

FM: Turkey has no option but to fight PKK, ISIL simultaneously

Hurriyet Daily News, 05.07.2016



Turkey's only option is to fight against the outlawed Kurdistan Workers' Party (PKK) and the Islamic State of Iraq and the Levant (ISIL) simultaneously, the Turkish foreign minister has said, stressing both the organizations were equally dangerous.

"You cannot give priority [against which terrorist organization you will fight] when you are under attack. For us, each of these terror organizations is as dangerous as the other. The DAESH attacks in the daytime, the PKK in the night. We have no other option than fighting both of them simultaneously," Foreign Minister Mevlüt Çavuşoğlu said..

Çavuşoğlu's statement was a reply to Le Monde's question whether it was logical for Turkey to pursue these two fights at the same time. The Turkish military has been conducting massive military operations against the PKK in the southeastern Anatolian region and against ISIL in northern Syria. A recent terrorist attack carried out by the ISIL at Atatürk Airport killed 45 civilians and wounded around 200.

"This is not new. There were attacks carried out by DAESH against Turkey," Çavuşoğlu said in response to a question whether Turkey would change its strategy against the jihadist organization. "A tactical change can take place but it won't be a strategic change. We are fighting against DAESH with all our means. We have been very active in the anti-ISIL coalition by opening our Incirlik Base and by training [Kurdish] Peshmerga and Iraqi local forces [Christians, Yezidis, Sunnis and Turkmens] in northern Iraq. We long ago ceased the flow of foreign fighters," Çavuşoğlu stated.

When the Le Monde recalled that the PKK was fighting against ISIL in Syria, Çavuşoğlu said: "I am very happy as you have now understood that there is no difference between the PKK and the PYD [Democratic Union Party]. Our friends in Europe and American allies are trying to convince us of the opposite. Shall we allow the PKK to kill our soldiers and police and continue their terror acts in Turkey just because they are fighting DAESH? No, not possible."

The objective of the PKK and the PYD is to establish an entity in northern Syria as they have not been focused on the peace and stability of the country, Çavuşoğlu said. "This is very dangerous. This will have a very negative affect on the security of Europe and the United States in the middle and long run."

On the ongoing operation carried out by the anti-ISIL coalition to push ISIL from the Manbij area, Çavuşoğlu admitted that the U.S. was implementing a deal reached between Ankara and Washington. "This is a secret military agreement. I don't want to talk about it," he said.

According to reports, Turkey sought assurances from the U.S. that PYD forces would be withdrawn from the Manbij area after the completion of the operation. Asked whether Turkey had guarantees from NATO in the event of the continuation of airspace violations by Russian military planes, Çavuşoğlu said: "NATO has already taken a decision to deploy an air defense system that would protect all of Turkish air space. Certain parts of it are being deployed. I will talk about this during [NATO's] upcoming Warsaw Summit."

Erdoğan calls on NATO to show more effort on issues effecting Turkey's security

Anadolu Agency, 08.07.2016



Turkish President Recep Tayyip Erdoğan has called on NATO to put more effort into combating developments that especially affect Turkey's security, while also urging the organization to be more active and up-to-date amid the rapidly changing nature of security threats.

"We expect NATO to show much more effort in the face of developments that negatively impact Turkey's security," said Turkish President Recep Tayyip Erdoğan at Istanbul's Atatürk Airport before leaving for a NATO summit in Poland. "The refugee crisis and migratory movements are affecting the whole world.

Cyberattacks, epidemics and regional instability are being reflected even in geographically-isolated countries," he said. "The nature of security threat concepts is undergoing drastic changes. During this process, NATO needs to be more active and update itself in the face of these new threats," he added.

The Turkish president said leaders would discuss strengthening NATO's defense and deterrence structure, among other subjects at the two-day Warsaw summit. He also said the summit came at a very critical time, days after the Islamic State of Iraq and the Levant (ISIL) terrorist organization killed hundreds in Istanbul, Baghdad, and Medina.

"As we can see, international security is becoming more fragile," he said. Erdoğan noted this was not a local problem affecting only some Middle Eastern and North African countries. "On the contrary, all regions and all countries are being influenced," he said, calling it "an issue of global dimensions."

He said the recent attacks carried out in France, Belgium, Tunisia, and the U.S. showed that no matter how developed a country was, it could not avoid the issue. Meanwhile, NATO Secretary General Jens Stoltenberg described the world as "a more dangerous place than just a few years ago," while speaking in Warsaw at a joint news conference with Polish President Andrzej Duda.

