

## Oil prices drive annual inflation back to double digits

Hurriyet Daily News, 05.09.2017



Turkey's annual inflation rate stood at 10.68 percent in August, revisiting double digits, with price hikes in cars, oil and LPG becoming the driving force, according to figures by the Turkish Statistical Institute (TÜİK) released on Sept. 5.

Consumer prices rose by 0.89 points, up from 9.79 percent in July, according to TÜİK. Transport prices rose 17.38 percent, making it the main driver of annual inflation. This contributed 0.34 points to annual inflation alone. A disease in eggs in Europe boosted demand from Turkey, triggering a 16.85 percent increase in the local price of the commodity.

The prices of milk and dairy products also increased, however, the overall increase in food prices was moderate. Monthly inflation rose 0.52 percent in August since the previous month, above the expectations.

On Monday, state-run Anadolu Agency's finance desk survey of 14 economists predicted an average 0.15-percent increase in the monthly rate and an annual rate of 10.27 percent. The economists forecast a year-end inflation of 9.38 percent.

TÜİK's report showed the highest monthly rise was in the education sector, which saw a 2.79 percent increase in prices. Timothy Ash, a senior emerging-market strategist at the London-based BlueBay Asset Management, said in a client note that the extent of the increase was disappointing, although an uptick was expected.

"The assumption was that inflation would begin to ease back to year-end, due to tax changes, but it will now be from a higher level," Ash wrote. Ash added that the figures left little scope for the Turkish Central Bank to ease its current hawkish monetary policy stance any time soon.

"The data will sow doubts about the bank's ability to keep inflation in check, it has missed its target for many years now and that's why we're seeing the lira weaker than other currencies today," said Jakob Christensen, chief emerging markets analyst at Danske Bank.

Ziraat Bank economist Bora Tamer Yilmaz told Anadolu Agency higher-than-expected inflation numbers were driven by a strong euro and higher commodity prices. "Some consumer products in the Turkish market originate from Europe and many products are being priced in euros. Durable goods inflation has a higher sensitivity toward euro volatility," Yilmaz said. He also stressed on the effect of the Eid al-Adha holiday on transport costs, especially airfares, which increased significantly.

“Airfares have increased by 18.2 percent annually alongside with transportation group items,” he said. He said he expected the Turkish Central Bank to hold on to its tight stance until improvements are visible in inflation statistics.

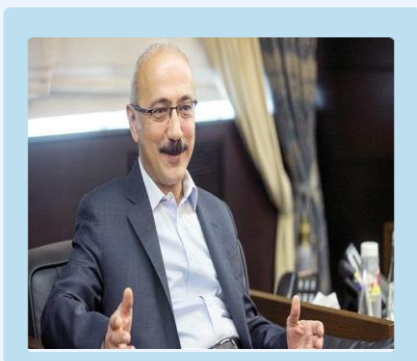
Şekir Turan, an economist at Odeabank, told Anadolu Agency that new fixed-weight methodology in inflation calculations, along with price adjustments ahead of the Eid al-Adha holiday, led to a rise in headline inflation in the month. “Even though, we think the government’s recent measures to reduce the volatility in food prices may be effective in the medium-term,” Turan said.

He added that the rise in inflation rate would continue in the forthcoming months due to foreign exchange rates and cost factors. The Turkish lira fell in September, underperforming broader emerging markets that benefited from dollar weakness and absence of more rhetoric from North Korea.

The MSCI’s emerging equity index was flat after posting its biggest one-day fall in three weeks on Monday in reaction to Pyongyang’s weekend test of a hydrogen bomb. With the dollar on the backfoot, most emerging currencies firmed, including the South Korean won which had seen its biggest daily fall on Sept. 4 since January

## Greenfield investments in Turkey to jump with high capacity use: Development minister

Hurriyet Daily News, *03.09.2017*



Turkey Greenfield investments in Turkey are on the verge of a boost due to a sharp increase in capacity utilization, Development Minister Lütfi Elvan has told daily Hürriyet.

“Those who had planned completely new investments in Turkey have been in a ‘wait-and-see’ position for the past three years. But an increase in capacity utilization will bring in additional new investments,” Elvan said, noting that the ratio for utilization increased to 78.8 percent on average between May and July, the highest this year.

Capacity use in the automotive sector, a key industry for the Turkish economy, has reached 87 percent, he added. “Normally, when [this figure] reaches 80 percent or more an additional investment is needed,” Elvan said. The same “wait-and-see” approach also applies to consumers, he noted.

“Consumers also tend to wait for some time and then a boom comes. We expect an increase in investments,” Elvan added. The Purchasing Managers’ Index (PMI) is at its highest rate for the past 43 months, he also noted.

“We therefore think completely new investments will increase in the second half of 2017 and in 2018,” Elvan said, adding that loans from the government’s credit guarantee fund (CGF), which opens credit windows to SMEs, contributed seriously to the economy this year, supporting companies that need business capital. “The size of the CGF has reached 201 billion Turkish Liras,” he said, highlighting that around 97 percent of these loans were for business capital.

Turkey’s growth figures so far this year are already above projections, as the second quarter figure is expected to hit 5 percent, surpassing growth in the first three months, Elvan added. The government had targeted an overall growth rate of 4.4 percent by the end of the year.

The growth forecast will be revised in the new medium-term program, which is expected to be announced later this month, Elvan stated. Moody’s recently raised Turkey’s 2017 growth forecast to 3.7 percent from 2.6 percent, projecting an average of 3.2 percent growth next year.

