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P R O C E E D I N G S

MR. ANTHOLIS: Well, welcome, ladies and gentlemen, to Brookings. It's terrific to have you all here on this beautiful, warm December day. As somebody who writes on global warming often with a grumpy tone, I must say that on days like this you have to stop and think about it, perhaps, unfortunately, but it is what it is. And it's a pleasure to welcome you not just here to Brookings, but to also welcome our Turkish friends from TUSIAD, who are here with us this afternoon.

It is significant that we are examining the partnership between the U.S. and Turkey at today's session. For the United States, Turkey has, in so many ways, developed broad common interests and worked very hard to develop and work on our shared values. And we have, at Brookings, really experienced the important cooperation and the things that can come from that in our work with TUSIAD over the years on this very critical U.S.-Turkey relationship.

In recent years, Turkey's foreign policy has become increasingly active. It's a bit of a cliché to say that Turkey has been defined by its geography as a bridge that straddles Europe, West Asia, the Middle East, and North Africa. It sits at the crossroads, as well, not just between geography, but between Western democracy and a range of more authoritarian states, between the market economies of the West and the decaying state-driven economies in need of reform of the Middle East, and between secular governments that respect religious freedom and minorities and more theocratically-driven regimes.

But the bridge metaphor doesn't work because Turkey is now redefining that geography. It's not just a passive bridge, but instead an active and central player making use of its multiple regional identities, connections, and its deepening embrace of pluralist and market-oriented political and economic institutions.

Through that it is playing a constructive role in global affairs and I say this as someone who is very much a product of Turkey. Despite my Greek last name, my father's father was born in Istanbul and came to the United States speaking more Turkish than Greek, and we were talking at lunch, in the family he was known as "the Turk", and through those eyes I have watched Turkey, since my youth, often painfully, but ever and increasingly hopefully, as it has navigated the rocky political waters of its relations with Europe, with Greece, and with Cyprus.

I say this quite proudly, with my colleague Kemal Dervis, who's not here, who, not singlehandedly, but was certainly a strong force in Turkey's reforming its own economy and now being a beacon in the region for what economic reform can do for a country.

While a host of Eastern Mediterranean issues are far from resolved, I've seen first hand the progress being made on a few key human rights issues in Turkey, such as the return of important church properties in recent years. Almost exactly three years ago in the room across the hallway, Ecumenical Patriarch Bartholomew announced from that stage that Turkey planned to return critical properties on the Princes' Island after a European Court of Human Rights decision, and to just give you context for this, in the United States, if another country's top human rights court found a ruling against the United States, the idea that our Congress and our government would seek to comply with that, many would find to be a violation of sovereignty, yet in this case Turkey did and I think it's appropriate to acknowledge that.

Turkey's progress on those issues is a sign to Europe, to the Middle East, and to North Africa, that it is seriously committed to emerging as one of, if not the most, economically and politically vibrant nation in a very challenged region.

I'm also proud to say that Brookings has recognized Turkey's rising

geopolitical and cultural significance, through our work, concentrated on our Center on the United States and Europe, which is headed by Fiona Hill, and thanks, very much, over many years to Omer Taspinar, the strategic importance of Turkey's role in the world has been a big part of Brookings.

In this effort, we've been delighted to partner with a number of influential and innovative organizations including Sabanci University and TUSIAD.

As most of you know, TUSIAD is recognized as the most influential, independent civil society organization in Turkey. For 40 years it has conducted innovative research, served as a key forum for exchange between Turkey and the West, and developed sensible solutions for Turkey's economic, social, and political problems.

For the past several years, with the collaboration in support of TUSIAD, Brookings has undertaken a research and convening project that aimed to elevate the level of understanding in Washington of developments in Turkey, and their implications, both for the region and for U.S.-Turkish relations.

Last year, our President, and my boss, Strobe Talbott, and TUSIAD's chair, Umit Boyner, who will be coming up in a second, concluded a new partnership agreement to expand and enhance our existing collaboration in several ways. One way is through the establishment of the TUSIAD senior fellowship at Brookings, which will give us new capacity and expertise to conduct timely and innovative research on issues affecting Turkey's role in the world.

It is my pleasure today to announce that Kemal Kirisci -- how did I do? Good -- will join us in January as the inaugural TUSIAD senior fellow and director of our Turkey project. That's a real delight for all of us that have gotten to know Kemal.

Fiona will introduce Kemal more formally in just a few moments, but I wanted to extend congratulations to him and to us for having him join us. We are really

delighted about this and we all look forward to working with Kemal.

So, I'd now like to turn the floor over to Umit Boyner, who is the chair of the board of TUSIAD. We are delighted that she and her colleagues from TUSIAD could once again join us here in Washington. We're grateful to the support of TUSIAD that it has provided Brookings since 2006, and we eagerly look forward to this new phase of our partnership with them. So, thank you.

(Applause)

MS. BOYNER: Good afternoon, ladies and gentlemen. I'd like to extend a warm welcome to all of you. The stimulating turn out in the room actually shows us that as TUSIAD, we're very much on time for being in Washington, and having this panel today discussing the future, the next phase in the Turkish-American relationships.

The United States had a very historical election. It looked to us in Turkey and to much of the rest of the world, that this was a critical election whose outcome would determine the path and tenor of American politics for perhaps decades to come. As a nonpartisan observer of the American scene, I shared the rejoicing of much of the world that President Obama won the elections. As a businesswoman, I now expect a second term which will tackle chronic economic problems and get America's fiscal house in order.

The reason why I am so engaged with the domestic affairs of the United States is pretty obvious. What happens here echoes in the rest of the world. In foreign policy, as well, the world has expectations from the United States that are pretty difficult to meet. Yet one thing is certain and that is that the world wants the U.S. to be engaged and not turn inwards.

The world that we have been accustomed to is rapidly changing. As an Asia, which was once treated as a drama, now is the emerging new economic center of

the world. The Middle East, once thought as immovable, is going through a vibrant, if difficult, phase of -- process of transformation.

In international relations, the so-called swing states nowadays deserve a closer scrutiny for their foreign policies and political preferences. In essence, Turkey is actually one of those swing states. It is also a close ally of the United States.

Our relations over the years had its up and downs, but each time, in the final analysis, we came out with our -- from our crises together and always determined to continue to cooperate.

During President Obama's first term, Turkish-American relations were upgraded, if that term is right, from a strategic partnership to a model partnership. Although there were disagreements between the two capitals, notably on the issue of Iran's nuclear program and Turkey's relations with Israel, there was also a whole variety of issues that required close cooperation.

Never was this cooperation more meaningful, perhaps, than in the aftermath of the Arab Awakening. This profound transformation of the strategic, political, and sociological landscape of the Middle East that will take a considerable amount of time to come to conclusion, needs our attention and also our assistance.

At a time when the United States is publicly committed to pivot to Asia, the realities of the Middle East, whether these be related to Iran, the desperate picture of the peace process, the endgame of the Syrian conflict, or the avoidance of a sectarian war on a regional scale, will continue to call upon a Washington position however reluctant the U.S. might be.

That reality will be the framework within which Turkey and the United States can reforge their alliance, reassess their priorities and common interests, and start devising a joint strategy and coordinate their policies.

In doing so, we will need to be resourceful, perhaps think outside the box, but first and foremost, be very frank and open with one another.

While Turkey will be asked to see America's limits, the United States ought to listen to Turkey's concerns and take its reservations and recommendations into account.

The panel today can be a good opening shot to start this discussion and the debates on how the next phase of the Turkish-American relations will shape, and I'm looking forward to its deliberations. Thank you very much for being here. Fiona, the floor is yours.

