

Minister: Iraqi parliament's decision does not represent all Iraqis

Hurriyet Daily News, 06.10.2016



A resolution adopted by Iraq's parliament criticizing the Turkish military presence at the Bashiqa base in northern Iraq does not represent all of Iraqis, Foreign Minister Mevlüt Çavuşoğlu has said, describing the move as ill-intended.

“First of all, we don't regard the statement of the Iraqi Parliament about the annually renewed motion in the Turkish parliament as well-intentioned. We very well know that this does not reflect the thinking of all of the Iraqi people,” Foreign Minister Mevlüt Çavuşoğlu said at a press conference with visiting Serbian Foreign Minister Ivica Dacic.

Recalling that Turkey was renewing the motion that has granted authority to the Turkish army to conduct cross-border operations and to deploy troops in Iraq every year since 2007 because of “terror threats against the Turkish people,” Çavuşoğlu underlined that the scope of the authorization was broadened after the Islamic State of Iraq and the Levant (ISIL) began posing a threat against Turkey.

“We wish that Iraq could provide for its own security and stability and not permit these terror organizations' presence on their territories. Unfortunately, the current picture in Iraq and divisions affect its ties with regional countries,” he said.

Blaming former Iraqi Prime Minister Nouri al-Maliki for pursuing sectarian policies which paved the way for terror organizations like ISIL to find an opportunity to occupy Mosul, Çavuşoğlu said Turkey had to take its own measures to provide for its security against both ISIL and the Kurdistan Workers' Party (PKK). “Still, we support Iraq's fight against terror. The Bashiqa camp was not founded recently. It was established within the knowledge of the Iraqi government with the objective of training local forces against DAESH [the Arabic acronym of ISIL],” he said.

Forces at the Bashiqa camp have killed more than 750 ISIL militants so far, added the minister. Officials from Baghdad visited the camp and provided financial assistance, Çavuşoğlu said, recalling that Turkey's training efforts had become an issue as a result of problems within Iraqi internal politics.

“Our stance is clear. We want a strong and stable Iraq. We attach great importance to Iraq's territorial integrity and independence. The division of Iraq or instability inside the country is not in our interest,” he said. “We do not want to see a sectarian Iraq. We regard the entire Iraqi people as our brothers.”

Turkish PM: Turkish soldiers will stay on Iraqi soil

Hurriyet Daily News, 06.10.2016



Turkish troops will remain in Iraq to continue the fight against the Islamic State of Iraq and the Levant (ISIL) and to make sure that no change to the region's "demographic structure" is imposed, Prime Minister Binali Yıldırım has vowed.

"Whatever the Iraqi government in Baghdad says, the Turkish presence there will remain for the fight against ISIL and to make sure that the demographic structure of the region is not being changed by force," said Yıldırım. He added at a time when there were troops from 63 countries to fight against terror, concern over the Turkish presence in the country was "absurd" and had "nothing to do with good intentions."

"Iraq's reaction to Turkey's military presence at the Bashiqa army base north of Mosul is "a fool's errand" since there are soldiers from 63 countries in Iraq, the prime minister said, adding that Turkey aimed to ensure that more blood was not spilled in the region.

"Iraq is wasting its time by fixating on Turkey's presence in Bashiqa, when there are troops from 63 different countries under the name of fighting Daesh [ISIL] and other terrorist organizations," he said. The prime minister stressed that Iraq's reaction came ahead of a Mosul offensive planned in October.

Yıldırım also criticized the central Iraqi administration for failing to take any precautions against outlawed Kurdistan Workers' Party (PKK) elements in northern Iraq. A resolution adopted by Iraq's parliament criticizing the Turkish military presence at the Bashiqa base in northern Iraq does not represent all of Iraqis, Foreign Minister Mevlüt Çavuşoğlu also said, describing the move as ill-intended.

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Iraq has formally called on the United Nations Security Council to convene an urgent meeting to discuss the Turkish military presence in Camp Bashiqa in Iraq’s northern Nineveh province, according to a Foreign Ministry statement issued.

Ministry spokesman Ahmed Jamal said Baghdad had called on the Security Council to “shoulder its responsibilities vis-à-vis Iraq and issue a resolution that would halt violations of Iraq’s sovereignty by Turkish forces.” Meanwhile, the spokesperson of the Kurdistan Regional Government (KRG) said that Baghdad consented to the presence of Turkish troops in Bashiqa to train the Nineveh province’s Sunni volunteer forces.

