



TURKISH
DEMOCRACY
PROJECT

August 26, 2021

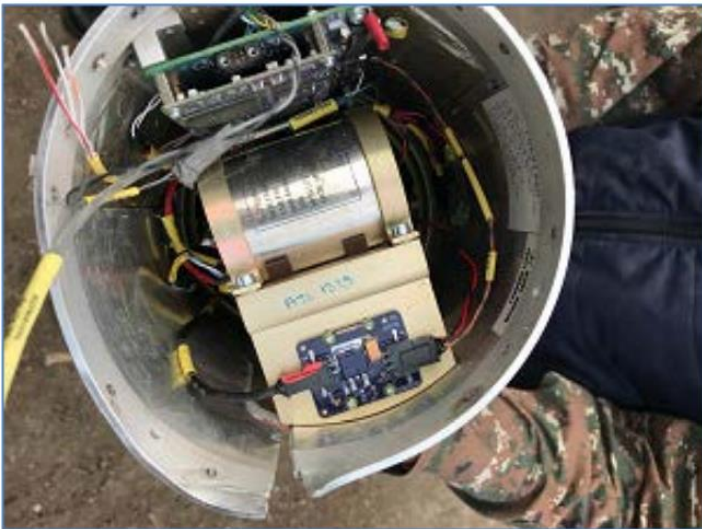
Victor Peng
President and CEO
Xilinx Inc
2100 Logic Drive
San Jose, CA 95124

Re: Xilinx and Turkey

Dear Mr. Peng:

I am writing on behalf of the Turkish Democracy Project, a non-partisan, non-profit international policy organization formed in opposition to Turkey's authoritarianism, its oppression of the Turkish people, and its malign and destabilizing international activities. I write to convey TDP's concerns regarding the apparent commercial relationship between Xilinx, Inc. and the Turkish military industrial complex, in particular the drone manufacturer Baykar Makina.

Battlefield evidence from Artsakh (see below) has confirmed that Xilinx's Field Programmable Gate Arrays (FPGA) Chips have been used to provide flight-path control, missile guidance, and target tracking to Turkey's Roketsan's MAM-L missiles, which are fired from Turkey's Bayraktar TB2 Unmanned Aerial Vehicle (UAV). These drones have been deployed against Armenian civilians in Artsakh, against Kurdish forces allied with the U.S. in the war against ISIS, and they have been used brutally to prolong the civil war in Libya.



In response to emerging evidence, several other companies, including Garmin, Trimble Inc., and Beringer Aero, have already announced that they will discontinue all exports to Turkey's defense industry. We urge Xilinx to do the same, and cease the provision of its componentry to the production of Turkish drones with immediate effect.

Beyond the moral implications of providing drone parts to an aggressive and expansionist military that targets civilian populations, Xilinx faces grave legal, financial, political, and reputational risks associated with doing business with Erdogan-aligned Turkish companies, particularly in the military sector. These risks are enumerated below.

Executive Summary. Xilinx should understand the grave legal, reputational, commercial, and financial risks of doing business with Turkish defense companies. First, there are legal risks associated with supplying componentry to Turkish drones under the Countering American Adversaries Through Sanctions Act. TDP's research suggests there are links between sanctioned Turkish entities and individuals and the production of the Bayraktar TB2 UAV. Second, any company that aids in the production of Turkey's drones will risk grave reputational damage: Turkey's use of its drones has been widely denounced.

There are also broader reputational risks of doing business with any Erdogan- or AKP- linked companies, due to the notoriety of the Turkish government's human rights abuses and military aggression. In addition, doing business with Turkish banks risks running afoul of U.S.-imposed sanctions: several major banks in Turkey have been implicated in sanctions-evasion schemes in the last decade. Degradation of the rule of law, rampant corruption, and a lack of oversight mean that any contracts carried out in Turkey will require a disproportionate amount of due diligence to ensure both that return on investment assumptions are reasonable, and that any Turkish companies involved in business ventures have not already participated in illegal activity such as sanctions evasion, money laundering, or financing of extremism. Finally, an unstable investment climate, a volatile currency, and a lack of central bank independence suggest that the long term value of investment in Turkish companies is highly uncertain.