(Applause)

MS. HILL: Well, we appear to have our first challenge, the initial one is making sure that you can hear me with this microphone. The second, I think, is to all avoid being asphyxiated by the leaf blowers from outside. I'm sure you're all wondering what is this noise. Can you hear the big noise outside? We're trying very hard to think outside the box and fix it. We've sent emissaries to see if we can do something about this.

But I think in some respects, that's indicative of the challenge that we face in U.S.-Turkish relations. It's a noisy region with lots going on and all kinds of crises and unexpected events, and right now it's the ginkgo trees that have shed their leaves thanks to a late fall and the apartment building behind us is competing with our event to sweep up the leaves. So, anyway, hopefully there will be a moment of silence somewhere and I do apologize to all of you, but there you are. This is exactly the kind of thing that we're contending with here in Washington, D.C.

Was that the end of the leaf blowing? But this is, again, emblematic of where we are, and I'd like to, before we begin, as Bill Antholis said, to welcome on board,

though he's not going to be really here until January, Kemal Kirisci -- I've been practicing for a lot longer, see, so I know exactly -- and Kemal is currently, still, we have to make a shout out to this, the Jean Monnet chair in European Studies at Bogazici -- which I can't pronounce quite so well, or Bosphorus for the unenlightened of us -- University in Istanbul. And has been a scholar for, as he was reminding us today, 30 years of European and broader regional issues and is also one of Turkey's leading experts on a host of issues, including Turkey's relations with its neighborhood, migration, and also political economic issues, and we're delighted that Kemal, with this very strong portfolio of research and expertise, as well as his long teaching experience, he's not frightened to face large auditoria, although I think in the auditoria, he's usually -- he has to learn everyone's name. You don't have to do that at Brookings, we keep telling him, although it will probably be helpful to have the name and face recognition that he's built up over years of teaching in Istanbul and as a visiting professor in other places for him to be able to handle the new Washington crowd.

And we're very pleased that Kemal has taken up the position and will be joining us in January.

Kemal is joined on the panel by two faces that I think everybody in this audience know very well already, our own Omer Taspinar, who is also a professor at the National Defense University -- every time I think they're going to finish, they keep on going -- and Omer is going to remain affiliated with the Turkey Project and keep doing the solo work that he has been doing on various projects and research papers.

And Soli Ozel, professor at Kadir Has University, also in Istanbul, who is one of Turkey's best known commentators and also an advisor, senior advisor, to TUSIAD.

What we wanted to do today, as the title suggests, is really take on board

this issue of the next phase of the U.S.-Turkish partnership and relationship, the strategic partnership. As Umit Boyner pointed out, there was an awful lot of hope and anticipation in 2009 when President Obama came in for his first term, and, indeed, his momentous and historic visit to Turkey as one of his very first international trips and the famous speeches that he made during that trip on looking forward to a whole new agenda in the Middle East.

Well, I think he did get a new agenda, perhaps not the one that he anticipated, and, you know, we're still getting up the leaves, using the metaphor again, of the Arab Spring, and we'll have to think now where all of this takes us.

And as Bill has so eloquently laid out here, there's an awful lot of history in that region to contend with, a lot of issues on the table that long predate the current Turkish and U.S. governments, but that are still with us in one form or another -- the future of Greece in the broader region, you mentioned the history of Turkish-Greek relations and how much that has changed, the issue of Cyprus, we have Ambassador Anastasiades from Cyprus here in the audience with us. Cyprus has the presidency of the European Union, also a very momentous development both for Cyprus, and in fact has actually belied many of the predictions that one had of a blow up in Turkish-EU relations under a Cyprus presidency. I think one can say that that actually has not happened because there's been so many other things on the agenda that this has actually been rather a calm period in Turkish-EU relations.

And so, against the backdrop of all the things that we've seen in the wake of the Arab Spring, on all of the issues on the United States agenda, the discussions that we've had in many of the fora here at Brookings about the pivot to Asia, which the Administration here in the United States has made clear is not a pivot away from anything, but is a rebalancing of foreign policy given the rise of Asia.

We're going to use this occasion with Kemal and Soli here from Istanbul to really take on the big agenda and see where we need to head.

We talked very briefly before we came into the meeting with Martin Indyk -- Martin is, unfortunately, on a plane to Copenhagen right now and will later be joining Strobe Talbott, who's in London, unfortunately all of our leadership are always in perpetual motion somewhere -- about the expectations of the new Obama Administration, the second term, about the role of Turkey, and Martin put on the table the expectation on the part of the Administration -- of course, Martin is not part of the Administration, but is just basically positing this will be, that there will be a great deal of expectation of Turkey picking up more of a leadership role in the broader region.

We've already seen that on the issue of Syria, not perhaps by Turkey's choice, but by the sheer press of events and the developments in Syria, but also behind the scenes in Gaza and helping to effect, certainly from behind the scenes, a ceasefire between Hamas and Israel. Big questions about how Turkey will interact in the future with Israel given the souring of relations that we've already discussed here before, and the new emerging relationship with Egypt.

We also had on the table a question of Iran and where we go in 2013 on the question of nonproliferation, and how Turkey will deal with this issue given its role in the past -- the, I guess one might call it, the infamous attempt, although it was certainly well intentioned, along with Brazil, to form another mediating track that was also, initially, at least, a coordinate of the United States on the issue of Tehran nuclear reactor.

We've gone long beyond that initial (inaudible) in a very different place right now.

And so what I wanted to do was to, first of all, ask Omer, then Soli, and then Kemal, to see what else should be on this agenda here. What can we really

anticipate from Turkey? And starting with you, Omer, as you sit here most of the time with very frequent trips back and forth to Turkey, from your perspective from here, what is on the agenda for the next Obama Administration? How fair is it to have the expectations that Turkey will be able to step up on a number of the fronts that we've outlined here, particularly given the difficulties that Turkey continues to face in its own neighborhood? And what else should we be thinking about in this regard?

MR. TASPINAR: Thank you, Fiona. Can you all hear me? Is this working? Good.

I think it's fair to say that if history is a guide, there will be ups and downs in the Turkish-American strategic partnership in the next four years during the Obama Administration's second tenure. If you remember the first term, when President Obama came to power, his first overseas visit included Turkey. He spoke eloquently in the Turkish parliament about a model partnership. He, in a way, reminded the Turkish legislators about his views on the Armenian question without using the "g" word, very eloquently, again, yet 2009 was the year of Turkish-Armenian rapprochement, and for Obama and the State Department, Hillary Clinton, Washington overall, it was very important to put, basically, Turkey-Armenia on the right track so that there wouldn't be a major problem as far as a surprising congressional resolution regarding the genocide issue.

But then what started good, what started promisingly turned sour, and here I want to play the theme of an up and down in the strategy partnership, the next year, in 2010. In 2010, the Turkish-Armenian rapprochement unraveled. The perception I Washington was mainly because Turkey failed to pass the protocols from the parliament and indexed the question to Nagorno-Karabakh and its relations with Azerbaijan, but more importantly, in 2010, Turkish-American relations witnessed a major crisis because

of Iran, what you just referred to, the deal that Turkey brokered with Brazil came as a huge disappointment, but more than the deal itself, it was Turkey's vote in the United Nations Security Council, which was a no vote against enhanced financial and banking sanctions towards Iran that disappointed the Obama Administration at a time when Russia and China voted in favor of these sanctions, the NATO ally, an ally for which President Obama had invested a lot of political capital voting no came as a bitter disappointment.

Then the Israeli-Turkish crisis happened almost simultaneously, first the Davos incident, then the Mavi Marmara crisis and Turkey's relations with Israel hit rock bottom, and that too created a sense of alarm in Washington. That was probably the low point in terms of the Obama Administration's relations with Turkey in 2010, not too long ago.

