

*An analysis of international security issues compiled by security professionals for business leaders and those that advise them*

This month's *Janusian Thinking* takes a different perspective to our previous issues, examining political and security risk issues in a single country: Turkey. Its strategically significant location and modernising economy make Turkey one of the most important players in the EMEA region. However, there has been disquiet expressed at the recent election victory of an avowedly Islamist party, and concerns raised about Turkey's resilience in the face both a war with Iraq and post-conflict scenarios. We explore some of the issues that impact upon our perceptions of Turkey's stability and political future, and examine the implication for the security of investments and physical assets in the country.

We argue:

- That the victory of the AKP is a positive development, economically and politically
- That the US will continue to underpin Turkey's security, as a vital strategic ally
- That the AKP will seek solutions to the Cyprus issue in its campaign for EU accession
- The prospects for AQ operations are not significantly higher than elsewhere, although pro-Chechen groups do cause some concern
- Turkey represents a friendly and secure environment for investment

Turkey is a country of vital strategic importance. As a NATO ally and friend of the West, Turkey offers a gateway to Asia and the Middle East. The election victory of the Justice and Development Party (AKP), an organisation with clear Islamic roots, was initially met with concern. Subsequent developments reveal that to be unjustified.

Investors should view the AKP as a necessary and beneficial change. Early indications for Turkish political stability, the economy, EU aspirations and external relations are positive. Although the impact of a war with Iraq remains a concern, the Kurdish community has reacted with cautious approval to the new government, reducing internal tension. Al Qaeda's strategy of attacking western commercial targets demands that businesses are proactive in their security precautions. However Turkey remains a generally secure environment in which to operate.

The AKP won the November 3<sup>rd</sup> election with an overwhelming majority, the first in Turkish politics for 15 years. With 363 out of 550 seats the party has a clear mandate from an electorate tired of political stagnation, inefficiency and corruption. While the AKP does have an Islamic heritage it is not an Islamic party, but rather analogous to the German Christian Democrats. Party leader Recep Tayyip Erdogan was quick to reassure Turkey's fiercely secular establishment that religion was a personal issue and not part of his political agenda. Freedom of religious expression and transparent government would be promoted. But he identified his priorities as repairing the economy, human rights reforms to facilitate EU entry and the reduction of poverty.

Developments since the election support these statements. Abdullah Gull, a popular and pro-western moderate, has been appointed Prime Minister while Erdogan appeals a conviction preventing him from holding office (he was briefly jailed in 1999 for reciting a century old

poem which referred to Istanbul's minarets as 'our bayonets'). The cabinet, announced on 18 November, should encourage the Turkish establishment and foreign investors alike. The new appointees to sensitive posts such as Defence, Education and Justice are untainted by any association with political Islam. To improve government efficiency Gull has kept an election promise and cut the number of cabinet posts from 36 to 25.

Turkey's Armed Forces, resolute defenders of the state's secularism, seem to have accepted the AKP. They are unlikely to intervene as they did in 1997, when they forced an Islamist government's resignation. On a visit to Washington the Chief of the General Staff, General Hilmi Ozkok, stated that the will of the Turkish people should be respected. The military is also restrained by the awareness that intervention would undermine Turkey's application for EU membership, a goal they share with the AKP. It is more likely that any dissent will come from the AKP's core supporters, the poor and small businessmen, should they begin to feel their concerns are being neglected.

The AKP has compensated for its relative lack of experience with a willingness to communicate with the international community. It has a zeal for economic reconstruction and the parliamentary majority to translate words into action. The appointment of Ali Babacan as minister for the economy is welcome news. A graduate of Northwestern University Business School in the United States, he was responsible for promoting the AKP's market-friendly election manifesto and is likely to lead negotiations with the IMF.

Financial markets reacted with approval as the new government committed itself to reforms necessary under the \$16bn standby agreement with the IMF. The monthly Legsi index, a marker of government stability, jumped six points, a further indication of improved economic prospects. Those considering an investment or joint venture will be encouraged by Abdullah Gull's announcement of an increase in the privatisation of state enterprises and tax reform.

A firm date for Turkey to begin EU accession talks at December's Copenhagen conference will further energise the economy. The party leadership has identified EU membership as a priority and has stated a willingness to implement the reforms necessary to achieving this goal. The only opposition party, The Republican People's Party (CHP), has pledged to work with the AKP to achieve Turkey's integration. Britain, Spain, Italy and the United States support Turkish aspirations. France, the Benelux and the Nordic countries remain sceptical. As Gull appointed his cabinet in Ankara, Erdogan embarked on a tour of European capitals to foster support for Turkey's accession.

It is highly significant that his first visit was to Athens, where Greece has become a vocal supporter of Turkey's EU membership in the belief it will promote political reform. Greek national security doctrine still insists on vigilance against threats 'from the east'. But alongside encouraging moves towards reconciliation over Cyprus, relations between Athens and Ankara are becoming increasingly cordial, improving regional stability.

Erdogan is certainly aware of the importance of Cyprus. On November 12 the state run Anatolian press agency quoted him as saying:

'solving the Cyprus issue would not just accelerate the EU process, but also be a concrete and useful step to overcoming the many problems between Turkey and Greece'.