Economic Sanctions. The United States has imposed sanctions against Turkey's Presidency of Defense Industries (SSB) and on Ismail Demir, president of SSB, pursuant to section 231 of the Countering America's Adversaries Through Sanctions Act (CAATSA).¹ The sanctions were imposed in response to Turkey's purchase of the Russian S-400 surface-to-air missile system; recent news that Turkey is planning to sign a new S-400 missile contract will likely lead to further sanctions against Turkish entities and individuals.² The current sanctions in effect include a ban on all U.S. export licenses and authorizations to SSB, as well as an asset freeze and visa restrictions on Demir.³ SSB's website includes a reference to the Bayraktar UAV:

Bayraktar Unmanned Aerial Vehicle Project is carried out by our Undersecretariat in line with the Turkish Armed Forces' need for aerial reconnaissance, surveillance and neutralization of targets, and UAV production is carried out by Baykar Makina.⁴

Additionally, Ismail Demir has issued statements suggesting his direct involvement with the Bayraktar UAV program, promising "we will deliver it [the Bayraktar UAV] at the end of

¹ U.S. Department of State, "[The United States Sanctions Turkey Under CAATSA 231](#)," 12/14/2020.

² Reuters, "[Russia says Turkey could sign new S-400 missile contract soon – Ifax](#)," 08/23/2021.

³ U.S. Department of State, "[The United States Sanctions Turkey Under CAATSA 231](#)," 12/14/2020.

⁴ SSB Website, "[Bayraktar](#)."

2020.”⁵ The cooperation between the Bayraktar UAV program and Turkey’s SSB suggests that Baykar’s UAV production is included in the sanctions described above. According to a letter signed by twenty-eight members of congress, “the continued transfer of such technology appears to violate arms export control laws and run afoul to CAATSA sanctions that Congress has imposed on Turkey.”⁶

Impairment of Corporate Reputation. Turkey’s drones are infamous for their use by Azerbaijan, Turkey’s ally, against Armenian civilians during the 2020 Nagorno-Karabakh War.⁷ Turkey’s TB2 drones have been used in Syria against Kurdish allies of the United States, and in Libya, prolonging that country’s bloody civil war.⁸ Their indiscriminate use by the Turkish military and Turkish-backed forces have been widely condemned by the international community. Supporting their production will undoubtedly mar the reputation of any responsible company in the eyes of shareholders and the investing public.

According to Can Kasapoglu, director of the Security and Defense Studies Program at Turkish think tank EDAM, drones have become an essential part of Turkish warfare as its military strategy has become “more and more expeditionary.”⁹

Turkey’s use of drones often includes illegal attacks on civilians. For example:

Despite calling a ceasefire on “Operation Peace Spring,” Turkey and Turkish-backed forces have continued their widely criticized invasion into northern Syria, committing a number of violations and killing civilians throughout the Afrin and Ras al-Ayn regions in particular.¹⁰ Turkey’s break of the ceasefire prompted Syrian Kurds to call on the United States to block Turkish drones from Syrian air space in order to prevent what they described as Turkish war crimes.¹¹ In June 2020, a Turkish drone strike that killed three Kurdish women prompted Mazlum Kobane, the leader of the U.S.-allied Syrian Democratic Forces, to publicly condemn what he called a “policy of massacres” and “ethnic cleansing” against the Kurds in northern Syria.¹² The airstrike targeting three non-military Kurdish women provoked angry protests in Kobani, Syria.¹³

⁵ Vatan, “[Defense Industry President Ismail Demir gave the good news](#),” 01/06/2020.

⁶ Duvar English, “[US lawmakers call for suspension of drone technology transfer to Turkey](#),” 08/25/2021.

⁷ Washington Post, “[Azerbaijan’s Drones Owned the Battlefield in Nagorno-Karabakh—and Showed Future of Warfare](#),” 11/11/20.

⁸ Washington Post, “[Turkey’s Military Campaign Beyond its Borders is Powered by Homemade Armed Drones](#),” 11/29/2020.