Yet now, fast forward to two years ahead in 2012, many people refer to Turkish-American relations as, now, going through a golden age, again, a very positive era. So, from the downs of 2010, we're back to a very promising era and one can ask what has changed from 2010 to today, from this time when relations had hit rock bottom, and the answer is probably the Arab Awakening and the emergence of Turkey as an unacknowledged, sometimes acknowledged model for the most important political mobilizing movement in the Arab world, the Muslim Brotherhood.

Most of the Muslim Brotherhood parties in the region, from Tunisia to Jordan, including the most important one, Egypt, refer to Turkey and the AKP more specifically, as a model for them, and that increases Turkey's soft power, that increases Turkey's attraction in the region and that, I think, in itself is a very important conceptual factor that we should keep in mind, but also I think more tangible and on a more concrete level, what put Turkey under a positive light in 2011, last year, was Turkey's -- a very

strategic decision to say yes to host radars necessary for the missile defense system, the antimissile defense system, in the framework of NATO, and that decision, in my opinion, was almost a make or break movement for the Obama Administration in terms of testing Turkey's commitment to NATO and testing Turkey's commitment to the Transatlantic partnership.

So, the Arab Awakening and the decision on the radar basically reiterated Turkey's strategic importance and allowed the Obama Administration to very skillfully compartmentalize relations between Israel and Turkey. In other words, Turkey did not pay a heavy price, especially in the eyes of the executive power in Washington, especially vis-à-vis the White House in terms of its worsening relations with Israel. There was a perception in Turkey that there would be a heavy price to pay in Washington for the worsening of relations with Israel, and this did not happen.

So, to what degree now we can talk about it under this very rosy picture of a golden age of relations between Turkey and the United States? Well, I have a couple of points to make about this and I'm a little bit skeptical about this golden age because there are actually important problems, and the most important one is obviously Syria, and we may be very well facing an unacknowledged crisis in Turkish-American relations because of the very high expectations of Turkey in terms of American leadership in Syria, especially the Prime Minister is very disappointed, in my opinion, for the absence of leadership on the part of the United States in Syria.

He probably had high expectations that somehow the Obama Administration would take a different position after the elections, but this is not what we see in Washington, despite the red lines narrative that we heard from the President yesterday, I think there is no willingness in the Administration to really intervene militarily in Syria and the absence of really a WMD dimension, the absence of the regime, the

Bashar al-Assad regime using chemical weapons.

And I think Turkey's expectation, in many ways, was that the U.S. would at least begin arming the opposition, now that there is a new political opposition, and that it would take more seriously alternatives such as a no-fly zone.

This is not what we see in Washington, and in that sense, I'm worried that Turkey's expectations will remain unfulfilled and that will create more frustration in Turkey as the Syria situation will continue to spillover.

So, that's one dimension where I think we have to be realistic about what's next, the question of what's next in Turkish American relations.

Another area where we saw, despite this talk about the Turkish model and Turkey's growing soft power in the region, another area where we saw that Turkey's unable to play a very efficient role is the Palestinian-Israeli problem. What we witnessed in Hamas a couple weeks ago was in a way the return of Egypt as a strategic player to the region.

We have to remind ourselves that Turkey's role in the Middle East in the last ten years was in great part the role of filling a vacuum, filling a gap, and that vacuum was in large part because of the absence of Egyptian leadership in the region.

Under Mubarak for the last 30 years, but most importantly in the last 10 years, Egypt was unable to really be the leader, to play the role of a leader in the Arab world, in the Arab League. It had a very problematic relationship with Hamas, Hamas being the Muslim Brotherhood wing of the Palestinian movement.

Now that you have the Muslim Brotherhood itself in power in Egypt, Egypt has a privileged seat to talk to Hamas, to a movement that it knows well, it speaks the same language, both literally and ideologically, but more importantly, Egypt has something that Turkey cannot offer, relations with Israel. The fact that Turkey is unable

to now have a strategic dialogue with Israel, in a way diminishes Turkey's comparative advantage, and on that front too, I think, Turkey is facing a new Middle East. It's not just the Syrian challenge, but in many ways, it's the return of Egypt that will have certain implications for an Obama Administration that will look to partners in the Middle East for burden sharing, for diplomatic burden sharing, and it looks like Egypt is better placed than Turkey in the Israeli-Palestinian question, and that's not surprising, but that, I think, is a disappointment for some in Turkey who believe that Turkey should be the natural mediator, should be the natural country.

And there is also a sense of disappointment in Washington, which mirrors Turkey's own disappointment vis-à-vis Syria, about the Turkish position on Syria. Perhaps naively, people in Washington took Turkey's own narrative about regional leadership very seriously. I say naively because here Turkey became the victim of its own narrative. Turkey put the bar so high in terms of its leadership role, had such an ambitious discourse about its regional importance and this discourse about the regional solutions needing -- regional problems needing regional solutions, that everyone expected that Turkey would really play a leading role in Syria, not just on the diplomatic front, but maybe on the military front as well.

In a Washington somewhat accustomed, after Libya, to leading from behind, the country that would take the lead in Syria appeared to be Turkey, and when Americans approached Turkey asking, what is your Syria strategy, what is your plan, often the question was echoed back by Ankara, asking Americans, what is your strategy? You are the super power, tell us what to do. You need to show leadership here.

In that sense, I think there is also a certain level of disappointment in Washington by the fact that Ankara is looking to the United States for leadership and it's not willing to take the hard decisions itself by especially providing more leadership on the

military front. And here I think there is a tendency in Turkey to avoid unilateral action that America is rediscovering.

So, on a number of areas, I think, we're likely to face problems in the next few years as America pivots to Asia, as America pivots to China, as it slowly disengages from the Middle East, I think it may find -- America may find in Egypt a more strategic player, a player that can mediate, that can play the role that Turkey used to play, perhaps, in 2006, 2007, 2008 when Turkey was mediating, for instance, between Syria and Israel. That was the heyday of Turkish influence, probably, but those days are gone.

Let me finish by also indicating that we may also hit a rock bottom again in Turkish-American relations in the next couple of years in the framework of the Armenian genocide question in 2015. I don't think that what Turkey is doing at the official level in terms of preparing world public opinion or its own public opinion to what may happen in 2015, is sufficient.

We don't have, really, a debate about 1915 in Turkey, we don't have, really, a necessary introspective look at what could happen, and there are unrealistic expectations that somehow Turkey's strategic importance once again will carry the day and we may avert a crisis, but if I were in the shoes of policymakers in Ankara, I would seriously start thinking now for a policy to engage Armenia. The only way I can see Turkey doing damage control in 2015 is by having a major rapprochement with Armenia by putting back the protocols at the table and talking to Azerbaijan, talking to Armenia, talking to the Minsk Group more seriously about a potential breakthrough, but something needs to be done, otherwise in 2015, we may be facing, once again, an important crisis in Turkish-American relations.

MS. HILL: Thanks, Omer. You've put a lot of important issues on the

table here as well as looking forward for several years ahead. There's one thing I'd like to just press you on a little further. You said the United States, in looking for regional partnerships, the big sort of theme of our discussion today, will look to Egypt. What are other countries from this perspective in Washington, D.C. that we might look towards? Qatar, you know, comes very frequently into discussions here in town given the role that the emir, personally, his foreign minister, and many others have played, not least in the media sphere with Al Jazeera putting a whole set of issues on the table, but also the role that they have played, in fact, in hosting so many of the regional groups and groupings on critical issues.

I mean, should Turkey be looking more broadly in terms of its regional role, not just about its relationship with Egypt, but whole sets of relationships? You mentioned Israel and whether Turkey will be able to move forward in playing a greater regional role, not just on the expectations of the United States, but in keeping with its own expectations of its regional prominence without factoring in a number of other countries.