“Two training bases were set up in Bashiqa and Dubardan near Mosul to train the police and Nineveh province’s volunteer forces,” said Safeen Dizayee, adding that “the KRG facilitated the process.” He revealed that even “the [ousted] Iraqi defense minister, Khalid al-Obedi, had visited the Turkish military bases near Mosul.” Dizayee reiterated that the KRG “is not aware of any other program in this regard.”

Army: Turkey-backed forces take large area in Syria with operation

Anadolu Agency, 02.10.2016



Ankara-backed Syrian rebel forces have taken control of around 960 square kilometers of land in Syria, along Turkey's border with the country, the Turkish military said. Marking the 40th day of the Euphrates Shield Operation that was launched on Aug. 24, the Turkish General Staff said in a written statement that a total of 111 residential areas over 960 square kilometers of northern Syria had been cleared.

Turkey has said the Operation Euphrates Shield is aimed at bolstering border security, supporting coalition forces and eliminating the threat posed by terror organizations, especially ISIL.

The military also said a total of 1,657 Islamic State of Iraq and the Levant (ISIL) targets had been destroyed by over 6,000 rounds of artillery and rocket fire since the start of the operation. Three special task force groups of the Turkey-backed Free Syrian Army (FSA) seized control of the Uwaysiah, Tal-Atiyah, Jubban and al-Eyyubiyah regions on Oct. 1, the Turkish military said. Two FSA fighters were killed and eight others were injured during the Oct. 1 clashes.

Almost 80 ISIL targets were also hit by Turkish artillery on Oct. 1, the statement said. Gun emplacements, small armed groups, three bomb-laden vehicles, four fortified sites with Katyusha rockets, nine sheltering areas and two headquarters were destroyed. Turkish jets also bombed seven targets in Turkmen Bari, Akhtarın, Ghaytun and Kuaybah, killing four ISIL militants. Seven buildings used as command posts and weapon emplacements by ISIL were also destroyed. In addition, coalition forces carried out four air operations in the Guzel Mezra and Suran regions, killing five ISIL militants and destroying four buildings.

EU launches joint border guard at Turkish-Bulgaria border

Hurriyet Daily News, 29.09.2016



The EU launched its common border guard at the Turkish-Bulgarian border, hoping it will help keep people away from a bloc that is still struggling with political aftershocks from an uncontrolled influx of refugees and migrants last year.

Overwhelmed by the arrival of 1.3 million people last year, the EU has focused on sealing its external borders. The new force is designed as a reaction to be deployed in any place seeing a sharp increase in immigration. “The establishment is a symbol of the EU, that is proving its efficiency in addressing the migration and security challenges we are faced with,” EU Migration Commissioner said.

The influx triggered bitter disputes among EU states and, to discourage more arrivals, the bloc has taken an increasingly tough stance on labor migrants and people who cross into Europe irregularly, saying they will be sent back. “The door is open for the ones who are eligible for international protection and closed to the ones who want to cross our borders illegally,” Avramopoulos said. “We have to focus on returns policy.”

While people who reach Europe via Greece from Turkey are mostly Syrians fleeing a war and hence are eligible for asylum in Europe, most of those who get to Italy from the Libyan coast are seeking better living conditions than in their impoverished African countries.

They come from Nigeria, Eritrea, Guinea, Gambia, Sudan, Ivory Coast or Somalia. The EU wants to send the vast majority of these back since they are not considered to be in fear of their lives. The new body, built on the basis of the bloc’s current Frontex border agency, will have 1,000 staff, will be able to purchase its own equipment and deploy at short notice.

It is supposed to have a reserve pool of 1,500 border guards designated by member states for that, though in the past, EU capitals have often been slow in responding to Frontex calls. Arrivals in Greece, the main gateway to Europe last year, have dropped sharply now. But figures for Italy are the same as in 2015 and smaller groups also seek their way through the land border between Turkey and Bulgaria.

The new agency will have some 120 coast guard officers at the Bulgarian-Turkish border, where Sofia has built a fence that has cut the arrivals by a third this year to 12,500 people. Brussels pledged 160 million euros (\$179.02 million) to Sofia to help the Balkan country protect its border with Turkey.

Turkey can push PYD east of Euphrates, Turkish PM says

Hurriyet Daily News, 04.10.2016



Turkey is capable of pushing fighters of the Syrian Kurdish YPG from northern Syria if they continue to ignore Ankara's demands for a full withdrawal east of the Euphrates, Prime Minister Binali Yıldırım has stated.