⁹ *Ibid.*

¹⁰ Council on Foreign Relations, “[Despite Ceasefire Agreement, Turkey Implicated in More Than Eight Hundred Violations](#),” 10/13/2020.

¹¹ The Guardian, “[Kurds Call on US to block Turkish military drones from Syrian air space](#),” 10/31/2019.

¹² <https://twitter.com/MazloumAbdi/status/1275719237684912128>.

¹³ Al-Monitor, “[Turkish Drone Strike Kills Three Kurdish Women in Syria](#),” 6/24/2020.

Turkish drones have also attacked inside Iraq.¹⁴ This year on June 5th, Turkish drones attacked the UN-protected Makhmour Refugee Camp, drawing condemnation from current U.S. Ambassador to the UN, Linda Thomas-Greenfield.¹⁵ Just last week, the U.S.-backed Syrian Defense Forces were reportedly targeted by a wave of Turkish airstrikes that included several drone attacks.¹⁶ Turkey has also added an air base hosting its drones in Northern Cyprus, heightening unease around what the Cypriot government calls Turkey’s “expansionist agenda.”¹⁷

The international outrage surrounding Turkey’s use of its drone technology to commit atrocities and destabilize the region has already prompted several companies—including Garmin, Viasat, Beringer Aero, and Trimble Incorporated—to release statements indicating that they will no longer provide parts to Turkish drone manufacturers, given the public outrage around these human rights violations.

Garmin, which saw protests outside of its Kansas factory in November 2020, stated that it would ensure that its independent contractors were no longer “selling Garmin products to Baykar...[or]...any other persons or companies they have reason to suspect are engaged in nefarious activities.”¹⁸

¹⁴ Associated Press, “[Iraq says 2 women killed in Turkish strikes on Kurdish group](#),” 4/16/2020.

¹⁵ Medyanews, “[US ambassador to UN condemns Turkish drone strike on Makhmour refugee camp in Iraq](#),” 06/08/2021.

¹⁶ Voice of America, “[Reported Turkish Drone Attacks Over Syria Raise Kurdish Concerns](#),” 08/24/2021

¹⁷ Associated Press, “[Turkish drones in northern Cyprus heighten regional unease](#),” 08/25/2021.

¹⁸ The Armenian Mirror-Spectator, “[Garmin Takes Action Against Use of Its Products in Bayraktar Drones](#),” 11/10/2020.



Protestors Outside of Garmin International in Olathe, Kansas, Nov 6, 2020

Carlsbad, CA-based company Viasat has issued a statement and vowed to ensure it is not supplying drone parts to the Turkish military industrial complex, condemning the use of force against civilians and labeling the events in Artsakh as “terrorism” and “genocide.”¹⁹

Finally, Canada also suspended arms exports to Turkey in the wake of the Armenia-Azerbaijan conflict after evidence emerged that Canadian drone technology was being used in the war.²⁰

Beyond the clear human cost of supplying drones to Turkey, there are long-term reputational risks to doing business with a country that is notorious for its grave human rights abuses, its support for violent extremism, and its policies of foreign aggression. This risk is exponentially higher when the business in question is directly connected to one of Turkey’s most powerful instruments of military expansionism.

¹⁹ Fox 5, “[North County Company stops sending drone tech to Turkey after protests](#),” 10/23/2020.

²⁰ Defense News, “[Turkey, Canada in spat over suspension of arms exports](#),” 10/06/2020.

Helmed by the authoritarian and repressive President Erdogan, Turkey's government has threatened its regional neighbors, supported extremist groups, deployed men and material in support of conflicts in the Middle East as well as Europe, persecuted ethnic minorities, devastated the free press, jailed and killed political opponents, eroded democratic institutions, and spread corruption throughout Turkey's institutions.