He went further on November 21, and was quoted in the Turkish Daily News:

'It was the wrong approach to present Cyprus, European defence and EU policies [as] separate from each other. There is no point in burying our heads in the sand any longer'.

Both sides need to seize this auspicious opportunity to end the corrosive dispute between two important NATO members.

The United States is a powerful supporter of Turkey. The US has reacted with approval to the Erdogan/Gull regime and invited the Prime Minister to visit Washington early next year. America has a firm interest in ensuring Turkey's stability, which is good news for investors. The US administration and Congress are considering an aid package, said to comprise several billion dollars over the next few years. Turkey offers America a secure staging point for operations in the Middle East and, more specifically, Iraq. For the past 10 years the joint Turkish / US air base at Incirlik has been used by American and British forces to patrol the no-fly zone. Should war with Iraq become a reality, air bases in Turkey will play a key role. Soldiers' accommodation at Incirlik has recently been doubled. If an indication of the significance of the base is needed that is surely it.

Turkey views a war against Iraq with profound scepticism, a sentiment not uncommon on the European continent. Saddam Hussein is not perceived to be an immediate threat. There is concern that if Iraqi Kurds gain autonomy in a post-Saddam Iraq, nationalist sentiment will be stirred amongst Turkey's own Kurdish population. The AKP's election victory should help to soothe anxieties. The party is viewed as more subtle and a moderating influence. The new Government has already initiated small but important concessions in allowing Kurdish broadcasts to be made on state television and radio. Most Iraqi Kurds also concede that complete independence is not a viable option at this time.

A war with Iraq will have a negative impact on Turkey's economy. This should be offset against the benefits of increased revenue generation through trade with a new Baghdad regime. Turkey is ideally placed to act as a platform for Western investment into a post-Saddam Iraq, offering a familiar and secure environment while investment opportunities are identified. Despite their concerns it is almost certain that Turkey will support an intervention, albeit reluctantly. The AKP has stated that it will abide by any UN decision concerning Iraq.

### **Security Issues**

In light of current events Western businesses are advised to remain vigilant in their security precautions. Al Qa'eda has demonstrated a willingness and proficiency in attacking western interests abroad. Turkey's strategic importance is a function of her sensitive geographic location. In addition to Iraq, Turkey shares borders with Syria, Iran, Georgia and Armenia. In August US authorities charged five men in Detroit with conspiring to provide resources for terrorist attacks. They had drawn up plans to attack the American airbase in Turkey.

Turkey is a generally secure environment in which to operate although there are areas of concern. Chechen separatists use Turkey as a base for operations. Russian officials claim the terrorists responsible for occupying the Moscow theatre in October made telephone calls to contacts in Turkey during the siege. In April 2001 pro-Chechen gunmen occupied an Istanbul hotel holding 150 guests hostage, including 37 US citizens. The siege ended peacefully after twelve hours, with no casualties. Given the West's tacit support for Russia's actions in Chechnya as part of the 'war on terror' further actions cannot be ruled out.

The Kurdistan Worker's Party (PKK) has been largely inactive since its 'peace initiative' following the arrest of its leader, Abdullah Ocalan, in 1999. Turkish security forces have conducted successful campaigns against the two most active terrorist organisations, the Revolutionary People's Liberation Party / Front (DHKP/C) and Turkish Hizballah. Despite this, both movements are still able to commit sporadic acts of political violence. In January 2001 the DHPK/C escalated its tactics and carried out its first suicide bombing, at police regional headquarters. A second suicide bombing targeting police in September 2001 killed two officers and an Australian tourist. Both attacks took place in Istanbul.

Turkish Hizballah has displayed a capacity to mount sophisticated operations with an effective grasp of small unit tactics. On January 24 2001 four teams of up to twenty individuals ambushed and killed a regional police chief and five other officers, firing approximately 460 rounds. Two more police officers were ambushed and killed by the group on 14 October 2001.

While these groups have mainly targeted the Turkish establishment the methods they employ, bombings and shootings, are likely to affect bystanders. Both groups are also virulently anti-US and anti-NATO. Tensions in the Middle East and an increased awareness of allied forces based in Turkey for possible military action in Iraq demand that Westerners are security conscious. However these incidents should be seen in perspective as relatively small scale and isolated.

**Conclusions:**

- The AKP brings a fresh, positive outlook for Turkey. Prospects for internal political stability, the economy, EU aspirations and Turkey's external relations, particularly over Greece and Cyprus, are much improved.
- A war with Iraq will impact upon the economy. However Turkey is ideally placed to capitalise on post conflict investment. Foreign investors can use Turkey as a secure platform from which to source opportunities in a post-Saddam Iraq.
- Turkey remains a friendly and secure environment for Westerners to operate in. There are global concerns about Al Qa'eda and some local terrorist activity. This demands caution, but should be placed in a global perspective.

**Further information:** Janusian Security Risk Management is the specialist political risk and security subsidiary of The Risk Advisory Group Ltd. For further information please visit [www.janusian.com](http://www.janusian.com).