The inflation rate will fall to around 7 percent in the first months of next year, Elvan predicted. In July, Turkey’s annual inflation rate dropped to 9.79 percent, its lowest level in six months, down from 10.9 percent in June.

## Turkey’s foreign trade deficit up by 82.5 percent

Hurriyet Daily News, 29.08.2017



Turkey’s foreign trade deficit increased by 82.5 percent in July compared with July 2016, according to official data.

The provisional data, produced with the cooperation of the Turkish Statistical Institute and the Ministry of Customs and Trade and made public on Aug. 29, showed Turkey’s exports were \$12.64 billion last month with a 28.3 percent increase and imports were \$21.49 billion dollars with a 46.2 percent increase compared with July 2016. In July, foreign trade deficit was \$8.84 billion with an 82.5 percent increase compared with July 2016.

Seasonally and calendar adjusted exports decreased by 1.6 percent while imports increased 5.3 percent compared with previous month. Calendar adjusted exports and imports increased by 16.5 percent and 25.1 percent, respectively compared with July 2016. As compared with the same month of the previous year, exports to the EU-28 increased by 18.2 percent from \$5.065 billion to \$5.99 billion. The proportion of the EU countries was 47.4 percent in July exports while it was 51.4 percent in July 2016.



In July, the main partner country for exports was Germany with \$1.21 billion. The country was followed by UAE with \$1.098 billion, the United Kingdom with \$811 million and Iraq with \$773 million.

Last month, the top country for Turkey's imports was China with \$2.13 billion. The country was followed by Germany with \$1.83 billion, Russia with \$1.8 billion and the U.S. with \$1.38 billion.

Foreign trade by technology intensity covers the manufacturing industries' products in classification of ISIC Rev.3. According to the ISIC Rev.3, the ratio of manufacturing industries products in total exports was 94.7 percent in July. The ratio of high-technology products in manufacturing industries was 2.9 percent.

The ratio of medium-high-technology products in manufacturing industries' products was 34.7 percent. The ratio of manufacturing industries' products in total imports was 83.8 percent. The ratio of high-technology products in manufacturing industries' products was 13.9 percent, while the ratio of medium-high-technology products in manufacturing industries' products was 38.3 percent in July.

Turkish economic confidence hits 5-year peak. Turkey's economic confidence index climbed to its highest level since July 2012, according to official data released on Aug. 29. The economic confidence index increased by 2.5 percent to 106 points in August, up from 103.4 points in July, the Turkish Statistical Institute (TÜİK) said in a report. The institute noted that monthly hikes in real, services, retail trade and construction sector confidence indexes maintained the rise in economic confidence.

Among all indexes, the construction confidence index rose the most, by 3.3 percent, to 88.3 points. The real sector confidence index climbed to 110.2 points with a 2.3 percent month-on-month increase, followed by services (105.4 points) and retail trade (108.5 points) sectors with increases of 1.6 percent and 1.1 percent, respectively.

In August, only the consumer confidence index declined, down 0.3 percent to 71.1 points. According to the TÜİK definition, the index indicates an optimistic outlook regarding the general economic situation when it is above 100.



## Turkey's industrial production up in July

Anadolu Agency, 08.09.2017



Turkey's industrial production increased by 14.5 percent in July 2017 compared to the same month last year, the Turkish Statistical Institute (TurkStat) announced on Friday.

On an annual basis, the manufacturing index saw the biggest rise in July, up 16 percent, among all three main sub-indices, TurkStat said. The electricity, gas, steam and air-conditioning supply index advanced by 11.7 percent while the mining and quarrying index slightly increased 0.8 percent in the same period. Meanwhile, on a monthly basis, the country's industrial production also increased by 2.3 percent in July.

In July, the electricity, gas, steam and air-conditioning supply and the manufacturing indices rose by 4.8 percent and 2.2 percent, respectively. The mining and quarrying index fell by 2.6 percent in the month.

According to a survey conducted by Anadolu Agency's Finance Desk on Thursday, the median estimate for annual industrial production rise in July 2017 stood at 16.1 percent. Turkey's industrial output is deemed a vital indicator for the economy as it is seen as a preliminary gauge for GDP growth.

## Turkish Cyprus is 'viable' state

Anadolu Agency, 28.08.2017



The president of the Turkish Republic of Northern Cyprus (TRNC) has said Greek Cypriots will either unite with Turks equally or live in separate states peacefully.

Speaking on Monday at a news conference with Turkish Deputy Prime Minister Recep Akdag in Lefkosa, Mustafa Akinci recalled that the two communities on the island had tried a bi-communal state in 1960, which only survived three years, and said the Enosis [union with Greece] aspiration of Greek Cypriots brought separation and conflict. Referring to the recent failed peace talk in Switzerland, Akinci said:

"They [Greek side] will either share governance with us [Turkish side], which they have failed to achieve in Crans-Montana, or they will discuss and settle on the conditions to live under separate roofs, side by side." Akdag stated that Turkey would do its best as a guarantor country in Cyprus.

The TRNC “is viable and can stand alone with its deep-rooted traditions,” Akdag said during a meeting with Turkish Cypriot Parliament Speaker Sibel Siber. “Thus, the TRNC has the power to sustain its development, boost welfare and do what is necessary to make its people happier.”

Siber said the TRNC was a state with democracy, a parliament, judicial system and government and added: “We expect the world to respect them.” “If there is a real solution here, it is obvious that a solution cannot be reached by ignoring the social existence of one side,” she said.