In addition, Turkey under Erdogan has occupied large swathes of northern Syria while committing wide-scale ethnic cleansing of Kurds, Yazidis, and other minorities. In the wake of the 2016 coup attempt, Erdogan's government became the world's number one jailer of journalists, closing down several media outlets, newspapers, radio stations, TV channels, and news agencies.²¹ Most recently, the governing party Adalet ve Kalkınma Partisi ("AKP") has attempted to shut down the second largest opposition political party in the country, the Kurdish-led HDP.²² In 2020, Freedom House officially declared Turkey "not free."²³

The last decade shows these incidents to be more than anti-democratic missteps; rather they constitute an increasingly dangerous pattern of democratic backsliding. Some corporations are already taking steps to divest and distance from Ankara due to these concerns.

In 2020, Volkswagen put a permanent stop to its multi-billion-dollar plans to build an auto factory near Izmir. The company had delayed plans one year earlier in response to Turkey's invasion of Northern Syria.²⁴ VW's spokesmen were careful to point out that the decision to delay was made even though "the investment continues to make sense from a business point of view."²⁵

Instead, Volkswagen's decision was motivated by domestic outrage surrounding Turkey's widely-denounced invasion of Northern Syria. Bernd Osterloh of the works-council at VW made clear that "as long as Turkey tries to achieve its political goals with war and violence," Volkswagen's supervisory board will not agree to the deal: "Volkswagen can and must be moral."²⁶

²¹ Voice of America, "[Under Siege: How Failed Coup Gave Way to Major Media Crackdown in Turkey](#)," 07/15/2021.

²² Reuters, "[Top Turkish prosecutor files case to close pro-Kurdish HDP](#)," 04/17/2021.

²³ <https://freedomhouse.org/country/turkey/freedom-world/2021>.

²⁴ Handelsblatt, "[Turkish car lobby puts pressure on VW to build the new Passat plant](#),"

²⁵ *Ibid.*

²⁶ Wheelsjoint, "[Volkswagen cancels plans for new plant in Turkey](#)," 07/01/2020.



Demonstrators in front of the Volkswagen Showroom protesting construction of the factory

Political bodies likewise condemn Turkey’s shameful actions. This year, the California State Senate passed a bipartisan bill that would allow state employee retirement funds to opt out of any and all investment vehicles owned by the Republic of Turkey.²⁷ This move was in part a response to Turkey’s denial of the Armenian genocide. Lawmakers affirmed their desire to “send a strong message to the Republic of Turkey that California does not support its ongoing and aggressive denial of the Armenian Genocide and its unprovoked attacks on Artsakh.”²⁸

Such actions will continue as international community concerns grow regarding Turkey’s rogue activities. European governments as well as the Biden administration have taken a hard line in this respect, with an increasing emphasis on Turkey’s human rights violations. Companies must follow suit, or risk alienating customers and shareholders. Inevitably, when civic-minded shareholders, pension funds, university foundations, and public interest groups learn that a company continues to do business with Turkey, share value will suffer and the ability to access public debt and equity markets will disappear.

Banking Risk. Companies doing business with Turkey risk entanglement with multiple corrupt Turkish banks and financial institutions that engage in illicit international finance, such as sanctions busting schemes with Iran and Venezuela. At best, Turkey has a weak legal framework in place to properly investigate, freeze the assets of, or convict money launderers and

²⁷ Press Release from the Office of Senator Portantino, “[Senators Portantino and Wilk Introduce Bill Allowing Local Agencies to Divest From the Republic of Turkey](#),” 02/16/2021.

²⁸ *Ibid.*

financial criminals. Investigations into money laundering and sanctions evasion schemes are routinely blocked.²⁹

It is therefore not surprising that the Financial Action Task Force (“FATF”) concluded in 2019 that “serious shortcomings” persist in Turkey’s attempts to monitor and enforce its own Anti-Money Laundering and Combating the Financing of Terrorism (“AML/CTF”) laws.³⁰ FATF warned Turkey that it faces significant money laundering risks from drug trafficking, migrant smuggling, human trafficking, and fuel smuggling.

Disregarding the FATF’s warning that Turkey needed to “swiftly improve” the implementation of its anti-corruption laws, President Erdogan’s government has done little to address these issues in the past three years. Instead, it rewards sanctions evaders.³¹

Despite international warnings and U.S. prosecution, the last decade has seen recurring examples of Turkey’s failure to regulate its banks, highlighting the extensive business risks associated with the Turkish banking industry.