“And NATO is responding with speed and with determination,” he added, noting that the size of NATO’s response force had been tripled. “Tomorrow and on Saturday we will take new major steps to further modernize our collective defense and deterrence and to project stability beyond our borders,” Stoltenberg said.

Development Minister: Turkish gov’t to make big shift in regional development policy

Hurriyet Daily News, 07.07.2016



Turkish Development Minister Lütfi Elvan has said the government will introduce some big changes to its regional development policy, adding the state would introduce problem-free investment zones for companies, as well as new precautions to ensure the 4.5 percent growth target.

“We are changing the regional development concept. The development agencies in 26 regions will slowly depart from their grant programs and will give credits without interest or with zero interest,” Elvan told, adding that the reinforcements would not be the same in all areas. “For instance, we will only tend towards livestock in the Kars-Ardahan region.

As the central government, we will reinforce the livestock departments in the universities in that region. Such a structure will be formed,” he added. Elvan said the priority of development agencies would be youth and women, adding they would work for entrepreneurial youth in 26 regions. Saying that growth has been continuing for 26 quarters, Elvan stressed that a growth target of 4.5 percent for this year was set.

“However, if we don’t adopt some precautions, it’s possible that it [growth] can go below 4.5 percent. That’s why we’ve been taking and will take serious precautions,” Elvan said, adding that he hoped the target would be reached through these precautions.

“We will enhance the investment setting for growth. Structural reforms and transformation programs will be a top priority. We will establish a setting where the investor could look confidently to the future and not be afraid of sudden changes and uncertainties. We’ve started new efforts [in this direction],” he added.

Saying that the Development Ministry aimed to present the areas where infrastructure works were conducted by the public, permissions were taken and which were prepared for investment, to the private sector, Elvan added that the sectors to be provided with this facility were not yet determined. “We will carry out the procedures as public, including taking necessary permissions, setting up infrastructure, civil service works and procedures, which were made by the investor.



Moreover, the investor will be able to see the types of investment areas in an electronic setting without going out into the field. We are planning to complete it in the beginning of 2017. The investor will take the keys of his investment when the project is completed," Elvan said.

Elvan also mentioned international indexes, saying they would work on the indexes where Turkey had a low ranking. Another subject the minister touched upon was migration, as he said efforts would take place to prevent migration in eastern Turkey.

"Plenty of efforts will take place in order to prevent migration in the east. Attraction centers are among those. We will focus on intense labor sectors there, textiles for example. 'If you move your factory here from Istanbul, your factory building will be provided by us,' we will say to the textile businessman," Elvan said.

Elvan's statements came after Prime Minister Binali Yıldırım announced the details of a planned economic package to lure more foreign capital and improve Turkey's investment climate. "We are talking about a comprehensive economic package which touches each part of society and eases life for investors," the prime minister said, noting the package included radical reforms in a bid to lure more investments.

"There will be regulations that will decrease the stamp tax and other costs for investors. In contracts, the stamp tax and the notary fee will be charged for only one copy. This is of great importance for potential investors as we will be ceasing the execution of a 52-year-old practice which raises costs for investors," he added.

Yıldırım also said the government would strengthen the financial structure of the Development Bank to enable it to offer loans to investors more easily. "We will do the same with the Exim Bank in its loan offers to exporters. Our aim is to ease the access to financing, whether for tradesmen, industrialists or others," added Yıldırım.

Experts: Turkish-Russian normalization to fuel economic relations

Hurriyet Daily News, 05.07.2016



Recent moves to normalize ties between Turkey and Russia will benefit both sides' economy as well as the region's economy, particularly in the energy, tourism and trade sectors, according to officials and experts. A downturn in relations occasioned by Turkey's downing of a Russian jet last November especially impacted economic and trade ties.

After roughly nine months of disagreement, Turkish President Recep Tayyip Erdoğan and Russian President Vladimir Putin agreed to revive their stalled bilateral relationship in their first direct contact on June 29, fueling hopes about restoring economic and trade ties.

Russian Economic Development Minister Alexey Ulyukayev said the trade and investment relations between Turkey and Russia would be rebuilt, according to a TASS report. "Trade and investment relations with Turkey will be restored," he said in an interview with Gazeta.ru, TASS reported.

An expert from the Energy Markets and Policies Institute (EPPEN) said the improving relations would make the most positive contributions in the energy sector. "Russia has heavily invested in Turkey's energy sector," said EPPEN's Volkan Özdemir, as quoted by Anadolu Agency, noting that a possible resolution over gas prices would be significant if both sides can agree.