MR. TASPINAR: Well, you're absolutely right that Turkey should look beyond Egypt and Turkey should have a regional strategy, just like the U.S. should have a regional strategy, but realistically speaking, I think you're all tired of hearing the same joke now of about Turkey's zero problems with neighbors policy turning into a situation where Turkey has zero neighbors without problems. You basically have a situation where Turkey has problematic relations with almost everyone in the region, not necessarily because of its own mistakes, because of the change in the context, but, yes, good relations with Qatar, good relations with Saudi Arabia helps. But that also creates the picture of Turkey, a country that takes sides in the Sunni-Shiite rivalry.

Again, in 2006, 2007, during the more positive years of Turkish influence, I think the prime minister was following a policy that transcended the Shiite-Sunni rivalry.

He was the first politician coming from a Sunni background, when he visited Iraq to go to Najaf.

He met with basically the Shiite leadership, Ayatollah Ali Sistani and gave a speech saying, I'm not a Sunni, I'm not a Shiite, I'm a Muslim. We should not have these divisions. But Syria puts Turkey squarely in the Sunni camp, and there's a perception of Turkey, basically, playing the kind of Muslim Brotherhood Sunni game and Turkey's worsening relations with Baghdad, ironically, at a time when Turkey has now excellent relations with Arabia, with the Kurds of Northern Iraq, Turkey's worsening relations with the Shiite regime in Baghdad also means that Turkey has less leverage and Turkey's worsening relations with Iran, partly as a product of hosting the radars. And problems with Russia. Putin was just in Ankara yesterday, although they tried to put a brave face on these agreements on Syria, there is obviously disagreement between Turkey and Russia on Syria.

And on the very critical Russian and Iranian questions, Turkey desperately depends on energy on these two countries, so there are limits to what Turkey can do.

But let me conclude by saying that perhaps the most important vulnerability of Turkey, which may impede Turkey playing their regional leadership role, is at home. It's the Kurdish question. The Kurdish question is back in the Turkish politics, and more importantly, in the Turkish security paradigm, and it's back with a vengeance.

We're back to the 1990s paradigm when the narrative, the discourse of the government, is we have to defeat the PKK militarily, that there is -- that you cannot really have a political solution unless you score a strong nationalist security victory, and then maybe you come to the table and negotiate, but from a position of strength.

We've seen that movie, that was the movie of the 1990s, and it

produced, basically, an economic crisis, it produced a worsening of Turkey's relations with Europe, and most importantly, it produced an authoritarian-ization of Turkish politics. And I'm sorry to say, those are the dynamics that we are seeing now currently at home with not many people talking about a new constitution, not many people talking about the need for enhanced freedom of speech, freedom of association, not many people talking about a need to change the Turkish concept of citizenship and an open-minded attitude towards talking about the Kurdish question in the framework of political decentralization or even federalism in Turkey. We're not there. We are in a very polarized context in Turkey where there are signs of the prime minister turning increasingly authoritarian and increasingly focused at his own project of becoming the president of the republic in 2014, and his calculations, essentially, driven in my opinion, by a more populist tendency now of trying to win the larger nationalist vote in order to come to the presidency with a strong vote, and perhaps change the system into a semi-presidential system, like the one in France.

So, when you have that kind of a leadership agenda, you are unable to deal with the problems of the country without engaging in populism, without resorting to populism, and those problems -- those domestic problems, especially the Kurdish one related to Turkish democracy may very well be the most important impediment to Turkey's regional role as well and it will come at the expense of Turkey's soft power in the region.

MS. HILL: Thanks very much, Omer. Soli, how does it look from your perspective in Istanbul? You have also been traveling around a great deal with the prime minister and many other politicians in some of the capacities that you play and also as a commentator when you write about these issues all the time. I mean, how does it look different, perhaps, from the way that Omer has described it from, you know, kind of a

different vantage point? And how do you think people in the AKP-led government are thinking about the United States? I mean, has Omer got it right, that those expectations on their part for the United States to behave in a particular way?

MR. OZEL: Okay, thank you, Fiona. Good afternoon. Actually, Omer said it all, there isn't much left to say. But first, I never traveled with the prime minister.

MS. HILL: Well, you traveled in the larger groupings.

MR. OZEL: I did travel in larger groupings, yeah, but those travels are over because the conditions that were present during those travels are over too.

To very briefly answer your question, then I'll get into what I do best, which is hyperbole, I think however people look within the AKP at the United States and whether or not they have unfulfilled or unfulfillable expectations, I think the prime minister who, for all appearances, has the last word on everything, is the chief architect, chief city designer, chief art critic.

The prime minister certainly appreciates and assesses the importance of the United States right. He sees Turkey's relations with the United States as extraordinarily important, and although recently he was very critical of U.S. policy and of President Obama, in particular, he has always been very careful not to cross a certain line, and in my view, the single most important thing that he had done, which is probably an insurance policy for a few more years to come, was to basically overcome objections from his lieutenants and say that the Kurecik radar was going to be installed. And that really buys for him a very long-term insurance policy.

And whatever else really happens, so long as Kurecik is there and Iran remains a national security issue for the United States, all the other problems can be papered over between Turkey and the United States. This is how I see it.

So, for all his expressions of emotion and anger at times, the prime

minister fundamentally is a very savvy, hard knuckles politician, which, when pushed to a corner, will make a decision and that decision will never be against the United States, is my perception of his record so far.

And, quite frankly, whereas the Arab Awakening was seen as presenting Turkey great advantages, and it still does, it also created circumstances, combined with what I would consider to be mismanagement on the part of the Turkish government, of a kind of relation with the United States, which is unnecessarily dependent.

I think Turkey could have come out of the last two years in a situation where its relation with the United States could have been more egalitarian. Instead, I think we have come out of that period, so far, as being more dependent on the United States and not less so. And given the fact that the United States, as we've heard before, pivoting to Asia, not terribly interested in dealing with the Middle East, it has burned its fingers too many times, the United States also needs the assistance of Turkey in whatever it wishes to do, which I guess is basically to make sure that the region just doesn't burst out.

And that brings me to my theoretical or quasi-theoretical suggestion to you, in that Turkey really sits in the middle of three geopolitical systems -- ecosystems -- one is the Russia/Caucasian/Central Asian one, the second is the European one, and the third one is the Middle Eastern one. Unfortunately, for Turkish democracy and Turkish democrats, the European system has just blown its fuses. It no longer generates energy, to the contrary, it sucks up energy, and the Russian Asian, Central Asian one just continues and it is resource rich. And the, of course, the Middle East is exploding.

And Turkey's successes and Turkey's consolidation of its advantageous positions, is going to be a function of how well it manages all those three relations. And, you know, yesterday President Putin was in Turkey. Turkey and Russia have a lot of

disagreements on quite a variety of issues, starting with Cyprus, Armenia, Syria, and all that. But they can forget about those and be very practical, I mean, two countries that were never known for their practicality, can be very practical, and basically agree to enrich one another by engaging in trade.

And the Russians, therefore, are going to be opening to the warm seas, if you want, and will be able to perhaps take their gas and oil from the south as well to Europe and elsewhere at a time when there is a lot of competition, and those relations are going to prosper, at a time, as I said, Turkey and Russia have very serious problems, very serious issues over what the right course is on Syria.

I would not be -- I would not think it is totally impossible to expect that at one point, when the issue of Syria gets really critical that Russia and Turkey might actually have a conversation as to what might be the best way to stave off even further trouble.

But as things stand, the absence of Europe in Turkey's equation and the presence of a turbulent Middle East, is actually drawing Turkey towards the Middle East in ways, which in my view, for the health of Turkish democracy, are not necessarily commendable.

From 2003 to 2011, despite the year 2010, in fact, I think Turkey had a lot of leeway as to the kind of foreign policy it could pursue. I would give you a series -- I mean, three speeches, just to show you that whatever the intricacies of day-to-day politics may have been, there is consistency in American foreign policy vis-à-vis Turkey.