Among the most egregious violator of banking standards is Halkbank, one of Turkey’s largest Banks whose biggest shareholder is the Turkish government. In 2013, an investigation into Halkbank implicated the bank in a fraud of global proportions. Halkbank has helped Iran evade strict U.S. sanctions by smuggling at least \$20 billion in oil revenues from 2010 to 2015 alone. In 2018, deputy head of Halkbank Mehmet Hakan Atilla was convicted of evasion of U.S. sanctions. The United States DOJ is criminally prosecuting Halkbank for money-laundering and sanctions busting.³² On May 5, 2021, Atilla was denied export privileges by the U.S. Department of Commerce, signaling that the United States will not grant impunity for sanctions busting or money laundering.³³

News reports implicate several other Turkish Banks that could be subject to similar future scrutiny. Aktif Bank, a part of the Calik Holding conglomerate, was implicated at an early stage of the Turkish-Iranian gold scheme.³⁴ Aktif Bank has also been accused of money laundering on a grand scale in order to serve a number of disreputable customers, including the scandal-ridden German company Wirecard and businesses in Afghanistan with suspected ties to the Taliban.³⁵

²⁹ See, e.g., Reuters, “[Turkey dismisses corruption case that has dogged PM Erdogan](#),” 05/02/2014.

³⁰ Financial Action Task Force, “[Turkey’s measures to combat money laundering and terrorist financing](#),” 12/16/2019.

³¹ Foundation for Defense of Democracies, “[Erdogan Continues to Reward Iran Sanctions Evaders](#),” 10/31/2019.

³² U.S. Department of Justice Press Release, “[Turkish Bank Charged in Manhattan Federal Court for Its Participation in a Multibillion-Dollar Iranian Sanctions Evasion Scheme](#),” 10/15/2019.

³³ Bureau of Industry and Security, “[Order Denying Export Privileges](#),” 05/05/2021.

³⁴ Ahval News, “[Turkey’s Aktif Bank facilitated money transfers for Taliban, porn industry – report](#),” 09/21/2020.

³⁵ Deutsche Welle, “[FinCEN Files: How Turkey’s Aktif Bank helped Wirecard and the porn industry](#),” 09/21/2020.

Many of these transactions occurred under the watch of President Erdogan’s son-in-law, Berat Albayrak, who was CEO of Calik Holding at the time.³⁶ Three more Turkish banks—Arap Turk Bank, Vakif Bank, and Ziraat Bank, Turkey’s largest and state-owned bank— were also implicated in the Halkbank scheme.³⁷

The most recent Turkish institution to come under fire for illicit finance is the state-owned Ziraat Bank. In 2014, the U.S. Federal Reserve launched a probe into the Bank’s New York branch on suspicion of sanctions evasion. In 2017 the U.S. Department of Justice investigated it in relation to the Halkbank case. In January 2021, evidence emerged that the Turkish Sovereign Wealth Fund—state owned and headed by Erdogan—used Ziraat Bank to disappear a nonperforming loan that had been used to purchase Turkcell, Turkey’s largest mobile phone operator.³⁸

The illicit actions of Halkbank, Ziraat, and other major Turkish banks are not isolated incidents but the inevitable systemic corollary of a financial system that fails to prosecute, regulate—and indeed often rewards—corruption, leaving many of Turkey’s financial institutions vulnerable to criminal activity. Doing business with any Turkish Bank puts companies at risk.

Doing Business with a Corrupt Government

Doing business in Turkey means doing business with Erdogan’s Justice and Development Party (AKP). Under the AKP, Turkey has undergone a steady erosion of its already fragile democracy into an authoritarian system, where almost no branch of government or sector of the economy is fully independent of the executive branch.³⁹ Erdogan’s closest associates control large portions of the construction, energy, communications, financial services, and media sectors. This AKP-built system of kleptocracy ensures that the best business opportunities go to the most loyal members of Erdogan’s party, or those with familial connections, and that any illegal activity or tax evasion will go unreported and unpunished.