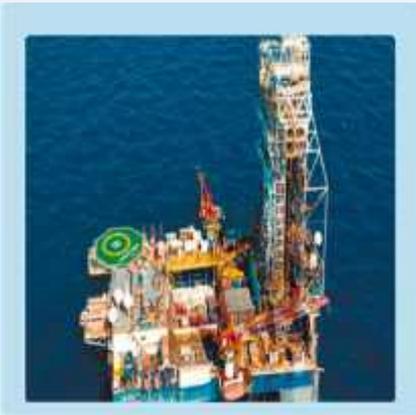
Nigyar Masumova, an academic from the World Economy Department of Moscow State International Relations University, said the normalization in ties was some good news during difficult days for the both countries. Trade and tourism ties will return to the former levels in a short time, Masumova said, according to Anadolu Agency, while adding that the planned Turkish Stream project could be delayed due to economic problems in Russia.

"We believe that the sanctions imposed by Russia on fresh fruit and vegetable imports from Turkey will likely be abolished in the autumn," she added. The head of the Agriculturalists Association of Turkey (TZOB), emsi Bayraktar, earlier noted that his sector's losses had reached \$290 million over the year due to the political problems with Russia.

"Russia's share in our fresh fruit and vegetable exports was 39 percent on an amount basis and 42 percent on a value basis. The sector's exports have been negatively affected since sanctions were imposed by Russia on Jan. 1. While Turkey made around \$368.2 million in revenue in exchange for around 530,000 tons of fresh fruit and vegetable exports to Russia in the first five months of 2015, this figure plunged to around \$78.2 million of revenue for some 113,000 tons of exports," Bayraktar said in a press meeting. In the first four months of the year, Turkey's exports to Russia dropped to \$484.6 million, a 61.5 percent decrease compared to the same period of 2015.

Moody's: Turkish-Israeli deal 'credit positive' for Israeli economy

Hurriyet Daily News, 04.07.2016



The Turkish-Israeli deal will be positive for the Israeli economy's credit as it expands the market for its gas exports, Moody's said. The report added the reconciliation between would provide a basis for the development of the gas sector.

Israel (A1 stable) and Turkey (Baa3 negative) signed an agreement formally normalizes relations between the one-time allies. "The credit-positive accord supports the Israeli economy by expanding the market for its gas exports from the giant Leviathan offshore field, where development will soon begin following the Knesset's recent resolution" said the note.

Moody's also expects the deal to bolster regional political stability. Perhaps more significant than the security advantages are the potential benefits for the Israeli economy, particularly for the incipient gas industry, according to the note.

"Turkey is likely to become a primary market for gas exports from Leviathan – potentially through the construction of a new pipeline in the Mediterranean – now that the two countries are set to begin discussions about a gas deal. Turkey also provides an important route to European markets for exports from the eastern Mediterranean gas basin, and would allow Israeli gas to serve as an alternative to Russian gas, which is frequently used for political leverage in European-Russian disagreements," said the note.

Palestinian Official: 50 Turkish aid trucks reach Gaza

Anadolu Agency, 08.07.2016



Around 50 trucks carrying Turkish humanitarian aid arrived in the Gaza Strip via Israel's Kerem Shalom border crossing, according to a Palestinian border official.

Mounir Ghalban, who oversees the Palestinian side of the crossing, told that the trucks carrying nearly 2,000 tons of humanitarian aid had entered the strip. According to Ghalban, the aid included basic foodstuffs, fuel and clothing, would first be stored in warehouses run by Gaza's Social Affairs Ministry before being distributed. The Kerem Shalom border terminal, which links Egypt, Israel and the Hamas-run Gaza Strip, is the latter's only functioning commercial crossing.

The first four trucks bearing Turkish humanitarian aid entered the coastal enclave via Kerem Shalom. This first aid consignment included toys for children, which were later distributed to Palestinian orphans. In previous comments to Anadolu Agency, Yusuf Ibrahim, undersecretary of Gaza's Social Affairs Ministry, said a total of 400 aid-laden trucks were expected to reach the strip within the coming days.

The Turkish aid ship "Lady Leyla" docked in Israel's port of Ashdod carrying 11,000 tons of humanitarian aid, including food, clothing and toys, destined for Gaza. The latest influx of Turkish aid into Gaza comes within the context of a deal signed last week between Turkey and Israel in which the two agreed to restore diplomatic relations following a six-year hiatus.