“We will throw the PYD and YPG from Jarablus whenever needed, just as we and Free Syrian Army [FSA], along with locals, forced the ISIL south of Jarablus,” Yıldırım said. Yıldırım said the YPG, which Turkey says is affiliated with the outlawed PKK, has not pulled its forces back from Manbij region despite promises from the U.S. and despite the fact that the area has been cleared of ISIL.

The Euphrates Shield Operation will continue until a 5,000-square meter area around El-Bab and the north of that region is secured, the Turkish prime minister vowed. He also warned that a planned offensive in Iraq to retake Mosul from ISIL was “dangerous” and could spark Shiite-Sunni sectarian tensions if the Sunni Arab-majority region around Mosul is placed under the control of Shiite militia after the offensive.

“Our partners’ plans for the Mosul operation are not transparent,” Yıldırım said. “Handing Mosul over to Shia militias and including the PKK/PYD would lead to a new fire being stoked in the region,” he added.

President Erdoğan: UN a burden on humanity

Hurriyet Daily News, 03.10.2016



The UN is “a burden on humanity” due to its “unfair structure” and decision-making power, President Erdoğan has said, also taking the opportunity to slam U.S. and EU.

The U.N. Security Council was established to guarantee human rights and eliminate injustice but today it fails to carry out these duties, Erdoğan said. Noting that “there are no Muslim member-states in the U.N. Security Council,” he said permanent membership of the UNSC should be increased from 10 to 20, 10 of which rotate every two years, so that all 193 countries take an equal turn.

Erdoğan also slammed the U.S. for dragging its heels on extraditing Pennsylvania-based Islamic cleric Fethullah Gülen, who he said has “lived in luxury on 400,000 square meters of land for 17 years.”

“We don’t look for a court ruling whenever the U.S. asks us for [the extradition of] a terrorist. But we have not seen the same from our partner,” he said, referring to Washington’s stance on Gülen, who is accused of being behind Turkey’s failed military coup attempt of July 15.

Erdoğan also stated that “obstacles from the U.S. and Israel” ironically paved the way for Turkey to produce its own drones. He said that whenever Ankara has asked Washington to purchase drones, obstacles are thrown up in the U.S. Congress. “We are strategic partners, are we not?” he said.

Recently, Turkey purchased 10 drones from Israel but Ankara has faced problems in repairing them, Erdoğan also said, adding that such problems led Turkey “to produce our own unmanned drones to be used with ammunition.” The Turkish president also blasted the European Union for “failing to keep its promise” on humanitarian aid for Syrian refugees hosted in Turkey, saying that out of the 3 billion euros promised by Brussels, only 179 million euros have arrived so far. Although the issue of refugees was brought up at the recent session of the U.N. General Assembly in New York, nobody properly embraces them, he said, while vowing that Turkey will continue to fulfill its humanitarian duties “regardless of whether the EU keeps its promise or not.”

What Ukraine can learn from Germany's Cold War divisions

Foreign Policy, 03.10.2016



Ukraine has been fortunate in its misfortune. Russian leader Vladimir Putin has annexed Crimea formally and the eastern Donbas informally, and thousands of Ukrainians have died in the conflict. But most of the West has rallied to Kiev's side, imposing sanctions on Russia and supporting reforms. Ukraine has become stronger, more stable, and more secure since 2014.

But the path Kiev must walk remains precarious — not least because there is an inherent contradiction between pursuing reunification with its breakaway regions and implementing pro-western reforms.

Not only does Ukraine not know what to do with the 35,000 heavily armed separatists who currently control the eastern Donbass, but the occupied territories are also home to pro-Russian elites and populations who would have blocked reforms if they had remained within Ukraine.

Maneuvering between these contradictions will be easier if Kiev models its policies on those of postwar West Germany. The similarities are striking. Like postwar Germany, Ukraine is divided into western-oriented and Russian-occupied zones, needs to rebuild its state, society, and economy, and lies on the fault line between a democratic West and an authoritarian East. Most importantly, just like Kiev today, Bonn had to make difficult trade-offs between reunification and building a pro-western state — and it did so successfully, in the end attaining both.

No historical analogy is perfect. The divided Germany had just lost a war, while Ukraine emerged from the ruins of an empire 25 years ago. West Germany was actually occupied by the western Allies, whereas Ukraine only enjoys their support. And East Germany was a real state, while the eastern Donbas and Crimea are contested territories.