Beyond the reputational risks that come with doing business with a party that has systematically denied rights to its citizens and eroded democratic structures, the party’s system of kleptocracy and cronyism means that there is scant penalty in Turkey for AKP-supported businesses who engage in illegal activity, misrepresent their finances, or renege on contracts.

President Erdogan and his government were not only directly implicated and involved in the Halkbank scheme, they also rewarded its architect, Mehmet Hakkın Atilla, upon his return from

³⁶ Ahval News, “[Turkey’s Aktif Bank facilitated money transfers for Taliban, porn industry – report](#),” 09/21/2020.

³⁷ IranWatch, “[Major Turkish Bank Prosecuted in Unprecedented Iran Sanctions Evasion Case](#),” 03/31/2020.

³⁸ Foundation for Defense of Democracies, “[Turkey’s State-Owned Bank Probed by the New York Fed](#),” 09/15/2014.

³⁹ Selim Koru, “[The Institutional Structure of New Turkey](#),” Foreign Policy Research Institute, 02/23/2021.

prison: Berat Albayrak, Erdogan's son-in-law as well as Finance and Treasury Minister at the time, appointed Atilla as CEO of the Istanbul stock exchange.⁴⁰ This is one high profile example of a practice that is rampant throughout Turkey's government: the reward, even encouragement, of illegal activity so long as it furthers the AKP's political aims.

In fact, the U.S. Department of Justice has directly implicated President Erdogan in the scheme, and the case for the prosecution has highlighted the government's complicity in its indictment:

In addition to benefiting the Government of Iran by evading restrictions on the use of oil proceeds, the gold scheme would also benefit the Government of Turkey: By converting the otherwise-restricted Iranian oil proceeds at HALKBANK, the defendant, into gold and exporting that gold, the scheme would artificially inflate Turkey's export statistics, making its economy appear stronger than it in fact was.⁴¹

Not only has the government of Turkey implicated itself at the highest levels in what The Atlantic has called “the biggest sanctions-evasion scheme in recent history,”⁴² but it has also used this sanction evasion and others like it to mislead investors.⁴³

Erdogan's kleptocratic system exists to consolidate his power in part by keeping his closest associates' businesses—known as Turkey's “zombie companies”—afloat through awarding billions of dollars in government tenders.⁴⁴ During the AKP's 20-year reign, it has altered the Public Procurement Law nearly 200 times. This means that Erdogan's closest allies, in particular a small group of oligarchs known as the “gang of five,” receive an overwhelming percentage of government tenders.⁴⁵ A report by the Republican People's Party (CHP) stated that the government has issued 330.5 billion liras (approx. 38.4 billion USD) worth of tenders, and 50% of those were won by the same 20 companies—24% of those went to the “gang of five.”⁴⁶

Despite the lira's severe depreciation, Turkey's unruly inflation, and the ossifying unemployment rate, these companies conceal their financial difficulties. Their financial burdens are transferred to the banking sector, in particular public lenders, with public banks required to support these companies at the government's behest.

⁴⁰ Financial Times, “[Turkey picks former jailed banker to head Istanbul stock exchange](#),” 10/21/2019.

⁴¹ U.S. Department of Justice Press Release, “[Turkish Bank Charged in Manhattan Federal Court for Its Participation in a Multibillion-Dollar Iranian Sanctions Evasion Scheme](#),” 10/15/2019.

⁴² The Atlantic, “[The Biggest Sanctions-Evasion Scheme in Recent History](#),” 1/4/2018.

⁴³ U.S. Department of Justice Press Release, “[Turkish Bank Charged in Manhattan Federal Court for Its Participation in a Multibillion-Dollar Iranian Sanctions Evasion Scheme](#),” 10/15/2019.