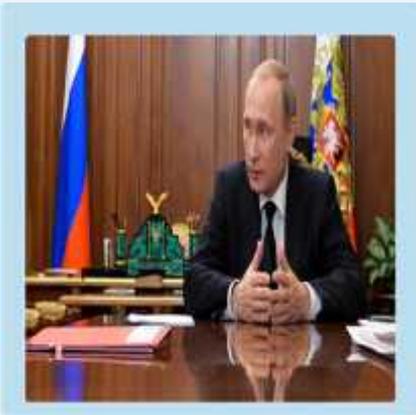
Turkish Prime Minister Binali Yıldırım said that Tel Aviv had Ankara's preconditions for normalizing ties, which were severed in 2010 after Israeli commandos stormed a Gaza-bound Turkish aid vessel. The attack resulted in the deaths of nine Turkish activists and left another 30 injured, one of whom succumbed to his injuries nearly four years later.

At the time, Turkey had demanded that Israel officially apologize for the attack, compensate the families of those killed and lift its longstanding blockade of the Gaza Strip. In 2013, Israeli Prime Minister Benjamin Netanyahu voiced his regret to Turkey's then-prime minister Recep Tayyip Erdoğan over the incident.

Under the terms of last week's agreement to normalize relations, the two countries will exchange ambassadors and Israel will pay \$20 million in compensation to the families of the 2010 flotilla attack victims. Israel has also agreed to Turkey's request to maintain a "humanitarian presence" in the blockaded Gaza Strip.

Kremlin: Putin, Obama to ‘intensify’ coordination in Syria

AFP, 07.07.2016



Russian President Vladimir Putin and U.S. President Barack Obama agreed to “intensify” military coordination between their two countries in Syria, the Kremlin said. “The two parties have confirmed their desire to intensify coordination between the Russian and American militaries in Syria,” it said.

Putin also called on Obama to help aid the separation of moderate opposition groups from “terrorist groups like the al-Nusra Front,” it said. In a separate statement, the White House reported that the leaders had “confirmed their commitment to defeating ISIL and the al-Nusra Front.”

Obama also stressed “the necessity for progress on a genuine political transition to end the conflict in Syria, as well as sustained humanitarian access.” Both leaders stressed the importance of restarting U.N.-sponsored Syria peace talks after two rounds of negotiations held in Geneva since the start of the year ended without progress, the Kremlin said.

Russia and the United States have already been cooperating in Syria with Moscow calling for “decisive joint action against al-Nusra” in June. Russia proposed joint air strikes with the U.S. against jihadist targets in Syria in May, a proposal that was rejected immediately by Washington.

U.S. officials said that the Obama administration was considering a plan to coordinate air strikes with Russia on the al-Nusra Front and ISIL if Damascus stops bombing moderate rebels. In a multi-pronged offensive, Syrian government and allied troops pushed into an area north of Aleppo city, threatening a key rebel supply line and setting off intense clashes despite a day-old truce, pro-government fighters and opposition activists said.

Fierce fighting also broke out in the eastern and southern suburbs of the Syrian capital, Damascus, activists and rebel fighters reported. Putin also informed Obama about the results of his talks with Armenian and Azerbaijani presidents, which were intended to help stabilize the situation in the Nagorno-Karabakh conflict zone, the Kremlin said. The White House said Obama expressed his readiness to intensify efforts together with Russia and with France, as co-chairs of the Organization for Security and Co-operation in Europe (OSCE) Minsk Group, to achieve a comprehensive settlement to the conflict.

The many foreign policy fallouts of Brexit

Turkish Policy Quarterly, 30.06.2016



As the British government and the European Council are working hard to figure out the way forward after the Leave camp won the referendum, it is not too early to look at the many likely fallouts of a Brexit in the foreign policy field, if and when the UK actually leaves the EU.

One can think of many negative consequences but perhaps some positive effects too. As an unfortunate coincidence, 28 June was the day the European Council of heads of state and government convened to discuss Brexit but also, almost as an unnoticed appendix, to listen to Federica Mogherini's presentation of the EU Global Strategy Review.

As Mogherini stated on arrival, this was not going to be the highlight of the day. Indeed, the European Council conclusions included a meager 37 words about the issue. So, for the time being, the first casualty of Brexit will be the crafting of a bold, security-based global strategy for the EU.

In the weeks and months ahead, staff time and energy in EU institutions and member countries' administrations will be allocated the task of figuring out the minute details of an orderly Brexit. This is obviously no time for grand strategies. So, redesigning the main orientations of the EU's foreign policy will have to wait for quieter times.

For the time being, the first casualty of Brexit will be the crafting of a bold, security-based global strategy for the EU. But the casualty list does not stop there. The closer one looks at current policies, the more issues one finds.

For example, in the immediate future, can the EU enlargement policy and the association agreements with neighboring countries do anything else than go into "survival mode," with little room for progress or innovations?