Back in 1999, President Clinton comes to Turkey in November. He gives a speech in the National Assembly, and this is when I think the strategic partnership thing was first invoked, and it is quite obvious what he's saying, his messages to Turkey are very clear, and at one point he says, you know, now that Ocalan, the leader of the PKK,

is in jail, maybe you should start thinking about giving your Kurdish citizens full rights.

Five years later, another president is in Turkey, 2004, again in November, I think, and this is a president who actually had a rather bad experience with Turkey, that's George W. Bush, who thought that he was going to have Turkish cooperation for opening a northern front, and didn't at the last moment because the Turkish parliament didn't allow it, but George Bush gave a speech, which was almost verbatim, the same speech that President Clinton gave, and Bush was supposed to be the non-Clinton if not the anti-Clinton.

Five years later, President Obama comes to Turkey, gives a speech at the National Assembly, and, you know, he's supposed to be the non-Bush, if not the anti-Bush, and the great difference between Obama and Bush is that it's no longer strategic partnership, but model partnership.

And, again, referring to the earlier opening statement, it's not just Turkey's geography that makes this consistency possible in terms of America's approach to Turkey. It is, indeed, Turkey's attributes in that particular location, which for all its faults, it's a capitalist country, it has no problem integrating with the world economy, it is secular, it is democratic, and it's a member of NATO, and whatever is going to determine the future of Turkish-American relations, and now that the hurdle of the radar is out of the way, is going to be determined by that reality, Turkey, as a NATO member and having all these attributes, which means what happened in 2010 when Turkey signed on first to the missile shield and then in 2011, accepted to deploy the radar on its soil, is Turkey's strategic westernness had been recertified.

But that leaves us with another question, that is, well, what happens to Turkey's political westernness? That's a question mark. But its strategic westernness, you know, the Turkey change axes, this, that, and the other, that talk was already bunk to

begin with, but I think with the radar deployed on Turkey's soil, it is quite clear that Turkey strategically had made the choice of being Western, which then explains why its relations with the United States, on the one hand, are interdependent, but Turkey also needs to be covered by the United States because it no longer has the same kind of leeway that it did until 2010, okay, so it becomes rather intriguing, complicated.

I'll stop with two further points, one is, relations with Israel, it is true that the United States managed to compartmentalize these relations, separate bilateral relations from Turkish-Israeli relations, and keeps on putting pressure on both parties to actually make up. I no longer have any hair to get white, but I'll lose more hair before it happens, I guess.

And sooner or later, though, I think it will become quite evident, both to Israel and to Turkey that the costs related to the absence of relations properly, is too high. And, in fact, it was one of the most interesting things during Gaza that on the one hand, our prime minister was rather unkind towards Israel by calling it a terrorist state, and then in the immediate aftermath of the ceasefire he said, but of course we haven't stopped sharing intelligence with Israel, that doesn't happen.

I'm sure it came as a surprise to much of the Turkish public, but it also tells you how structurally these relations cannot be cut off from one day to another. That also speaks, in my judgment, to the practicality of the prime minister and how one really has to make a great effort to distinguish between his rhetoric and the practice of his foreign policy.

So, the structural in Turkish-Israeli relations will always overwhelm the political, but whether or not this will come to the surface in a very short period of time remains doubtful.

I'll finish then with my last point, and that is, I talked about three

ecosystems. The second one we seem to be doing fine with gas, oil, Russian relations and all that. The third one is sucking us up into its own turmoil and we are becoming more and more Middle Easternized, to a certain extent, and that happens mostly because of the absence of the first ecosystem and its very unhealthy conditions.

So, what happens? I mean, does Europe really go on being a sucker of energy rather than a generator of energy? If that happens, what happens to Turkey's domestic equilibrium in terms of managing three diverse types of relations with three diverse ecosystems? And that brings me to what, for me, is the fundamental question about Turkish-American relations for the next decade or so.

If we're going to be honest, the United States didn't particularly care about the quality of Turkish democracy during the Cold War. We were part of the free world and we could be un-free for, I don't know, two, three year periods. And the question, if we're going to be intellectually honest is, if the United States is serious about enlargement in terms of democracy and globalization, is it going to treat Turkey the way it treated it during the Cold War, or is it going to treat it the way it presumably wanted to treat everyone during the 1990s? And that is a question to which no Turk can give an answer, it's the Americans that must give an answer, and must say, so far, I don't think the Americans are any more interested in the quality of Turkish democracy today than they were during the Cold War.

MS. HILL: Well, there's a very provocative --

MR. OZEL: Really?

MS. HILL: Yes, I'm sure, I can see some stirrings in the audience.

Hopefully that will provoke a few questions. Get ready, we'll eventually get to questions from the audience. One thing on this, though, Soli, because you've provoked me to ask this question, is, I mean, obviously, the European Union and the Europeans care very

much about the state of Turkish democracy --

MR. OZEL: That's really news to me.

MS. HILL: -- because of the whole premise of values. Now, one can also argue that there are a few problems in the European Union itself. There has been a lot of questions about where Hungary is heading, for example, and a lot of concerns that once you are in the European Union that you can do quite a bit of backsliding on a number of issues of basic freedoms and get away with it, and hence, all the importance of putting the stress on the accession candidate countries, but obviously, we're in a situation now with Turkey, as you're kind of pointing out, the European Union doesn't look desperately attractive at this particular moment because of the crisis in the Euro Zone and the big kind of questions about where the attempts to fix the Euro Zone crisis will lead in terms of the institutional structures of the EU.

You have the United Kingdom, we had a panel here last week on the question of a multi tier or a two tier Europe, about whether current members of the European Union will still want to be in whatever takes shape over the next couple of years. It's not a question of Greece falling out of the Euro zone, but maybe that the UK and other countries take themselves out of the other end of the European Union.

I mean, how important is it for the European Union to really get its act together right now from the Turkish perspective, to really change some of these calculus that you have laid out here? And if the European Union cannot get its act together, what does that mean for Turkish-U.S. relationship?

MR. OZEL: Well, first of all, if the Europeans really cared about Turkish democracy, they had a funny way of showing it over the past seven years. And now, of course, they cannot think of anything but to solve their own problems. And the ties between the European Union and Turkey have weakened considerably, and, as you said,

Europe doesn't really look particularly attractive, and our economic relations with the European Union have also changed.

Whereas back in 2000, about 56 percent of our trade was with -- 56 percent of our trade was with the European Union. Today that went down to about 36 to 38 percent and alternative markets, particularly in the near and Middle East, have emerged -- have gone up from about 8 percent to about 34 percent. That, of course, again, relates to this ecosystem and managing relations with all of those.

And my sense is, so long as Germany does not make up its mind and commits itself to bettering relations with Turkey, the European Union is not going to be making much of a move to ameliorate relations with Turkey, and if there isn't an opening from the European Union, I don't think Turkey will feel terribly rushed to actually rekindle the unrequited love with the European Union.

If the United States was concerned as it was, I think, in the late 1990s and early 21st century, about the health of Turkish democracy and the political westernness of Turkey was as important as its strategic westernness, then it would have tried to do -- if it could do anything -- to rekindle that relation. But if the United States is not so interested anymore, then the fact that the relations between Turkey and the European Union weakened, would not matter all that much so long as the circus still remains in NATO.

MS. HILL: But you still see that relationship between the EU and Turkey as a pretty important component in the partnership with the United States?

MR. OZEL: I do. I do --

MS. HILL: Because you're talking about westernness.

MR. OZEL: I do, actually, and again, Omer said it, we do have a problem. I mean, whatever happens in the region, the fact that we have not solved our

ethnic problem and we even managed to reenergize the sectarian fault lines in the country makes the importance of the relation with the European Union even more elevated, in my judgment.