Nevertheless, the German experience can teach Ukraine how to pursue its own development while temporarily ceding control of part of its territory to an outside power. A good approach is to consider how three key West German chancellors — Konrad Adenauer, Willy Brandt, and Helmut Kohl — led their country down this difficult road.

From Konrad Adenauer, who became chancellor shortly after the war, Ukraine can learn why accepting the loss of its territory — in the short and medium term — will help it in the long run. Ukraine can learn why accepting the loss of its territory — in the short and medium term — will help it in the long run. Adenauer firmly believed that West Germany faced a choice between unity and freedom. A free and pro-Western Germany, he thought, could never be unified with the Soviet-controlled east.



And although he remained fully committed to ultimate reunification and to the indivisibility of the German nation, he recognized as early as 1945 that “the Russian-occupied part is lost for Germany for an indeterminate time.”

Because Adenauer made the western choice, West Germany received Marshall Plan aid, joined the European Coal and Steel Community and NATO, rearmed, and benefitted from the “economic miracle” of the 1950s. These policies came at a cost. By turning to the west, Adenauer paid the price of enabling East Germany to acquire the features of statehood, allowing the German nation to drift apart.

Just as Adenauer was right to choose freedom when Germany needed desperately to rebuild, so, too, must Kiev’s priority be to survive as a western-oriented state in the face of Russian hostility. Ukraine would therefore be wise to abandon its rhetoric of reunification and formally declare that Crimea and the eastern Donbass are under Russian occupation, thereby keeping anti-Ukrainian elites and populations in these regions out of its affairs and transferring all responsibility for their welfare onto Moscow. Kiev should then focus on developing its political, military, economic, and cultural institutions to make them fully compatible with, and integrated in, those of the West.

Ukraine can learn another practical lesson from Willy Brandt, who served as chancellor in the early 1970s. During his tenure, the United States and Soviet Union were seeking to improve relations and reduce their nuclear weapons arsenals, and East Germany had become a fact of life. Brandt came to realize that West Germany’s policy of cold-shouldering East Germany was bringing few practical benefits.

His new policy of Ostpolitik normalized relations with the USSR, Poland, and Czechoslovakia, accepted the inviolability of post-war borders, and extended formal diplomatic recognition to East Germany. This approach offered new ways of influencing East Germany and therefore of promoting larger German national interests.

Like Brandt, Kiev may someday have to consider the currently unthinkable: negotiating directly with the separatists and the Crimean authorities. The current exclusion from Ukraine’s politics of sizable local anti-Western elites and publics is advantageous for Ukraine, enabling it to adopt pro-Western reforms.

But once Ukraine becomes sufficiently Western to appreciate that continued fighting and dying serves no larger purpose, Kiev will need a Brandt-like Ostpolitik to end the conflict. The German example suggests that the war cannot be stopped without some accommodation with the separatists as genuine interlocutors in peace negotiations. This could even go as far as some form of quasi-recognition.

The final and most hopeful lesson comes courtesy of Helmut Kohl, who provides a useful case study of how Ukraine might eventually win its territories back — by winning the social and economic competition between its system and the Russian system, not by direct military force. By the 1980s, many Germans had concluded that German reunification was impossible. By the 1980s, many Germans had concluded that German reunification was impossible.

The new status quo seemed set in stone — until Soviet leader Mikhail Gorbachev's reforms, and his declaration that errant socialist states would not suffer Soviet intervention, destabilized the satellite regimes and subverted the *raison d'être* of the East German state.

East Germany drew legitimacy from its status as a socialist alternative to its capitalist cousin; once socialism began to disintegrate, the game was up. The mass protests of October 1989 and the flows of East Germans westward further delegitimized the regime.

Two weeks after the Berlin Wall fell, Kohl articulated his vision for reunification. By late 1990, that vision became reality — not because Bonn had pursued it with any vigor, but because the East German regime had fallen apart, its economy was on the verge of collapse, the vast majority of East Germans wanted reunification, and the Soviet Union was too weak to stop it.

Like Kohl's Germany, Ukraine must think of reunification as a distant prospect that will materialize only when the success of a reformed, westernized Ukraine can be contrasted with life in a weak and isolated Russia. Ukraine can successfully pursue reunification not by defeating Russia and its proxies militarily, but by winning the competition between two rival systems. Like West Germany, Ukraine can win that competition hands down if it remains committed to the western path.

US Weighs Iran-style sanctions on North Korea, risking a rift with China

Foreign Policy, 06.10.2016



The Obama administration is heatedly debating whether to trigger harsh sanctions against North Korea that would target Chinese companies doing business with the hermit regime, in a crackdown like the one that crippled Iran's economy, Foreign Policy has learned.