Can ongoing visa facilitation discussions with Georgia, Turkey, and Ukraine go anywhere in a political context where immigration concerns were a major driver of the Leave campaign? What will happen with Britain's contribution to the three billion euro EU-Turkey refugee fund being implemented as the Brexit procedure will be unfolding, not to mention the second fund supposed to follow in a timeframe when the UK might already be out of the EU altogether?

In the medium-term, once the UK will have effectively left the EU, so will its contribution to the EU budget. As a result, monies available for all EU policies – internal and external – will shrink. This means that as of 2019, the EU budget for development assistance, humanitarian aid, and enlargement funds will have shrunk by the exact amount the UK used to contribute. This will affect refugees, the poorest countries, and neighbors such as Jordan or Tunisia – and indeed Turkey. Subject to discussions that will take place in the upcoming two years, the implementation of EU external programs will witness substantial changes.



No more British experts in the technical support activities, no more twinning activities with British institutions, and no more “Erasmus+” students heading to British universities. The list of practical consequences is almost endless, but one thing is certain; with the UK out, the EU’s offer to the world in terms of knowhow, knowledge, and educational cooperation will be smaller.

This is a sad development indeed, because this loss is unlikely to be matched by a rise in British bilateral funding for similar programs. In the trade field, dozens of non-EU countries currently enjoying commercial agreements with the EU will have to go through a process of amending these texts in order to exclude the UK, unless of course the specific deal to be hammered out between the UK and the “EU27” (i.e. the remaining EU members) will include a form of “association” with the third countries concerned.

Even the renegotiation of the EU-Turkey Customs Union will be affected by Brexit. With the UK out, the EU’s offer to the world in terms of knowhow, knowledge, and educational cooperation will be smaller. On a more general political level, one has to consider the possibility of an even stronger populist wave across the EU27, riding on the (false) impression that the British people have “regained their control of external policies over the Brussels bureaucracy” (as the Leave campaign narrative went).

This may not only trigger several requests for referendums, as is already the case with some political parties in France and the Netherlands, but more importantly it may lead to a pervasive tendency to run more prudent, more inward-looking policies with third countries. And perhaps also it may reinforce the current xenophobic trends across Europe. Bad news for third countries and for Europeans as well. But there may be some positive fallouts one can hope for.

From what we hear today from many of the EU27 governments, there might be a “revival” reflex in terms of foreign policy. It is premature to speculate on what such a political decision might include. But this could mean that, perhaps on a case-by-case basis, the EU would want to demonstrate that its relations with third countries are alive and developing.

In such a context, this may lead to positive decisions on cases where progress is within reach in a short timeframe. Yet, it is too early to say where exactly this would apply. One possible avenue for the UK’s relationship with the EU27 might favorably impact Turkey.

Experts have listed five to seven different types of agreements available to the British government to organize the country’s links with the EU, i.e. the Norway formula, the Swiss formula, an EU-Turkey type customs union, and others.

Currently, Turkey is the only country in the world enjoying a customs union with the EU and discussions have already started to expand it from a coverage of industrial products to possibly agricultural products and services as well. The UK could have an interest in having a similar, extensive customs union with the EU27, covering financial services for example.

An optimistic view inevitably rests on the hope that the 27 remaining members of the EU will want to show the necessary political resolve to carry on with the implementation of their foreign policy instruments with third countries. Such a course of action, though only an assumption at this stage, could pave the way for a similar status for Turkey and the UK.

It must be stressed, however, that a customs union extended to services would require substantial reforms in the economic policy field in order to ensure that economic operators being producing and trading freely within the same unified zone enjoy a level playing field. Hence, Turkey's competition policy, public procurement policy, or employment and social affairs legislations, to quote a few key areas, will need to be somehow aligned with the EU's own.

At this point in time, it is still early to speculate how exactly the EU's foreign policy instruments will be affected by Brexit. It is easier to describe the negative consequences than to imagine possible benefits.

An optimistic view inevitably rests on the hope that the 27 remaining members of the EU will want to show the necessary political resolve to carry on with the implementation of their foreign policy instruments with third countries. An EU that is open to the world and able to share its values and prosperity, is what Europeans and citizens from third countries need. Brexit should not raise hurdles on this path.

EU Parliament backs new border force

AFP, 07.07.2016



The European Parliament approved a new border guard force to tackle the migrant crisis which could intervene in front-line countries like Greece and Italy. The EU's 28 states agreed to set up the force as a part of the bloc's strategy for tackling the flow of the migrants along with a deal with Turkey.

