as you know, the trade -- or the markets in the European Union are

being very negatively affected by the economic crisis that we're living through. And we all know that some of the growth in the world is going to take place -- most of the growth is going to take place in the emerging markets. So I think it's only natural that countries like Turkey, or anybody, tries to find alternative markets for its goods. And increasingly, as TÜSIAD, we're finding that many Western -- I mean, beyond governments -- many Western companies, European or American, are actually trying to cooperate with Turkish companies, form ventures with Turkish companies to invest in Central Asia, to invest in Middle East, so that is one truth that I think goes beyond any concern that some people might have on axis.

MR. ÖZEL: I want to address this question and also finish the incomplete answer to Ms. Ottaway's question. Again, this speaks to the mercantilist drive of Turkish foreign policy undoubtedly and we now have no visa requirements with Egypt, Libya, Jordan, Lebanon, Syria, soon enough probably with Iraq and we have even lifted visa requirements up to a month with Russia. How that is going to be functional, we don't know, but that says something. And then no visa requirements for the Greek islands, obviously, although it probably kind of violates the Schengen agreement. It all is about this expansionist mercantilist foreign policy.

But, you know, we tried to look at Turkish foreign policy from a secular viewpoint and from the rational -- from an analytical viewpoint, and the questions that are raised about Turkey's changing axis and whatever, I think, stem mostly -- not just from Turkey's increasing engagement with the countries to its east and south, because it also has more intensive relations with Russia, more intense relations with the Balkans. I would predict that we will have probably more intense relations with Greece and all that. But the language that is being used and the conceptual framework within which some of these things are being presented, and finally, what the chairperson said about shared values -- obviously when we're going to talk about shared values, which set of values you're going to

choose are going to be important.

So, if you cover for Omar al-Bashir, if you cannot have a word to say about the stolen elections in Iran. And if you're not going to be able to say a couple of words about some of the less appealing aspects of your newly found friends, that obviously puts you in a -- now, one can understand that you don't want to alienate these guys before you even started to have good relations with them. On the other hand, there are critical moments when you've got to use a proper language and I'm afraid that many times on Iran, and certainly after the flotilla incident, the rhetoric of particularly the Prime Minister went way beyond acceptable limits, and that is then generating concerns about (inaudible) rather understandable, presentable, and actually intelligent.

MS. BOYNER: One thing I want to add about the European reaction here, as I've said, we've been members of the Customs Union since '95, and there are still many trade -- free trade agreements that we're working on that EU has not been supportive of. And with respect to, for instance, visas for businessmen to European countries, we have been appealing for some sort of leniency, so that, I mean, if you're a businessman, you trade with Europe, you need to be able to at least travel -- not freely, but at least with longer visa period. Even in those cases the European Union has not been responsive. So I think maybe it is time that, you know, some thought is given to these actions.

MR. ÖZEL: That is especially pretty sensitive wound because for better or worse, Serbia was in the business of committing either genocide or ethnic cleansing 15 years ago. Serbs can now travel freely in Europe although they have not even begun accession negotiations. Turks are legally entitled to have free circulation. Am I correct? There are court decisions on this, but the European government's refused to implement this. This is truly unacceptable and if anybody is going to raise the question of whose turning their back on whom that really is something that makes me crazy.

MR. TAŞPINAR: We can see what kind of foreign minister you would make, sir. (Laughter)

MR. LIEBERMAN: My name's Dan Lieberman. Turkey actually controls a lot of the oil pipelines and sea lines to Israel, but meanwhile Israel, from reports, (inaudible) and training the KKK, which is antithetical to -- PKK. PKK, I'm sorry. PKK.

SPEAKER: Not exactly the same.

MR. LIEBERMAN: They may be training the KKK, also. The PKK. Also, of course, they're encouraging an attack on Iran, which is against Turkey's policy. They've also declared the IHH a terrorist organization, which is, of course, a Turkish organization, and we've had that incident at sea where a Turkish national has been killed.

So it seems to me that Turkey has a lot of leverage over Israel controlling some of the oil resources where Israel has no leverage over Turkey at all. So why does Turkey bow to Israel? Why aren't they more forceful to Israel? It seems they have the greater hand.

MR. TAŞPINAR: Is this a trap question?

MR. ÖZEL: I'm not really sure that Turkey has been bowing to Israel, but more than oil, I don't think oil is the more important one. Gas -- for instance, there was going to be a pipeline that would take Russian gas through Turkey to Israel. And after the flotilla incident, the Russians and the Turks said that they were cutting Israel off of that project. And luck would have it that the Israelis discovered 100 miles from their shores gas reserves and they will not need it anyway. But I didn't catch the connection to the PKK.

MR. LIEBERMAN: I believe Israel was training the PKK; at least that's what's been said.

MR. ÖZEL: Is Israel training the PKK? There are people in Turkey who believe this. To the best of my knowledge, we've seen no evidence. And if there was

evidence I suppose the Turkish government would have brought it up. There was a speculative reaction to an attack against the naval base that happened only hours before the raid against the flotilla and many people have tried to connect the two. But somehow nothing really came out of it. I don't know.

MS. BOYNER: They actually found no real basis for support in the public, the attack in (inaudible).

MR. TAŞPINAR: I think we will wrap up. Do you have any final comments, Soli? Okay.

Thank you very much for this timely discussion and we hope to see you again, hopefully, at Brookings this time. (Applause)

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ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190