The eastern Mediterranean island of Cyprus was divided into a Turkish Cypriot state in the north and a Greek Cypriot administration in the south after a 1974 military coup was followed by Turkey’s intervention as a guarantor power. Akdag also met TRNC premier Huseyin Ozgurgun, who said the whole region had benefited from the peaceful environment created by Turkey, saying there had been no bloodshed on the island since the 1974 Turkish intervention. “We have reached these days with the support of Turkey,” Ozgurgun said.

“Prosperity has increased significantly in both the TRNC and Greek Cyprus within the secure and peaceful environment provided by the Turkish Armed Forces and the motherland, Turkey,” he added. There has been an on-and-off peace process over recent years, with the latest initiative in Crans-Montana, Switzerland under the auspices of guarantor countries Turkey, Greece and the U.K., collapsing earlier this year.

Turkey has blamed Greek Cypriot intransigence for the latest talks’ failure and also faulted the European Union for admitting Cyprus as a divided island into the union in 2004, after Greek Cyprus rejected a peace deal.

## 300 new Iranian female bosses contribute to economy after training program

Hurriyet Daily News, 03.09.2017



Some 300 women entrepreneurs have emerged in Iran as a result of social policies fostered for the past eight years and launched by civil initiatives, according to officials.

The Women Empowerment Center in Iran, supported by the Tehran Municipality, provides a three-year training program for women who have lost their partners or are divorced and in need to support their families. “The Women Empowerment Center in Iran holds facilities in 22 different regions. The center has trained 17,000 women in the last eight years. Some 13,000 of them finished their training and 4,000 of them still continue the program.

Among them, 300 women employers emerged and are doing their own businesses in Iran,” the president of the center, Fahimeh Firouzfard, told daily Hürriyet during a recent press tour.



“First, we train and then we supply the work opportunity. We register the whole family into the system. We also keep track of the daughters and sons of the women who have lost their partners. If the daughter of the family gets married, her consultancy still continues for five more years. The plan [of our consultancy] includes the family as a whole. We can see how many people live in an area through the information we register,” said Firouzfard.

“Women come here for training and consultancy. We check if applicants have talent or not when they apply for the program. The women must be insured during the training period. We rented the venue from the municipality and this venue can be taken back from us if we do not insure the women within the three months,” she said.

She added that there are also other women who come to the center to find the workers to whom they can give work. She said the women applicants in the center have the telegram mobile application and other people can get in contact with them through this medium. There are also programs shorter than three years in the center tailored especially for those who cannot leave their homes. These courses mainly consist of designing in silver and textile.

A second association in Iran which helps women in the country is the Imam Khomeini Aid Association. Its president, Fatma Rehber, said they signed a special agreement with a factory that produces automobiles in attempt to supply vehicles for women who want to work as taxi drivers.

“Women can choose to call female taxi drivers. They also prefer women drivers on school buses. We put the certificate as a condition when they want to buy a car. We also check the psychological health of the applicants before we agree with them. Female drivers are allowed to work in their own city,” Rehber said.

According to the agreement with the car factory, the association is set to buy 5,000 cars and pay 33 percent of each car’s value, leaving the rest of the amount to be paid by the women drivers. Apart from carrying out projects to provide women with jobs, the association also directly deposits money in disadvantaged people’s bank accounts and do housing benefits as well as renovate old houses in villages.

Some 66 percent of the aid association’s budget is subsidized by the government, with the rest coming from donations. Rehber said they supported 3 million people so far, 60 percent of whom are women while 1,200,000 of them were elderly men.

## Greek economy grows 0.5 pct in second quarter: data

Hurriyet Daily News, 01.09.2017



Greece's struggling economy grew by 0.5 percent in the second quarter of 2017, official data showed on Sept. 1, in line with government estimates of a modest rebound this year.

Year-on-year, the economy grew by 0.8 percent compared to the equivalent quarter in 2016, Greek statistical authority Elstat said. Greece expects to post growth of around 1.8 percent this year after nearly unbroken contraction since 2008. Greece has spent years rebuilding confidence in its statistics after shocking European authorities.

In early August, Elstat said it would no longer publish flash growth estimates after wide divergences in data called for significant revisions down the line. In one notable case earlier this year, revised data showed the Greek economy growing by a slim 0.4 percent in the first three months of 2017, whereas an earlier flash estimate had pointed to a contraction of 0.1 percent for the period.

## Russia hoping to boost arms sales after Syrian usage

Hurriyet Daily News, 31.08.2017



Russia is hopeful that the new weapons it tested for the first time in Syria will lead to a spike in arms sales abroad, officials have said.

Foreign customers, they said on Aug. 30, have been particularly interested in the weapons that the Russian military have used in Syria. Moscow has waged an air campaign there since September 2015, helping President Bashar Assad sharply expand the area under his control. "The chance to test weapons in real combat can't be overestimated," said Deputy Defense Minister Yuri Borisov.





“Customers have started queuing up for the weapons that have proven themselves in Syria.” Borisov said the weapons tested for the first time in the Syrian conflict included the Su-30 and the Su-35 fighter jets, new helicopter gunships, missiles, electronic warfare systems, infantry weapons and other equipment.

Borisov, who is in charge of the military’s arsenals, said their use has allowed designers to fix any glitches they encountered faster than would otherwise have been the case.

Dmitry Shugayev, head of the Federal Service for Military-Technical Cooperation, also said Wednesday that foreign orders for Russian weapons to be delivered over coming years amount to almost \$50 billion.