MEPs meeting in Strasbourg approved the new border force. "The legislation will enter into force this autumn," the European Parliament said. Brussels aims to have the force start operations in September and be fully operational by November, under a roadmap to restore the passport-free Schengen Zone after the travails of the migration crisis.

Several countries have reintroduced border controls that were eliminated years ago as part of Schengen as the EU deals with a record flow of more than one million migrants and refugees since the start of 2015.

Under the deal, member states would still manage their borders on a daily basis but could call on emergency support from a pool of at least 1,500 border guards. The new force represents an expansion of the size and tasks of the existing Frontex border agency, based in Warsaw. Frontex, for its part, welcomed the vote by the European Parliament. "I am very pleased about today's vote by the Parliament.

While the new regulation still has to be approved by the Council of the European Union, we have already started intensive preparations for its implementation," said Frontex Executive Director Fabrice Leggeri in a written statement issued on the organization's website.

Frontex said that the key goals for the new European Border and Coast Guard Agency was to ensure the implementation of integrated border management at EU level, oversee an effective functioning of border control at the external borders, provide increased operational and technical assistance to EU Member States, support search and rescue operations and play an enhanced role in returns.

UK's Brexit vote makes united Ireland suddenly thinkable

Reuters, 04.07.2016



Protestant unionists are queuing for Irish passports in Belfast and once quiet Catholic nationalists are openly campaigning for a united Ireland, signaling deep shifts in the United Kingdom's most troubled province since Britain voted to leave the EU.

Eighteen years after a peace deal ended decades of fighting between mainly Catholic nationalists who favor a united Ireland and mainly Protestant unionists who favor remaining part of the United Kingdom, Britain's Brexit vote is making people on both sides of the divide in Northern Ireland think the unthinkable.

Northern Ireland, like neighboring Scotland, voted to stay in the European Union, with 56 percent in favor, even though Britain as a whole voted to leave the bloc. "I was always a 'small u' unionist. But I could not in all good conscience say I could vote for Northern Ireland to remain a member of the United Kingdom," said Christopher Woodhouse, a 25-year-old from Belfast.

"I am softening to the idea of Irish unity, purely on economic issues," he said. "I am a European." For years, a firm majority of people in Northern Ireland -- many Catholics as well as nearly all Protestants -- have favored continuing as part of the United Kingdom, drawn to the status quo as a guarantee of stability and prosperity.

But that has been jeopardized at a stroke by the prospect that Britain could quit the European Union and that Scotland could break away from the United Kingdom. The Brexit referendum suggests a new center ground could form of people from both faith communities who fear the economic uncertainty of leaving the EU.

"People are saying for the first time in their life they would vote for united Ireland, having never contemplated it before," said Steven Agnew, the leader of the Green Party in Northern Ireland. The membership of both Ireland and Britain in the European Union was a cornerstone of the 1998 agreement that ended the fighting over whether the predominately Protestant six counties of northeast Ireland should be British or Irish. EU rules ensure free trade and travel, and allow British or Irish citizens to work, claim benefits and be treated in hospitals in either country.



People living on either side of the border may hold either passport or both, with little practical effect on how they are treated by either state. Although Northern Irish citizens are entitled to passports from Ireland, many unionists would not apply for them. But there were several unionists in a queue seeking Irish passport application forms at the main post office in Belfast.

One said she was shocked and disappointed by the Brexit vote, and saw an Irish passport as the only way to retain her EU citizenship. None would give their names, as applying for an Irish passport can be controversial among unionists. Quitting the EU would have direct costs on a poor province that relies on it more than other parts of the United Kingdom.

Northern Ireland's largest bank, Ulster Bank, said uncertainty around the terms for Britain's exit from the EU could make Northern Ireland a "no-go zone" for some foreign direct investment. Brexit could cause lower growth, higher unemployment and cutbacks in government spending.

"My stomach is churning at all that's happening," said Robert McClenaghan, an Irish Republican Army (IRA) member turned community worker, describing the potential loss of hundreds of millions of euros of EU funds for former militants, victims groups, and cross-community youth work. "We are in danger of a return to conflict - at a low intensity level - if those funds are taken away," he said.

Many believe the biggest threat to the peace would be the appearance of some kind of border checks. The huge military checkpoints that dotted the border were dismantled in the wake of the peace deal. Pro-Brexit politicians have said the Irish frontier would remain open once Britain leaves the EU, but Remain supporters say this would be impossible if Britain wants to limit migration from EU countries whose nationals are free to enter Ireland.