And, in fact, on Syria, I really am not sure that Turkey -- Turkey is disappointed with the United States, but I think it's basically disappointed with itself because it could deliver, by its own foreign policy, a lot less than what it promised to the rest of the world and to its public, and one of the reasons why Turkey is now lowering its narrative is because the Turkish public is not with the government on this particular foreign policy, (inaudible) matter. And the danger, then, is we are moving from a policy that is concentrated on what kind of change in Syria or we're doing simultaneously that, and basically reorganizing our policy vis-à-vis Syria by taking the Kurdish, what, regionalism in Syria as our main concern.

And that is going to be kind of a repeat of the 1990s when the major concern about Turkey's policies had to do with the existence or with the emergence of an independent Kurdish state or quasi-independent Kurdish state in the north of Iraq.

MS. HILL: Thanks, Soli. Kemal, finally got to you, and you work very much on all of these issues, and especially this issue of the EU and the role of trade and other topics like this.

Now, Soli has talked about the shift in Turkey's trading relations over this 12-year period, since 2000. You've looked a lot at these aspects. And one of the promises of Turkey being able to deliver a great deal was really Turkey taking a leaf out of the EU handbook of thinking about customs unions, thinking of visa-free regimes, of increasing its trade with its immediate region. And Soli has pointed out, there's a lot of expectations that those kinds of steps would actually shift the whole calculus with Syria, and indeed, they seem to.

When we first saw Prime Minister Erdogan traveling to Syria, to Damascus, and to any other cities that he visited, it really seemed that that was going to turn the whole relationship around and that that was going to really pave the way for Turkey playing a much more influential role.

I mean, how do you think all of this looks now?

MR. KIRISCI: Well, I think to start with I would like to underline how delighted and excited I am here, but I'm a little bit disappointed with Bill that he went out there to, you know, turn down these -- turn off these blowers, because I thought that was meant to make me feel at home. You know, at Bogazici University, whenever we organize an international event that takes a long time to put together, there is always some noise in the background. So, Bill, you've disappointed me there.

And, I mean, all the juicy issues have been covered by Omer and Soli there, and, given what you've raised, I would like to look at a very different aspect of Turkish-American relations, especially in light of the next phase of the U.S.-Turkish relationship or strategic partnership.

I've always thought that there's an aspect of this relationship, or an aspect of Turkish foreign policy and its external relations, that get overlooked, and in the U.S., though we have moved far away from the Cold War years, Turkey has often dealt with, thought of in the context of military issues, national security issues, strategic relationships in the narrow sense of the word strategic.

Whereas, I think there's a very different aspect to Turkey's existence. I still think that it's a somewhat more positive and more promising aspect of it, and one such aspect of it has been taken up very recently by Brookings, by GMF, by the Journal of Democracy and back across the Atlantic by the Wilton Park, there's this attention that is being addressed to Turkey as an emerging democracy together with South Africa,

India, Indonesia, and there's an effort to try to understand whether these countries may contribute to the transformation, reform, and maybe even democratization of what they call transition countries, and particularly, post Arab Spring world.

I realize this somewhat conflicts with Soli's depiction, somewhat cynical depiction, of where the EU and Turkey stands -- the EU and the United States stands on Turkey's democratization, but there is this aspect of the United States and Europe that is focusing on prospects of democratization across the world.

But what fascinates me about this effort, these reports, this policy-oriented analysis, is that very little attention is given to the economic aspect of these developments and especially Turkey's engagement of its neighborhood.

There's a code from the EU trade commissioner, Karel de Gucht, about how trade is not going to bring about democracy, but then it's very hard to see how democracy can come by without economic development, and in turn, how to see economic development without trade. And this is where I think I attribute a lot of importance to this unnoticed or not adequately noticed aspect of Turkey's engagement of its neighborhood. And I'd like to say a few words about it.

I'm not going to bore you with figures and tables. I love dealing with them, but I would like to come to what Soli was saying towards the end of his intervention, that Turkey's engagement of its neighborhood in the economic sense of the word, has exploded in the course of the last 20 years.

The neighborhood played a very tiny role in Turkey's overall foreign trade, and now, as Soli has pointed out, it has a very substantive presence at the cost, somewhat, of EU's place in Turkey's foreign trade, and I like arguing that Turkey has become a trading state.

Yet we must not think that this is only about trade, that Turkey has

engaged its neighborhood through foreign trade. There's a lot of Turkish companies that are operating in this particular neighborhood, not just Russia, but also Ukraine, also Romania, as well as parts of the Arab world.

There is a lot of interaction that is taking place between people, a lot of mixed marriages, lots of sweethearts, a lot of students moving back and forth. Often, in Turkey, statistics are given how today Turkey appears to be the sixth largest recipient of foreign nationals, they are constantly referred to as tourists, whereas there is much more to it than just tourists that are coming to Turkey.

Another fascinating aspect is that though increasingly Turkey is being talked about as an immigration country today, rather than an emigration country, as we used to know it in the 60s, 70s, and 80s, there is not yet a recognition that Turkey has become a remittance sending country, somewhat similar to what was happening in the 60s, 70s when Turkish workers were sending their remittances to Turkey and helping the Turkish economy make up for the huge current deficits for which it was renowned. This is a little bit what Turkey is doing to neighboring countries as it allows the participation of immigrants (inaudible), to participate, unfortunately, so far, in the informal economy of the Turkey, yet what I have also noticed that in the course of the last couple of years, as the EU economy has been suffering is that there is a growing number of EU citizens coming to Turkey and picking up jobs.

Those of you who fly transatlantic with Turkish Airlines might have noticed that there are even, I say, even, Greek pilots who are flying Turkish Airlines flights there.

How has this been possible? I think this has been possible because Turkey's economy has been grandly transformed from maybe a state dominated economy when I was growing up as a young man, to an economy that's Soli mentioned is

completely integrated into the global economy and this economy gives an advantage to Turkey over neighboring countries.

Foreign trade agreements have been pushed for by the government. These visa liberalization policies that are driving people in Brussels crazy, but at the same time, envious of the consequences as Turkey becomes more engaged there.

And then I think the government has been -- had been introducing these policies without really appreciating its significance in terms of economic integration until these high level strategic cooperation councils have been introduced. The one with Syria has collapsed, but the one with the other countries in the neighborhood is working and the Russian one just met yesterday.

What fascinates me, and this is where I think there is more research that needs to be done, but that maybe when we look at the next phase into the Turkish-American relations, is that Turkey, through this engagement, inadvertently, I believe, is having a transformative impact on its neighborhood that deserves greater attention and I think has also policy implications. I think Turkey inadvertently has been helping these economies to become more integrated into the world economy, the global economy.

I am even thinking that there might be also indirect impact on the democratization of this neighborhood as well. And at a time when I believe the greatest challenge for the post-Arab Spring world is constructing real economies. In the reports and projects that I made references to are focusing on democratization and the construction of democracy-related institutions, but from my point of view, the Arab Spring erupted also because of deep structural economic reasons, and we must not forget that it all started with the self-immolation of a university graduate who was trying to keep himself and his family alive through street peddling. And I think this is where Turkey has a role to play and I would like to see more attention paid to it in the context of American-

Turkish, but also EU-Turkish relations.

You might think that I'm crazy, but I'm not that pessimistic about the European Union, and I think there is something to be said as to why the European Union was given the Nobel Prize. I have to live up to my Jean Monnet professorship credentials there.

But Turkey has challenges ahead of it to be able to play this role. Omer brought them up. Soli brought them up. I won't go into the details, but Omer has highlighted the problem that has arisen from the zero problems policy.

I believe that Turkey's engagement of its neighborhood was very much driven, enriched, supported by this zero problems policy and the zero problems policy turning into -- what did you call it?

MR. ANTHOLIS: Zero neighbors that have problems.