Russia’s arms sales last year totaled \$15 billion, making it the world’s second-largest arms exporter after the United States. Sales this year are expected to be around that level. Shugayev cited expert estimates saying Russia is poised to take about 27 percent of the global military aircraft market, slightly surpassing the U.S.

Combat aircraft sales account for about half of Russian arms sales abroad, while land weapons account for 30 percent of its exports and air defense systems take about 20 percent. Alexander Fomin, a deputy defense minister who oversees international military ties, said that Russia hopes to expand its arms sales to African nations, recovering positions it lost after the collapse of the Soviet Union.

“We believe that we have big perspectives on the African market,” he said. Fomin and other officials hailed the Army 2017 arms fair held just outside Moscow earlier this month, saying that it helped attract new potential clients. Western nations have ignored the arms fair amid tensions with Russia over Ukraine. The U.S. and its allies have halted military cooperation with Russia and slapped it with sanctions over Moscow’s annexation of Ukraine’s Crimea and support for pro-Russia insurgents in eastern Ukraine.

Fomin said that the West has shot itself in the foot by freezing military-technical cooperation with Russia, voicing hope that defense ties could resume. “We remain open and will welcome everyone,” he said.



## Shell opens first Mexico gas station, eyes up to \$1b investment

Rigzone, 05.09.2017



Anglo-Dutch oil major Royal Dutch Shell opened its first gas station in Mexico on Tuesday, adding to a growing list of foreign-branded pumps in a market still dominated by the green-colored outlets of state-owned company Pemex.

Following a 2013 constitutional energy overhaul that ended Pemex' decades-long monopoly, private companies can now brand gas stations and sell non-Pemex brand gasoline and diesel, as well as import fuels. The opportunities are huge for the private sector in the fuel market of Latin America's second-biggest economy.

That with Mexico now one of the world's biggest gasoline consumers and the top foreign importer of U.S. gasoline. Shell said in a statement it plans to open an unspecified number of additional service stations and that investment in Mexico's fuel sector could reach about \$1 billion over the next decade "if current market conditions are maintained."

The company's inaugural gas station, which also features a convenience store, is located in a northwestern suburb of the sprawling Mexican capital. Shell, which in June won a shallow water exploration and production contract along with France's Total, operates more than 43,000 gas stations in some 80 countries worldwide. Mexico boasts some 11,400 gas stations, the vast majority of which remain Pemex franchises.

## France appoints envoy to mediate in Gulf crisis

Anadolu Agency, 05.09.2017



France has appointed a former ambassador to both Qatar and Saudi Arabia as a special envoy to mediate in the ongoing diplomatic crisis pitting Doha against a Saudi-led bloc of Arab states.

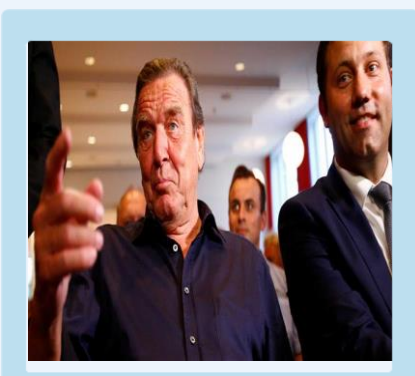
Bertrand Besancenot, 65, was assigned to Doha in the 1980s before becoming ambassador to Qatar in 1996. He first served as France's ambassador to Saudi Arabia in 2007 until September last year. Besancenot will "evaluate the situation and the best ways to support mediation and appease tensions between Qatar and its neighbors,"

Foreign Ministry spokeswoman Agnes Romatet-Espagne told reporters in a daily briefing on Tuesday. In early June, Saudi Arabia, the United Arab Emirates, Egypt and Bahrain collectively severed diplomatic ties with Qatar, accusing it of supporting terrorism in the region.

Doha denied the allegations, describing attempts to diplomatically isolate it as a violation of international law and its national sovereignty.

## Schröder accuses his critics of wanting a "new Cold War"

Hurriyet Daily News, 31.08.2017



Former German Chancellor Gerhard Schroeder hit back at those criticising him for taking a job at a Russian energy company, saying some of his critics wanted to push Germany into a "new Cold War."

The critics include his successor as chancellor, Angela Merkel, who is campaigning to win her fourth term in elections to be held Sept. 24. The nomination of Schroeder to the board of state-owned Rosneft, which is subject to Western sanctions over Moscow's role in the Ukraine crisis, has caused an outcry in Germany.

But Schroeder, interviewed at a town-hall-style event in the western town of Rotenburg, said Rosneft was being falsely portrayed in the German media, questioning whether he would face similar criticism if he had chosen to work for a U.S. company.

"Imagine if I had been proposed not for a Rosneft board position but for Exxon in America," he said. "Nobody would ask my true motives," he said, replying to a question put by a party ally and a parliamentary candidate in the Sept. 24 election. "It is the largest oil company in the world, with important links to Germany," he said. "It is not the long arm of the Kremlin. They are the majority shareholder, but BP is a shareholder - not a small shop. Qatar is a shareholder."

Schroeder has been slammed as "Gazprom Gerd" for his relationship with Gazprom, another major Russian energy company. Martin Schulz, running against Merkel for the Social Democrat party, has come under pressure to distance himself from Schroeder, the party's last national election winner.