"If they put a border up, the dissidents will blow it up," said Sid Johnson, a 68-year-old unionist Leave voter shopping on Belfast's Shankill Road. If the police are forced to send in armed men to defend the posts, he said, escalation could be swift. Under the peace deal, the largest nationalist party, Sinn Fein, co-rules the province with the unionist DUP, which campaigned for Britain to leave the EU.

Sinn Fein's party chairman pounced on the Brexit vote, saying it meant Britain had "forfeited any mandate to represent the interests of people here." The party later cooled its rhetoric, with Deputy First Minister Martin McGuinness saying a united Ireland referendum should be held "at some stage in the future." The party this week held the first of a series of rallies for a united Ireland.

A united Ireland has been the cherished dream of Irish nationalists since Northern Ireland was formed by Britain to protect the large Protestant community in the island's northeast from the Catholic dominated state formed to the south in 1921.

More than 3,600 people died in fighting between the late 1960s and late 1990s, between Catholics who said they were denied basic human rights and wanted to join Ireland and Protestants defending the union with Britain. Under the 1998 peace deal, the British government was given the power to call a referendum if it appears likely a majority of those voting would seek to form part of a united Ireland. While higher birth rates among Catholics suggest they will become the majority in Northern Ireland within a generation, opinion polls have consistently shown as many as half of Catholics still favored the stability of the United Kingdom.

Beijing warns US on sovereignty ahead of South China Sea ruling

Reuters, 07.07.2016



The United States should do nothing to harm China's sovereignty and security in the South China Sea, China's foreign minister told U.S. Secretary of State John Kerry, ahead of a key court ruling on China's claims in the disputed waterway.

Speaking by telephone, Chinese Foreign Minister Wang Yi told Kerry the United States should stick to its promises not to take sides in the dispute, China's foreign ministry said. China hopes the United States "speaks and acts cautiously, and take no actions that harm China's sovereignty and security interests," the statement paraphrased Wang.

Tensions and rhetoric have been rising ahead of a July 12 ruling by an arbitration court hearing the dispute between China and the Philippines over the South China Sea in the Dutch city of The Hague.

China is conducting military exercises around the Paracel Islands in the north of the region this week, while U.S. Navy officials said that U.S. destroyers had been patrolling around Chinese-held reefs and islands in the contested Spratly Islands to the south.

While not close enough to be within 12 nautical miles - a so-called freedom of navigation operation that would require high level approval - the destroyers operated within 14 to 20 nautical miles of the Chinese-occupied features, the Navy Times reported. The USS Ronald Reagan and its escort ships have also been patrolling the South China Sea since last week.

"All of these patrols are conducted in accordance with international law and all are consistent with routine Pacific Fleet presence throughout the Western Pacific," Pacific Fleet spokesman Lieutenant Clint Ramsden told Reuters.

China frequently blames the United States for stirring up trouble in the South China Sea, where its territorial claims overlap in parts with Vietnam, the Philippines, Malaysia, Brunei and Taiwan. Speaking in Beijing following a meeting with Wang, U.N. Secretary-General Ban Ki-moon said that while he could not comment on the Philippines legal case, he called for a peaceful resolution of differences.

"I did stress to minister Wang, as I have with all other countries involved, the need to resolve their differences in a peaceful manner and to avoid any escalation or misunderstandings that could put security and development in the region at risk." Wang repeated China's position that it also wanted a peaceful resolution, but that it would not accept forced arbitration. "This approach will not help bring about a peaceful resolution of disputes.

On the contrary, it would only escalate the disputes and tension and should be resisted by all countries and people who uphold justice.” China has accused the United States of militarizing the waterway with freedom of navigation patrols, while Washington has expressed concern about China’s building of military facilities on islands it controls in the South China Sea.

NATO leaders meet to talk on Russia, terrorism

Hurriyet Daily News, 07.07.2016



Leaders of NATO will meet to tackle a number of the problems that affect NATO, particularly the growing threat to the alliance along its eastern border – Russia – and terrorism. NATO leaders and many partner nations will also look to enhance the alliance’s security by strengthening deterrence and defense, and projecting stability beyond borders.

Leaders are also expected to cement a new deterrent against what they see as an emboldened Russia returning to Cold War-style defense. Russia says it is the alliance, is increasing the risks of a broader conflict in Europe, citing NATO’s biggest modernization and a U.S. missile defense shield.

NATO Secretary-General Jens Stoltenberg said the alliance had reached a “defining moment for our security” and will meet the challenge head-on at its summit. “The world is a more dangerous place than just a few years ago,” Stoltenberg said recently in Warsaw along with Polish President Andrzej Duda. “NATO is responding, with speed and with determination.”

