

June 9, 2009

President Barack Obama  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, DC 20500

Dear Mr. President:

Please accept this letter as an expression of our concern about the negotiations between the International Monetary Fund (IMF) and the Government of Turkey for additional loans to fund an estimated 7 percent deficit in the Turkish national budget in 2009.

The deficit is partly the result of expenditures Turkey makes to support and perpetuate its continuing and illegal occupation of approximately 36 percent of the territory of the Republic of Cyprus. Turkey maintains in Cyprus a force which consists of over 40,000 military personnel and pays the salaries of the employees of the occupation regime it has set up which is referred to as the "Turkish Republic of Northern Cyprus." Overall, the Turkish government allocates an estimated \$400 million annually from its budget to maintain this operation. Another reason Turkey runs a deficit relates to its exorbitant military spending, which is used in part to fund the Turkish air force's regular and frequent violations of other sovereign nations' airspace over the Aegean Sea. The Turkish air force's systemic violations represent a total disregard for longstanding treaties and international law. Additional loans to Turkey will merely fund activities which are blatant violations of international law as well as derogations from the principles upon which our foreign policy is based.

While the illegal activities of Turkey in Cyprus and the Aegean Sea are adequate reasons to deny further loans, there is ample other evidence that any additional loans to Turkey will be wasted:

- According to the World Bank's 2008 Worldwide Governance Indicators (WGI) report, Turkey has shown progress with respect to accountability and the fight against corruption, however, the supremacy of the rule of law percentile has fallen to 53.3 from 55.2, which is what it was the previous year.
- The 10<sup>th</sup> Global Corruption Survey conducted on August 12, 2008 by Ernst & Young, an auditing and counseling firm, found that 68 percent of executives of international firms surveyed believe that measures against bribery and corruption

- are not sufficiently strong in Turkey. The survey also indicated that, the rate of success by internal audits in detecting and preventing bribery and corruption is ranked at 52 percent in Turkey compared to the worldwide average of 72 percent. This implies that even though the legal framework has become stronger, legal sanctions cannot be properly implemented in Turkey.
- As the Turkish Prime Minister, Recep Tayyip Erdogan, asserted in a public statement on May 9, 2009, Turkey rejects the IMF conditions on the issues of unregistered income of elected officials, reducing government spending and tax administration in Turkey. By rejecting such conditions, Turkey is rejecting the transparency necessary to uncover cases of corruption and misuse of funds.

During your trip to Ankara, you stressed the need for Turkey to continue taking steps towards re-shaping its political apparatus and increasing state accountability. Such measures would help convince Americans that Turkey is an honest partner. Turkey, however, still holds a poor record in implementing policies that would make it both a reliable receiver of the IMF aid and a dependable partner promoting U.S interests and bringing the desired stability in the region.

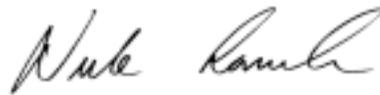
Your Administration is moving forward quickly by increasing the United States' participation in the IMF and urging Congress to authorize the amount of \$100 billion to be given to the Fund for Emergency Spending, thus allowing the U.S. to keep the promises it set at the recent G-20 nations meeting.

We urge you to advise the IMF as well as the authorizing and appropriating committees in Congress that the U.S. will not fund any further loans to Turkey unless Turkey ends its illegal activities in Cyprus and the Aegean Sea.

Respectfully,



Aleco Haralambides,  
President



Nick Larigakis,  
Executive Director

CC: Mr. Dominique Strauss- Khan, IMF Managing Director