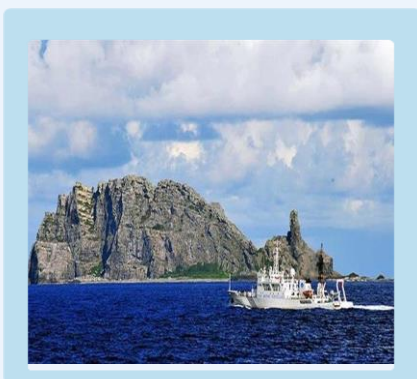
But Schroeder, 73, who makes no bones about his friendship with Russian President Vladimir Putin, said he had been vindicated in his decision to oppose former U.S. President George Bush's Iraq war in 2003 and said he was confident that his involvement with Russia would be seen in the same way.

Merkel, his Christian Democrat successor and a staunch Atlanticist who backed the Iraq war, said Schroeder's decision to take on corporate retirement jobs was "not okay." "The people who are now particularly critical wanted to sign us up to the Iraq war, and they've never apologised for standing on the wrong side then," Schroeder said. "The ones doing it again clearly have an interest in us entering into a new Cold War, for example with Russia."

The former chancellor, still popular among his party faithful, also took a swipe at U.S. President Donald Trump, comparing Trump's seemingly impulsive Twitter diplomacy unfavorably with his Russian counterpart's approach. "It's very problematic if someone goes about things depending on their mood, railing against this media organization or the other," he said. "Compared to Mr Trump, Mr Putin is a very rational man, you have to admit."

## Philippines hosting South China Sea cooperation forum

Anadolu Agency, 29.08.2017



The Philippines' Department of Foreign Affairs announced Monday that the country is hosting a forum on international cooperation on the South China Sea issue.

Participants include senior diplomats, policymakers and maritime cooperation scholars from the 10 member states of the Association of Southeast Asian Nations (ASEAN) and China. "The seminar seeks to build on what we have achieved so far in our efforts to build trust and confidence among the parties involved in the South China Sea issue," Foreign Affairs Secretary Alan Peter Cayetano said.



The forum is taking place despite recent reports of Beijing's island building activities in the disputed waters. Cayetano said the two-day seminar in Manila on the full and effective implementation of the 2002 Declaration of Conduct (DOC) of Parties in the South China Sea ends August 29. "The seminar also seeks to boost regional efforts to ensure peace and stability in the South China Sea, to help prevent maritime accidents and to preserve and protect the marine environment and promote sustainable fisheries," he added.

Cayetano said the seminar highlights the Philippines' commitment to implement the DOC while efforts to improve the Code of Conduct are continuously made. "These practical measures are essential in ensuring that the region remains peaceful and stable and that the interests of coastal states like the Philippines are protected."

The country first hosted a seminar on the South China Sea in 2015 which focused on discussions on the peaceful settlement of disputes and what constitutes self-restraint on activities of claimant states in the contested waters.

A joint communique was issued by ASEAN early this month which expressed concerns on Chinese reclamation activities and called for the "non-militarization" of the disputed waters. Beijing claims almost all of the South China Sea, including a cluster of islands, reefs and atolls further south called the Spratlys. ASEAN members Brunei, Malaysia, the Philippines, Taiwan and Vietnam have overlapping claims on the waters.

## Ageing populations will drag on growth in Asia: IMF chief

Hurriyet Daily News, 07.09.2017



The chief of the International Monetary Fund warned on Sept. 7 that ageing populations in key Asian economies will drag on their growth, urging policymakers to step up their response to shifting demographics.

Studies show that Asia's population is ageing faster than anywhere else in the world, with Japan forecast to become the first "ultra-aged" country, meaning 28 percent of the population is 65 or over, while a fifth of the people in South Korea are expected to be 65 by 2030.

Rapidly ageing countries including China, Japan, Korea and Thailand "will have smaller workforces in the future and potentially lower productivity growth", IMF managing director Christine Lagarde told a conference in Seoul. "We estimate that these countries could face lower annual GDP growth... by up to a percentage point," the IMF chief said.

China and Japan are the world's second- and third-largest economies respectively, and slower growth in them risks having significant knock-on effects around the world. Lagarde urged governments to "boost the proportion of women in the workforce" by better accommodating working mothers with more childcare benefits and incentives for part-time work.

In emerging countries such as India -- where populations are still growing -- better education for girls and wider access to finance for women should be prioritised, she said. According to some estimates, she added, closing the gender gap in the employment market could raise Japanese GDP by 9 percent, South Korea's by 10 percent, and India's by 27 percent.

At the conference, Bank of Korea Governor Lee Ju-Yeol also called for steps to tackle low birth rates and create more jobs for women and older people. "A failure in responding to population ageing will make the escape from possible structural low growth difficult," Lee said.

An IMF report issued earlier this year projected population growth falling to zero in Asia by 2050 and the share of working-age people -- now at its peak -- declining over the coming decades. Urging policymakers to act early to respond to the ageing population, the report warned: "Parts of Asia risk becoming old before becoming rich."

## Pennsylvania may impose severance tax

Rigzone, 28.07.2017



**By a 26-24 vote, Pennsylvania's Republican-controlled Senate passed legislation Thursday to cover a state budget shortfall that would impose new taxes on producers and consumers of natural gas as well as the electricity and telecommunications sectors.**

**One of the top natural gas-producing states in the United States, Pennsylvania currently assesses an annual impact fee that natural gas producers pay on each well they spud. The Senate-passed plan.**

It must still be approved by the state's GOP-majority House of Representatives, would increase drillers' costs in the state by imposing a severance tax of 2 cents per thousand cubic feet on natural gas production to generate an estimated \$80 million this year for the state. In addition, the proposal would levy a 5.7-percent natural gas gross receipts tax on home heating bills expected to yield approximately \$400 million. Pennsylvania's Commonwealth Foundation features a breakdown of the full proposal on its website.