“Tomorrow and Saturday we will take new, major steps” to ensure NATO member nations’ security and help foster stability in the Middle East and North Africa, Stoltenberg said. “It is fitting that we meet in Warsaw, a city that knows the pain of conflict and the value of security,” added Stoltenberg in a reference to Poland’s tumultuous history. Stoltenberg said NATO would hold fresh talks with Russia on July 13, just days after the Warsaw summit endorses a major military revamp to counter a more assertive Moscow.

“We have decided together with Russia to hold a meeting of the NATO-Russia Council [NRC]... the meeting will take place on 13 July at the NATO headquarters in Brussels, shortly after the NATO summit in Warsaw,” Stoltenberg said. The NRC brings together ambassadors from the 28 NATO member states and Russia, and met regularly until the Ukraine crisis plunged relations with Moscow into the deep freeze.

Russia’s ambassador to NATO, Alexander Grushko, told AFP: “The main focus will be on the military security in the wake of decisions to be taken at the NATO summit in Warsaw.” “We hope for a frank and serious dialogue on the issues related to the increased NATO activities near Russian borders and their impact on the security and stability in Europe and its regions,” he said.



According to a statement released on NATO's website, the allies will agree to deploy four robust and multinational battalions to Estonia, Latvia, Lithuania and Poland on a rotational basis. A multinational framework brigade in Romania will provide a tailored presence in southeastern Europe and NATO will also take further steps to improve cyber defenses, civil preparedness and to defend against ballistic missile attack from outside the Euro-Atlantic area.

Leaders are expected to agree to extend NATO's training mission in Iraq and to broaden the alliance's role in the central Mediterranean, while also approving the deployment of NATO's AWACS surveillance aircraft to support the Global Coalition to Counter the Islamic State of Iraq and the Levant (ISIL). NATO will continue its military and financial support for Afghanistan and will strengthen political and practical cooperation with Ukraine, Georgia and Moldova.

Meanwhile, German Chancellor Angela Merkel said that Russia's actions in Ukraine had eroded mutual trust with the West. "If through words and deeds the validity of [international] law and the inviolability of borders are questioned, then of course trust is lost," she told the German parliament.

When NATO leaders meet in Warsaw, "it will be in a phase in which the security situation has significantly changed in Europe," she said, also pointing at turmoil in Syria, Iraq and Libya. The summit is the first to be hosted in Poland and the first to be chaired by Stoltenberg.

Fifty-eight official delegations will participate in the summit, which includes all 28 NATO Allies, Montenegro – whose accession to NATO is currently in the ratification process – 26 partner countries and representatives from the United Nations, the European Union, the World Bank and the NATO Parliamentary Assembly. About 2,500 official delegates and 2,000 media representatives will attend the event, according to NATO's statement.



Announcements & Reports

Total Assets Versus Risk Weighted Assets: Does It Matter For MREL?

Source : Bruegel

Weblink : <http://bruegel.org/2016/07/total-assets-versus-risk-weighted-assets-does-it-matter-for-mrel/>

An Italian Job: The Need For Collective Wage Bargaining Reform

Source : Bruegel

Weblink : <http://bruegel.org/2016/07/an-italian-job-the-need-for-collective-wage-bargaining-reform/>

The Effectiveness of The European Central Bank's Asset Purchase Programme

Source : Bruegel

Weblink : <http://bruegel.org/2016/06/the-effectiveness-of-the-european-central-banks-asset-purchase-programme/>

Upcoming Events

The Search for Europe

Date : 11 July 2016

Place : Brussels - Belgium

Website : <http://bruegel.org/events/the-search-for-europe/>

The UK and the EU: Managing the Euro and the Single Market

Date : 15 July 2016

Place : London - UK

Website : <https://www.chathamhouse.org/event/uk-and-eu-managing-euro-and-single-market>

Competitive Gains in the Economic and Monetary Union

Date : 16 July 2016

Place : Brussels - Belgium

Website : <http://www.bruegel.org/nc/events/event-detail/event/534-competitive-gains-in-the-economic-and-monetary-union/>

The Future of Capitalist Democracy: UK-Japan Perspectives

Date : 16 July 2016

Place : London - UK

Website : <http://www.chathamhouse.org/event/future-capitalist-democracy-uk-japan-perspectives>



Emerging Markets and Europe: Time for Different Relationships?

Date : 17 July 2016
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 : 18 July 2016
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 : 18 July 2016
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 : 20 July 2016
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 : 20 July 2016
Place : Berlin - Germany
Website : <http://www.bruegel.org/nc/events/event-detail/event/541-the-future-of-the-welfare-state/>