

## IMPORTANT DEVELOPMENTS OF LAST WEEK

A cross-party parliamentary commission will convene Thursday for its first meeting to assume an ambitious and potentially divisive mission to draft a new constitution for Turkey. Justice and Development Party (AKP) deputy chairman Ömer Çelik said all four parties in Parliament “have reached a full consensus that the conciliation commission should be set up and start working without pre-conditions.” However, main opposition leader Kemal Kılıçdaroğlu insisted that his Republican People’s Party (CHP) had “red lines,” including firm opposition to amending the first three articles of the current constitution.

In the view of upcoming presidential elections, the Ankara government has urged French politicians not to use Turkey as a tool in their campaigns following both French President Nicholas Sarkozy and prominent Socialist candidate François Hollande exploiting the Armenian “genocide” claims last week. Sarkozy crossed swords with Turkey during a visit to the Armenian capital Yerevan last week when he urged Ankara to recognise, within a "very brief" period, the 1915 massacres at the hands of the Ottoman Empire as genocide. Speaking in Turkish parliament, Prime Minister Recep Tayyip Erdogan criticised Sarkozy for using different languages when he spoke in Turkey, France and Armenia. "This is not political leadership. Politics, first of all, requires honesty," said Erdogan.

Prime Minister Erdoğan’s mother Tenzile Erdogan died last Friday. World leaders including Israeli President Shimon Peres and many others from different group of the Turkish community offered condolences to the grieving Prime Minister.

The Turkish Central Bank has intervened in the foreign exchange market with a sharp triple move on Wednesday in a bid to defend the value of the Turkish Lira. The bank sold \$750 million at a daily auction, cut required reserve ratios on forex deposits to boost market liquidity by \$1.3 billion, and doubled the amount of reserves that banks are allowed to keep in foreign currency to as much as 20 percent of lira liabilities, increasing the Central Bank’s reserves by as much as \$3.6 billion. High-volume auctions may come if necessary in the upcoming days, the bank said underlying its commitment to supporting a currency that has lost about 18 percent of its value against the dollar this year. Analysts warned intervention provided a respite but was not a long-term solution.