Organizations with a stake in the growth of natural gas production and economic development in Pennsylvania criticized the proposed tax hikes. "The reinstatement of a gross receipts tax on natural gas users and the imposition of a severance tax on the natural gas industry will negatively impact investment and innovation in a critical part of our regional economy," Matt Smith, president of the



Pittsburgh Chamber of Commerce, said in a written statement. "It will also hamper efforts to increase more robust natural gas end use." Daniel J. Weaver, executive director of the Pennsylvania Independent Oil & Gas Association (PIOGA), lamented the timing of the proposed move for companies involved in extracting natural gas from the Marcellus Shale formation.

"(T)he companies involved in the development of the resource are just beginning to crawl out of a severe price slump over the past two years that has resulted in significant job cuts and financial losses," Weaver said in a PIOGA press release. "Picking on an individual segment of our economy to balance the budget should offend every Pennsylvanian, but singling out one having financial troubles is mind-boggling."

Weaver added the gross receipts tax on natural gas use is "even more mind-boggling." "Lower natural gas prices in Pennsylvania over the past five years have not only reduced burner tip prices for natural gas users, but have caused massive reductions in the price of electricity across the Commonwealth," he said.

Also, Weaver pointed out the tax hikes put Pennsylvania at a competitive disadvantage with other gas-producing states seeking capital investment.

"A look at this week's drilling rig count tells the story – Pennsylvania stands at 34 rigs, while Texas is running 463 rigs," Weaver said. "A big factor is the regulatory uncertainty in Pennsylvania, including the constant layering of new regulations and policies and the inability of the state Department of Environmental Protection to issue permits within statutory time frames."

David Spigelmyer, president of the Marcellus Shale Coalition, also expressed concerns about the region's competitiveness in light of the proposed additional revenue streams for the state. "Our industry remains opposed to additional energy taxes," Spigelmyer said in a written statement. "This proposal – which creates new and even higher energy taxes for consumers and energy producers alike in addition to the impact tax that's generated \$1.2 billion in revenue – will erode the Commonwealth's competitive advantage that can revitalize our manufacturing base and spur other critical downstream opportunities."

"As the budget process moves forward, we remain committed and focused on fostering meaningful dialogue with lawmakers and others about common sense policies and solutions that can help create good-paying jobs for Pennsylvanians and other important community-level benefits for families across the Commonwealth," Spigelmyer concluded.

# UN security council should meet over rohingya crisis

Anadolu Agency, 08.09.2017



**U.S.** An international human rights group on Friday called on the UN Security Council to hold an emergency meeting on Myanmar's crackdown on Rohingya Muslims.

According to the UN and rights groups, over the past two weeks military operations have forced 164,000 Rohingya villagers to flee across the border to neighboring Bangladesh from Rakhine state. New York-based Human Rights Watch (HRW) said that it has interviewed 50 Rohingya refugees recently arrived in Bangladesh who described killings, shelling and arson in their villages.

"Rohingya refugees have harrowing accounts of fleeing Burmese army attacks and watching their villages be destroyed," Meenakshi Ganguly, South Asia director at HRW, said.

"Lawful operations against armed groups do not involve burning the local population out of their homes." The group said its initial findings of the situation in the Maungdaw area of Rakhine were indicative of an ethnic cleansing campaign.

It called on the UN Security Council to hold a public emergency meeting and warn Myanmar's government that it would face severe sanctions unless the campaign against the Rohingya is halted. "The United Nations and concerned governments need to press Burma right now to end these horrific abuses against the Rohingya as a first step toward restoring Rohingya to their homes," Ganguly said.

Fresh violence erupted in Rakhine when security forces launched an operation against the Rohingya community. Turkish President Recep Tayyip Erdogan has promised to raise the plight of the Rohingya at the UN General Assembly on Sept. 19.

The Rohingya, described by the UN as the world's most persecuted people, have faced heightened fears of attack since dozens were killed in communal violence in 2012. Last October, following attacks on border posts in Maungdaw, Myanmar security forces launched a five-month crackdown in which, according to Rohingya groups, around 400 people were killed.

The UN has documented mass gang rapes, killings -- including infants and young children -- brutal beatings, and disappearances committed by security personnel. In a report, UN investigators said the human rights violations indicated crimes against humanity.

Before the fresh operation, the military had boosted its presence in Maungdaw after a wave of deadly attacks claimed by the Arakan Rohingya Salvation Army, which said it had acted in response to raids, killings and looting by soldiers.



# US Senate passes Harvey aid package, extends debt limit

Hurriyet Daily News, 20.08.2017



The U.S. Senate on Thursday passed a sweeping deal that will keep the government running and provide much-needed aid to victims of Hurricane Harvey.

In 80-17 vote, it approved a \$15.25 billion hurricane aid package as well as a short-term bill extending government funding and an increase in federal borrowing to prevent a shutdown. The move comes a day after the House of Representatives approved \$7.9 billion in aid for Harvey victims.

With Hurricane Irma heading towards Florida and the Federal Emergency Management Agency (FEMA) running out of funds, President Donald Trump is expected to sign the bill. The Senate vote comes on the heels of a deal between President Donald Trump and Democratic leaders who agreed Wednesday to raise the debt ceiling for another three months.