MR. KIRISCI: Yeah, exactly -- is beginning to undermine this economic engagement. We saw what's happened with Syria. There's problems in Turkish economic relations with Iraq, the Iraqi government in Baghdad with Maliki is complicating Turkey's economic relations with Iraq, and then because of the situation in Iraq and Syria, Turkey's economic relations went beyond these two countries in the Arab world is becoming complicated.

Loss of mediation capacity has been mentioned, and I think this is inevitably beginning to complicate economic trade, commercial relations. There's been references to sectarianism, the impact that is having on how Turkey is being perceived.

I also agree with the internal problems, although if I may say, I have a slightly different take on the Kurdish issue, but what makes my heart bleed is actually to see Arab columnists in Middle Eastern media taking, unfortunately, but realistically, the -- if I may use street language -- the micky out of Turkey's modelness precisely for the

problems -- internal problems that Omer and Soli has made references.

I see columnists saying, how can Turkey be a model for democratization in the Middle East when it has more journalists behind bars than China or Iran has, and this is clearly a very important challenge for Turkey.

And lastly, I have to say a few words about the European Union. I honestly don't think that the European Union has made itself as irrelevant as sometimes it's made out to be. I'm sure many of you are familiar with this Turkish think tank of some standing, T.E.S.E.V. T.E.S.E.V. runs regular public opinion polls in the Arab world. I realize some people challenge them and question the methodological background, but what fascinates me about these public opinion surveys is that the Arab public, at large, wants to see a closed relationship between the EU and Turkey, that they see a Turkey that is engaged and is engaging the European Union bringing a positive value to the Middle East.

And this is not just the Arab public opinion at large. The International Crisis Group in New York has done a number of elite surveys where the Arab elite and the ruling elite is raising this issue too.

So, from my perspective, I think there is a lot that can be done between the United States, the EU, and Turkey, in respect to the European neighborhood and Turkey's potential transformative impact. And I feel that such an engagement, trilateral engagement, is a bit like killing two birds with one stone, that engaging Turkey in such a transformative exercise is also one way of addressing the issues that Soli brought up.

This is Soli's point, and I think, to some extent I agree with him that there is a cynicism on the part of the U.S. and the European Union vis-à-vis Turkey's own democracy.

But then I also see a whole fascinating literature emerging from mostly

Washington, D.C., but also the rest of the United States, this concern about the West and the rest and where is the liberal order going in the world. And if this is really an important issue, then I think Turkey's own democracy -- democratization and what can be done with the neighborhood, becomes critical.

I have a slightly different perspective on Turkey and its neighborhood. Soli broke it into three ecosystems, he calls it. I think Turkey straddles two worlds. In one world, I realize there are problems, it's still the commitment to a liberal democracy, liberal markets, rule of law, the West or the Transatlantic world, and there is another world where there's a preference for, some call it sovereign democracy, some call it authoritarian capitalism, and the engagement of Turkey from the EU, from the United States, in this transformative exercise becomes critical. I think it's one way of dragging Turkey onto this side. Thank you, Fiona.

MS. HILL: Thanks very much, Kemal, and many of these issues that we've heard today, this event is meant to basically launch, as Bill and Umit have already said, a new partnership for us on these very issues. And we're going to, once Kemal gets here in January, have a monthly series that's going to pick up on a lot of the themes. We've covered an awful lot of ground, perhaps more than we anticipated we were going to cover today.

I want to actually pick up maybe just a couple of comments here from the audience, and as I said, we'll begin, you know, once Kemal gets here full-time in January, with having on a monthly basis panels which will -- you know, Soli will be back again and Omer is always with us and many of the people who are actually sitting here we'll no doubt feature on some of these events.

But if we just take a couple of quick comments from the audience and then we'll see if we actually managed to miss anything.

We have the Deputy Chief of Mission from the Turkish Embassy in the front, who has raised his hand, and there was someone -- and maybe you've given up on us now -- who, during one of Soli's, as he put it, provocations, looked like he wanted to make a comment. I saw that hand wave over there, this gentleman here. We'll take a couple of comments and then if there's anything -- a last word -- that might be wanted from the panel (inaudible) and then the gentleman behind.

SPEAKER: Yes, well, thank you very much TUSIAD, first of all, and Brookings, for organizing this, and really excellent members of the panel for very insightful comments.

A couple of observations to end up with a question. The goal, I guess, was to talk about U.S.-Turkey relations but I felt like we talked a lot about Turkey and not a lot about the U.S. and where the U.S. fits into the equation. I mean, I understand that there was an election here, and so, for a few extended months it appeared like, at least in this town, that nothing was going on in the world outside of the United States.

But the reality is that there are very serious developments everywhere and the fact is that Turkey finds itself right at the center of these developments. I mean, what happened in Syria, I think, is very clear and the ways in which Turkey is drawn into this problem, the Iranian nuclear questions, developments in Iraq probably not getting as much play maybe as it should, but what's going on in recent days and months is extremely serious.

So, all of these developments, and of course, the situation in Europe, create an external setting that actually changes the parameters of the discussion in Turkey. And of course, that couples with a very complicated internal political setting. The Kurdish question, of course, always presented as an existential one but never actually becomes one, it's always a continuing debate and moving in a certain direction,

and PKK terrorism, unfortunately, unrelenting, so you have to sort of expect the government to take, obviously, measures against that.

So, my question, essentially, is twofold and I'm very tempted to also comment on the Armenian aspect of it as well, but just to keep my remarks very brief, the first part of the question is, you know, we talked about managing expectations, and I think that's very important, managing expectations on this side of the Atlantic, but also managing expectations in Turkey. What are we to advise the U.S. government in moving forward? I mean, there is no new cabinet, obviously, there's a lot of reevaluations on different issues. So, what are we to advise the U.S. government as it moves forward to tackle all of these very serious issues with Turkey?

And the second question is, are we not expecting too much from Turkish politics? I mean, look at all of the issues, look at all of the challenges in rewriting a new constitution, the Kurdish issues, Syria, Iranian nuclear problem, Iraq -- and that's just to the south. And then, you know, we're talking about 2015 and all of the other issues in our region.

So, are we not expecting too much to be solved at the same time?

Thank you.

MS. HILL: Thanks. And the gentleman just behind.

SPEAKER: Thank you. My name is Don and my question will be based on the Kurdish conflict, namely, internal dynamics of Turkey moving towards democratization. I was curious to know, one of the panelists actually was able to mention it after Fiona's question, I'm glad, but I was expecting that Umit Boyner, who has been a fresh breath of air in Turkey concerning about its domestic issues.

The legitimacy of the Kurdish democracy lies on its ability to resolve its internal problem, and that is primarily the Kurdish conflict. How important do you think

that the Kurds are being now a regional power in this area that from a U.S. point of view, how important is that piece of issue from this U.S. and Turkish relationship, at least in the next decade? Thank you.

MS. HILL: Thank you very much for all those questions, and I think, you know, Timor, on your point and the agenda for Turkish politics at home being very heavy, obviously, for the Obama Administration coming into their second term at the end of an election campaign that was very much focused on the domestic agenda and very little on foreign policy. You might remember the foreign policy debates during the campaign that, you know, kind of were actually supposed to be domestic policy debates, by the end of them that there was a quick shift from the foreign policy topics to the domestic agenda in every debate in spite of the moderator's best efforts to take this back again.

But I think the Obama Administration is also wondering what should it expect of itself on some of these foreign policy questions. But I'll turn it over to Omer first and then have some quick comments from Soli and Kemal before we turn out.

But, Omer, you've often been asked, what do you tell U.S. government officials when you meet them? And we do still yet have to find out who is going to be our next Secretary of State, who is going to be the key team for dealing with all of these issues, so I guess we don't know that yet, but what would you tell them?

