

In this week's Türkiye in Focus:

- Türkiye's top diplomats are closely engaging with the new Syrian leadership.
- Recent developments in Syria influence Türkiye's domestic political landscape.
- The final week of the year saw key economic developments in Türkiye.

Intelligence Chief and Foreign Minister Visit Damascus

Türkiye's relations with Syria's new administration are growing closer. President Erdoğan emphasised Türkiye's readiness to do its utmost in rebuilding state institutions in Syria. Following the fall of the Assad regime, high-ranking Turkish officials have visited Damascus. The first was İbrahim Kalın, the head of the National Intelligence Organization (MİT). This week, Foreign Minister Hakan Fidan was hosted by the new administration in Damascus.



(Arda Küçükkaya - Anadolu Agency)

In a joint press conference with Ahmad al-Sharaa, the leader of Syria's new administration, Fidan underlined Türkiye's willingness to assist through state institutions, civil society organisations, and the Turkish business community. Al-Sharaa, in turn, expressed gratitude for Türkiye's support since the first days of the revolution.

One of Türkiye's key concerns remains Syria's territorial integrity. Building a peaceful Syria that accommodates its minorities and diverse ethnic and religious groups is among Türkiye's primary objectives. In this context, Türkiye stresses that the YPG's armed presence in northern Syria is unacceptable to both Türkiye and Syria. Clashes have been observed between the YPG and forces affiliated with the Syrian National Army in northern Syria.

In a televised appearance, Minister Fidan stated that addressing this issue is primarily the responsibility of the Damascus administration. However, military activity is also visible on the Turkish side of the border. Currently, the YPG issue, which poses the biggest challenge to Syria's unity, is also Türkiye's primary security concern. The situation continues to evolve, and developments in the coming period will be of critical importance to both countries.

The Syria Equation in Türkiye's Domestic Politics

Developments in Syria have long had a significant impact on Türkiye's domestic political landscape, viewed from various perspectives. During Hafez al-Assad's rule, key issues such as border disputes, disagreements over water resources from the Euphrates river, and Syria's longstanding harbouring of PKK figure Abdullah Öcalan created major points of tension. These issues shaped the political climates of both countries for decades.

This influence has deepened and transformed over the past 13 years of the Syrian revolution. The presence of over 4 million refugees and YPG activity in northern Syria have remained at the forefront of Türkiye's political agenda. The AK Party adopted a policy of opposing the Assad regime and welcoming refugees, a stance that has been frequently criticised by the opposition. The latter was shortsighted and failed to differentiate between national interests and petty political opportunism.

Following the downfall of the Assad regime, the AK Party capitalised on the success of its policies, with a noticeable shift in domestic support for both the AK Party and President Erdoğan. This trend is reflected in numerous polls, which show Erdoğan as the most revered leader and the AK Party as the dominant political force.

Additionally, MHP leader Devlet Bahçeli's earlier call for discussions between PKK figurehead Abdullah Öcalan and DEM Party members preceded recent developments in Syria. This week, it was reported that approval from the Justice Ministry was granted for such talks to take place. However, compared to two months ago, the evolving situation in Syria will significantly shape the content of these discussions. Any potential statements from Öcalan or subsequent state actions are closely tied to the Syria equation.

Year-End Economic Review

The final week of the year was marked by routine yet significant developments such as the approval of the 2025 budget in parliament and the setting of the new minimum wage, along with the first interest rate cut in 22 months.

The minimum wage was set at 22,104 Turkish lira, representing a 30% increase. While this falls below the Central Bank's annual inflation projection of 44%, many deemed the increase insufficient. However, proponents of mainstream economic theories argue that wage hikes should avoid populist tendencies to effectively combat inflation. President Erdoğan emphasised that the adjustment was made in line with inflation expectations to ensure that workers' wages are not eroded by rising prices.

As tight monetary policies remain in effect, Vice President Cevdet Yılmaz announced that the Central Bank's foreign exchange reserves had reached a record level of \$165 billion.

The impact of these policies was reflected in Thursday's Central Bank decision to cut interest rates for the first time in nearly two years. The policy rate, which had long stood at 50%,

was reduced by 250 basis points to 47.5%. In its statement, the Central Bank reaffirmed its commitment to maintaining a tight monetary stance "until a marked and lasting decline in the underlying trend of monthly inflation is achieved and inflation expectations converge toward the projected range."



(Mustafa Çiftçi - Anadolu Agency)

Highlights

- Türkiye announces plans to revive the historic Istanbul–Damascus railway.
- Over 25,000 Syrian refugees have returned home from Türkiye since the collapse of the Baath regime.
- Saudi Arabia is reportedly considering the purchase of 100 KAAN fighter jets from Türkiye.

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