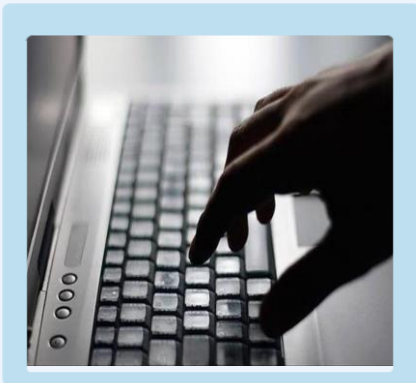
The bill now heads to the House, where voting is expected Friday. With the federal government's funding expiring Oct. 1, the Treasury Department had urged Congress to raise the debt limit before the end of this month.

Trump and Senate Minority Leader Charles Schumer have also reportedly agreed to pursue a deal that would permanently remove the requirement that Congress repeatedly raise the debt ceiling. "There are lots of good reasons to do that...For many years, people have been talking about getting rid of the debt ceiling altogether," Trump told a reporter, according to The Washington Post.

Republican leaders on Wednesday insisted on an 18-month extension of the debt ceiling, but Trump sided with the Democrats in a surprise move.

# Hackers steal data of 143 million in US from Equifax

Upstream Online, 24.08.2017



Credit reporting company Equifax announced Thursday that hackers had absconded with the personal information of an estimated 143 million US consumers.

Hackers stole data including names, Social Security numbers, dates of birth, addresses and driver's license numbers. They were also able to steal the credit card numbers for about 209,000 people. While these thefts have become alarmingly common, attacks where Social Security numbers, driver's license information and credit card numbers are stolen are rarer.

This information is particularly valuable for identity thieves. The cyber-attack occurred between May and July of this year. Equifax discovered the hacking on July 29 and enlisted leading cyber-security firms to stop the attack. The company noted that the hackers did not seem to be able to infiltrate the systems that control credit scores for millions of Americans.

"This is clearly a disappointing event for our company, and one that strikes at the heart of who we are and what we do," Equifax CEO Richard Smith said in a statement. "I apologize to consumers and our business customers for the concern and frustration this causes."

Equifax noted that some consumers in Canada and the United Kingdom were also affected, but there has been no evidence that the residents of any other countries were compromised in the attack. The company set up a new website for consumers to check to see if they were impacted and to sign up for credit monitoring.

"We pride ourselves on being a leader in managing and protecting data, and we are conducting a thorough review of our overall security operations," Smith continued. "We also are focused on consumer protection and have developed a comprehensive portfolio of services to support all U.S. consumers, regardless of whether they were impacted by this incident."

Shares of Equifax plunged more than 13 percent in after-hours trading Thursday, amid the news to \$124.00.

# Euro extends gains after \$1.20 break; dollar wilts

Reuters, 22.08.2017



Falling The euro jumped more than half a percent after breaking above a key level on Aug. 29 while the dollar fell to a two-year low against the Swiss franc after a North Korean missile test sapped investors' leveraged demand for risky assets.

With markets grasping at the lack of any mention of the euro's strength by ECB President Mario Draghi at the Jackson Hole conference in Wyoming last week as a tacit green signal for euro bulls, traders pushed the single currency above the \$1.20 line.

Still, some analysts were wary that the single currency's renewed strength would attract some attention from the European Central Bank at a policy meeting next week. "I think the fact that Draghi refrained from talking about the euro at Jackson Hole, opened the door for the market to test the level and the risk-off mood overnight gave it the final push," said Martin van Vliet, senior rates strategist at ING. "Next week, I think Draghi will definitely touch upon the exchange rate if it's still at \$1.20."

The euro extended gains to be up 0.6 percent on the day to \$1.2052 against the dollar after breaking above the \$1.20 line in early trades. It has gained nearly 2 percent so far this month and is up more than 14 percent this year. Helping the euro's rise has been a general sell-off in the dollar against its major rivals. A trade-weighted index fell 0.6 percent to its lowest levels since January 2015 with benchmark 10-year U.S. Treasury yields down 6 basis points to 2.09 percent.

"Risk sentiment has taken a beating on the North Korea jitters and weak equity markets with the only exception being the euro, as the uptrend momentum seems to be behind the single currency," said Stephen Gallo, European Head of FX Strategy at BMO Financial Group in London. North Korea fired a missile early on Tuesday that flew over Japan and landed in Pacific waters off the northern Japanese region of Hokkaido in a sharp escalation of tensions on the Korean peninsula.

Stock markets across the region were a sea of red with U.S. stock index futures pointing down 0.8 percent while the Swiss franc and the Japanese yen rose more than 1 percent and 0.8 percent respectively against the dollar. The franc rose to as high as 0.9428 per dollar, its strongest since August 2015.

# Harvey to cost Texas \$58 billion in losses: Report

CNBC, 31.08.2017



Economic losses in Texas from Hurricane Harvey, which is still pounding the water-logged US state with rain, will be some \$58 billion (49 billion euros), disaster analysts in Germany said on Aug. 31. If that estimate holds, it would make Harvey the world's 9th most expensive natural disaster since 1900, according to the Center for Disaster Management and Risk Reduction Technology (CEDIM) in Karlsruhe, Germany. It would also push the yearly economic loss from earthquakes, floods, tsunamis, cyclones and other natural cataclysms past \$100 billion for the 8th year in a row.