MR. TASPINAR: Well, there is, as you acknowledge, Timor, there is a tendency now in the U.S. to focus on the economy, and the reality is to prioritize, you need to prioritize, you can't be the policemen of the world, you can't be everywhere, every time and still hope that you won't have a debt or fiscal problem. Right now the urgent issue for the U.S. is the economy and it looks like for the next few years the economy will remain the driving factor.

I teach at the National Defense University and even the U.S. military now

realizes that the most serious national security threat to the United States is no longer al-Qaeda, no longer terrorism, but it's the economy.

So, when you have even the Pentagon acknowledging the importance of the economy despite the fact that they're likely to face serious cuts, you're facing a question of prioritization. If you're the President, if you're sitting at the White House, you need to prioritize, and obviously some of the countries that will get the priority, that focus will come at the expense of other regions, so you have to pick.

And what I'm afraid of is that the Obama Administration will try to disengage slowly from the Middle East and we were just talking with Martin Indyk, the Middle East has ways of sucking the United States back in. It may be naïve to think that the U.S. will be able to disengage, but the U.S. will have to look for partners in the region and Turkey, Egypt, Israel, are the natural partners that come to mind.

Turkey actually now, I think, is in a less advantageous position, just to repeat myself, from Egypt. So, if I were to prioritize the Turkey portfolio, I would still say to U.S. officials, don't give up on normalization with Israel. The United States needs to be at the table and the United States -- I don't think without the U.S. Turkey and Israel will be able to agree on what's next in their relationship, so there will have to be American leadership involved on the question of how to get Israel and Turkey to talk to each other again.

Syria is obviously the other big challenge here and the hope that Syria will go away and will not have implications for Jordan, for Turkey, for Lebanon is also naïve. But no one knows what to do about Syria and last time we had a serious conversation here with a senior policymaker the tone was, sometimes the U.S. needs to understand that it cannot solve problems. Strategic patience is the new concept. That's the term for basically not doing anything, but the ties when basically the U.S. would be

able to solve problems maybe are gone.

If Syria is going to have a much worse civil war than what it's going through now, with or without Bashar -- I mean, Bashar may go and the country may still face three years of bloody civil war the way we saw with post-Saddam Hussein Iraq. So, we should be realistic about what to expect from the U.S.

But if I had one piece of advice on which to finish this is to say to American policymakers not to give up on the domestic dynamics of Turkey. If Turkey is unable to solve the Kurdish problem, and solving the Kurdish problem is a very ambitious term. Maybe Turkey will have to manage the Kurdish problem, but managing the Kurdish problem requires essentially democratization. You cannot solve this problem without the constitution, without, basically, addressing the increasing demands of Turkey's Kurdish youth, and the Kurds in Turkey are now a population that have high expectations.

Yes, it's true that this government has done more than others, more than any previous Turkish government in terms of granting certain rights, improving the situation, but it has also raised expectations of the Kurds in Turkey.

For the first time you have a Kurdish youth in Turkey that has serious expectations about political rights. It's not even just cultural rights anymore, it's about decentralization, it's about governance, it's about the flexibility of mind to be able to talk about risky issues such as federation. Those are red lines for Turkey and the U.S. needs to help Turkey in many ways -- economically, politically, militarily, but to allow Turkey to think of this problem in a more strategic way, in a more calm way, without panicking, without always referring to a zero sum game of it's either assimilation or Kurdish separatism.

It is time for Turkey to change its narrative, change its discourse and address the Kurdish question in a different way, and for that it needs the United States to

play a role and the only way Turkey can play the strategic role that the U.S. is expecting from Turkey is by solving this major Achilles' heel of Turkey.

If there's one problem that I would prioritize in that sense, it's the Kurdish issue, and how can the U.S. help Turkey on the Kurdish front.

MS. HILL: Soli, anything to add on this, and Kemal?

MR. OZEL: Well, the thing is, Timor raised the question, I thought part of it was answered, but there is a problem, there are going to be several problems in Turkish-American relations. The first one that stands out for me is that, yes, the government manages or the prime minister manages the American portfolio very well, but the public is extraordinarily suspicious of America and its intentions.

It doesn't always distinguish between Israel and the United States and, quite frankly, whenever Israel goes and attacks the Palestinians, that really is also a liability for the United States in its standing domestically as well.

And I think Syria, even Iraqi problems that are becoming more important, can still be managed. Turkey and the United States will cooperate to the extent that they can, Turkey will try to draw the U.S. in and all that. Those things can be, in my judgment, managed. What may not be managed, especially as far as the public is concerned, is Iran and a possible attack against Iran, either by Israel or the United States.

And quite frankly, I don't know if any Turkish government can withstand the storm that might result from an attack against Iran.

MS. HILL: Well, another cautionary point. And, Kemal, can you give us something more positive to end on as we walk out the door into the rest of the afternoon?

MR. KIRISCI: I can't help but say who am I to advise the United States?

MR. OZEL: I have no problem with that.

MS. HILL: Once you've been here a while, you'll be --

MR. KIRISCI: I mean, back at home I don't get asked frequently about advice, but I'm not very sure whether this disengagement of business, Omer, that you're referring to about the Middle East, is a very wise one because there's very little time, and I know this analogy may come across to you as a little bit strange, I see the Middle East a little bit like the future of China, you know, China coming on to the global economy, enriched the economy, helped to expand it.

The Middle East, for years, throughout my career, the Middle East never had an economy. And demographically the Middle East is very young. And in this world, this youth wants to be part of that global economy, and I would think that the United States would have a primary interest in dragging this region, the Middle East, into the world economy that would benefit this demography, but it would benefit, frankly, not just Turkish economy, but also European and American economies, not to mention the Chinese one.

The question about Turkish democracy and the Kurdish issue, two issues, difficult issues have accompanied me through my career since roughly 1983, one is the Palestinian question and one is the Kurdish question. I frankly think that on the Kurdish question, comparing Turkey with the 1990s may not be very appropriate, that a lot of distance has been covered, and in the case of the Kurdish question -- I'm not going to say much about the Palestinian question -- I would say that our problem in Turkey has more to do with pluralist democracy, with the ability to discuss the kinds of things, Omer, that you just made references to. Can federalism be an option? Just be able to discuss it. And I think we were able to discuss these things, debate these things, until about 2007, 2008. And I even recall a retired ambassador saying that Turkey should openly, even, discuss, debate secession issues.

This is, I think, where the core of the Kurdish problem lies in Turkey, that

we have slipped backwards as far as pluralist democracy and freedom of expression goes. If we could return back or advance this issue, I have a feeling that the Kurdish issue could be diffused and some form of solution, more than management, can be reached.

MS. HILL: Well, thank you. At least that sets a good agenda for the next phase of things that we can think about including for the next phase of the U.S.-Turkey strategic partnership.

And as we close, we'd like to thank again our colleagues from TUSIAD, Umit Boyner and all of the TUSIAD management team who are here with us and are off to do lots of other interesting meetings while they're here. In fact, we hope we haven't held you up from another appointment. And also to thank everyone who's joined us today in the audience and we do hope that we will see you as we move forward into the New Year, into 2013, providing, of course, that this really is the beginning of the new Mayan calendar. I'm starting to worry. I don't know if you've been reading all of these apocalyptic scenarios in Russia, in particular. The Russians already think that this is it, toast on December 21st. I'm planning to go out that night anyway, so I hope maybe I'll see some of you around the town, and I'm confident that we will continue again in January, and looking forward to Kemal joining us. And a new beginning for us as well as a new Mayan, long calendar. We'll have thousands of years to think about these issues, but hopefully we'll solve them in a lot less time.

And thank you again to Bill Antholis for being here to open this up. And, again, looking forward to seeing all of you soon, and thank you very much to our panelists for such a stimulating set of ideas. Thank you.

(Applause)

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