⁴⁴ Al-Monitor, “[How Turkey's 'zombie' companies keep afloat](#),” 09/25/2020

⁴⁵ Duvar English, “[‘The gang of five:’ Nepotism, corruption, and tender-rigging in Erdogan's Turkey](#),” 02/10/2021

⁴⁶ *Ibid.*

Any contracts carried out in Turkey will require a disproportionate, if not practically impossible, amount of due diligence in order to both ensure that: any return on investment assumptions are reasonable—there is little incentive for Turkish companies to report their financial information honestly—and to ensure that any companies involved in business ventures in Turkey have not participated in any form of illegal activity such as sanctions evasion, money laundering, or financing of extremism.

Lack of Central Bank Independence. Turkey’s central bank is not independent of its government: President Erdogan has fired four central bank governors in the last five years in a misguided and failed attempt to keep interest rates arbitrarily low.

This entanglement between the executive branch and the country’s central bank is fundamentally damaging to the Turkish economy, and the instability it yields is enough to discourage investors based on central bank failed governance alone: Nordea Group’s Global Chief Strategist has tweeted that Nordea will “NEVER turn bullish on TRY [the lira] as long as Erdogan is effectively running the central bank.”⁴⁷

Erdogan’s involvement with Turkey’s Central Bank is unprecedented. He has transformed the institution into an instrument he uses to advance his political goals and consolidate his power, in the belief that lower interest rates will appeal to his base of supporters. His strategy has failed, to the grave detriment of the lira and the Turkish people.

Erdogan’s most recent major change at the Central Bank—the sudden dismissal of central bank head Naci Agbal—caused the lira to plunge by 15%.⁴⁸ The *Wall Street Journal’s* editorial board pointed to this decision as evidence that investors were wrong to think that “Mr Erdogan had finally seen the light on economic policy,” stating instead that he is in fact “Turkey’s biggest economic problem.”⁴⁹ Most recently, Erdogan ousted yet another major policy maker at the Central Bank on May 25th, marking the fourth such dismissal since March of 2021.⁵⁰

Currency Volatility and Unstable Investment Climate

This combination of politically-motivated moves at the Central Bank, as well as Turkey’s growing deficit and its lack of foreign currency reserves, has contributed to its recent downgrading by Moody’s to a B2 score with a negative outlook.⁵¹ Potential investors can expect

⁴⁷ <https://twitter.com/AndreasSteno/status/1373657871406227458>.

⁴⁸ BBC, “[Turkish lira falls 15% after bank governor sacked](#),” 03/22/2021.

⁴⁹ Wall Street Journal Editorial Board, “[Erdogan Tanks the Turkish Lira](#),” 03/23/2021

⁵⁰ CNBC, “[Turkey’s Erdogan fires central bank deputy governor in the fourth ousting since March](#),” 05/25/2021.

⁵¹ S&P Global, “[Moody’s downgrades Turkey to B2, warns of ‘severe’ balance of payments crisis](#),” 09/11/2020.

little to no stability or predictability with regard to Turkey's monetary policy while President Erdogan remains in power.

The IMF's January 2021 report on Turkey indicated that misleading and apparent growth in GDP was the result of policies that exacerbated the Turkish economy's pre-existing vulnerabilities—namely inflation and lira depreciation.⁵²

The volatility of Turkey's currency is a direct reflection of both Erdogan's political control of the Central Bank as well as his overall mismanagement of economic policy. The Turkish Lira has been subject to a dramatic decline in value over the past decade, leading to an unstable and unpredictable business environment. Companies that decide to engage in business with Turkey cannot guarantee the long-term value of their investments. Doing business in dollars or euros, especially in an authoritarian country, provides little guarantee of return on that investment.

Conclusion. Serious legal, financial, and reputational risks associated with Turkey's drone manufacture and military sector will continue until and unless Erdogan's government fundamentally alters its behavior, both at home and abroad. Until that time, no prudent and responsible company should be doing business with Baykar Makina, or any other Turkish defense firm.

Please clarify Xilinx's position, policy, and intentions with respect to its involvement with Turkish TB2 drone production. Please let us hear from you by Thursday, September, 2nd 2021.

Thank you for your attention to this matter.

Yours truly,



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⁵² International Monetary Fund, "[Turkey: Staff Concluding Statement of the 2021 Article IV Mission](#)," 01/25/2021.