"The damage is extensive at around \$58 billion, and is over 90 percent due to flooding," said James Daniell, senior risk engineer at CEDIM, and head of its Forensic Disaster Analysis Group. The estimate carries uncertainty range from \$41 billion to \$80 billion.

"Depending on the next couple of days, we may see this estimate rise, as it only includes Texas at this point," he told AFP. The total "flooded exposure" - the value of all the capital stock inundated by water, whether five centimeters or five meters - in the affected area was estimated at \$267 billion.

Other calculations of total economic loss have been considerably lower. German insurance giant Hannover Re's initial figure for damages was \$3 billion, while JP Morgan estimated the insurance sector could be out \$10-20 billion. Disaster risk specialists Enki Holdings, based in Savannah, Georgia, put the total tab at above \$30 billion.

The CEDIM estimates are based in part on the largest database of natural catastrophes in the world, covering over 41,000 events since 1900. They also reviewed new TerraSAR-X satellite data, which indicates a flood "footprint."

To measure the region's risk exposure, Daniell and his team used data from the U.S. Bureau of Economic Analysis, which tracks investment. "But we also checked that against building and replacement cost data," Daniell said. "That's usually the issue with a lot of other models - they don't get the exposure right."

Total capital stock in Texas is about \$4.5 trillion, and for the entire United States the figure is about \$56 trillion, he said. The natural disaster with the highest economic costs -- \$218 billion was the 2011 Tohoku earthquake, which generated a monster tsunami that devastated a large swathe of Honshu Island and crippled a nuclear power plant.

In second place is the earthquake that levelled part of China's Sichuan Province in 2008 (\$162 billion), followed by Hurricane Katrina, which destroyed much of New Orleans in 2005 (\$160 billion).





Harvey weakened as it moved inland over Louisiana on Aug. 31, leaving behind record flooding that drove tens of thousands from their homes in Texas. The death toll was rising as bodies were found in receding waters.

The storm has killed at least 35 people and forced 32,000 people into shelters since coming ashore on Friday near Rockport, Texas, on the Gulf of Mexico Coast. It was the most powerful hurricane to hit the state in half a century. The Houston Fire Department will begin a block-by-block effort on Aug. 31 to rescue stranded survivors and recover bodies, Assistant Fire Chief Richard Mann told reporters.

“Our whole city is underwater,” said Port Arthur, Texas, Mayor Derrick Foreman in a social media post where he also broadcast live video of floodwaters filling his home in the city of 55,000 people. Local emergency officials reported on Aug. 31 two explosions at a flooded chemical plant in the Texas town of Crosby, its operators Arkema Inc said. “At approximately 2 am CDT (0700 GMT), we were notified by the Harris County Emergency Operations Center (EOC) of two explosions and black smoke coming from the Arkema Inc plant in Crosby, Texas,” the company statement said.

As a precautionary measure officials had already ordered the evacuation of an area within 3 kilometers of the organic peroxides plant, which operators had said was at risk of exploding due to a “critical issue” triggered by monster storm Harvey’s torrential rains. The facility had been evacuated following a dangerous loss of on-site refrigeration.

In its statement, the company said: “unprecedented flooding overwhelmed our primary power and two sources of emergency backup power.” The facility manufactures compounds with a broad array of commercial uses including plastics, pharmaceuticals and construction materials but which can combust if not cooled to the proper temperatures.

“Organic peroxides are extremely flammable and, as agreed with public officials, the best course of action is to let the fire burn itself out,” Arkema said. “We want local residents to be aware that product is stored in multiple locations on the site, and a threat of additional explosion remains. Please do not return to the area within the evacuation zone until local emergency response authorities announce it is safe to do so.”

# Announcements & Reports

## ► *Precautionary recapitalisation: time for a review?*

**Source** : Bruegel  
**Weblink** : <http://bruegel.org/2017/07/precautionary-recapitalisation-time-for-a-review/>

## ► *Trends in Extremist Violence and Terrorism in Europe through End-2016*

**Source** : CSIS  
**Weblink** : <https://www.csis.org/analysis/trends-extremist-violence-and-terrorism-europe-through-end-2016>

## ► *Actualising East: India in a Multipolar Asia*

**Source** : Brookings  
**Weblink** : <https://www.brookings.edu/research/actualising-east-india-in-a-multipolar-asia/>

# Upcoming Events

## ► *13th Asia Europe Economic Forum (AEEF)*

**Date** : 26 July 2017  
**Place** : Beijing - China  
**Website** : <http://bruegel.org/events/13th-asia-europe-economic-forum/>

## ► *Emerging Markets and Europe: Time for Different Relationships?*

**Date** : 27 July 2017  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/524-emerging-markets-and-europe-time-for-different-relationships/>

## ► *What future for Europe's Social Models?*

**Date** : 27 July 2017  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/526-what-future-for-europes-social-models/>

## ► *Challenges for Growth in Europe*

**Date** : 27 July 2017  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/521-challenges-for-growth-in-europe/>



► *Global Governance of Public Goods: Asian and European Perspectives*

**Date** : 28 July 2017  
**Place** : Paris - France  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/529-global-governance-of-public-goods-asian-and-european-perspectives/>

► *The Future of the Welfare State*

**Date** : 28 July 2017  
**Place** : Berlin - Germany  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/541-the-future-of-the-welfare-state/>

► *Vision Europe Summit 2016*

**Date** : 28 July 2017  
**Place** : Lisbon - Portugal  
**Website** : <http://bruegel.org/events/vision-europe-summit-2016/>