But some White House officials worry that the tough economic penalties, which have already been approved though not deployed, would cause a serious rift with Beijing. Officials told FP that the approach would be similar to the sweeping secondary sanctions that were slapped on global banks handling transactions with Iran.

Those sanctions are widely credited with bringing Iran's economy to its knees in 2013 and forcing Tehran to the negotiating table over its nuclear program. But a decision to go after Chinese banks and trading companies that deal with Pyongyang could rupture Washington's relations with Beijing, which bristles at any unilateral sanctions imposed on its companies or drastic action that could cause instability in neighboring North Korea. The push for possible tougher action in U.S. policy stems from growing alarm over North Korea's bid to build more capable ballistic missiles and potent nuclear weapons, as illustrated by last month's fifth nuclear test by Kim Jong Un's regime — its largest to date.



Some experts believe North Korea already has succeeded in building nuclear warheads that could be placed on a missile, and a series of test launches demonstrates that the North has developed medium-range missiles that could strike Japan or Guam. U.S. intelligence officials believe it is only a matter of time before Kim's regime produces a long-range intercontinental ballistic missile that could reach the United States.

"In the past two or so years, there's a general appreciation that the situation has become worse and that we, the United States and the responsible nations of the world, need to up our game," said a senior government official, who spoke on condition of anonymity.

As a result, the administration is "looking at a more active and more aggressive use of the authorities" for sanctions, the official told FP. The political calendar in the United States also is shaping the internal discussions, with some officials arguing that President Barack Obama would be better placed to order the move in his final months in office, rather than leaving it to a new administration to enter into a heated dispute with China.

"Looking at the calendar, all the players on North Korean policy are acutely aware that there is a need, and we have a chance to solidify this robust policy so that the next administration is working on a higher platform," the senior official said.

Alarmed by Pyongyang's relentless pursuit of a nuclear-armed missile arsenal, South Korea and Japan also are pressing for a more aggressive approach to the North. U.S. lawmakers from both parties have urged the White House to embrace hard-hitting sanctions.

U.N. resolutions and new legislation adopted by Congress in February give the administration far-reaching legal authorities to block assets, file criminal charges, and cancel visas for individuals or organizations violating sanctions rules on North Korea. But so far, the administration has yet to wield those authorities in a decisive manner, taking action in a relatively small number of cases while it seeks to persuade China to take a more assertive role.

With China as North Korea's only economic partner of consequence, any sanctions strategy aimed at squeezing Pyongyang will involve punitive measures against Chinese companies and banks. And Washington would much rather have Beijing lead the effort against those companies instead of taking unilateral action that would almost certainly touch a raw nerve in the Chinese leadership.

China has repeatedly voiced support for U.N. Security Council resolutions barring any commercial backing or supplies for North Korea's nuclear weapons or missile projects. But Beijing also has made clear that it opposes unilateral sanctions by other governments, and Chinese officials are wary of any penalties that would create a food shortage or energy crisis that triggers upheaval in its impoverished neighbor.

"We're willing to cooperate with relevant countries under the condition of mutual respect and on equal footing, but at the same time oppose any country's so-called long-arm management of Chinese entities or individuals according to its internal laws," the foreign ministry said in a statement to Bloomberg News this week.



In a move welcomed in Washington as a potential sign that China was ready to clamp down on companies linked to North Korea, Beijing authorities last month announced a criminal investigation against Dandong Hongxiang Industrial Development Co. and its owner.

The company had maintained deep ties to North Korea, conducting \$500 million in business over five years, and even had alleged commercial links to a Kim regime group that hacked Sony Pictures. The U.S. Treasury Department last week announced criminal charges against the company and several individuals, accusing the company of links to a notorious North Korean bank, Kwangson Banking, and alleging that it had set up shell companies and offshore tax havens to hide its illegal activity.

It's unclear if China's criminal inquiry against Dandong Hongxiang represents a more aggressive tack by Beijing against companies flouting U.N. sanctions, or is merely an isolated event. But experts say China has not changed its fundamental calculus on Pyongyang — that stability on the Korean peninsula must be preserved at all costs.

U.S. diplomats are in discussions with China at the U.N. Security Council on a new resolution that would possibly close remaining loopholes in the international sanctions against North Korea. A Security Council resolution adopted in March — two months after a nuclear test by Pyongyang — included a "livelihood exception" that allows Chinese companies to buy coal and other items from North Korea as long as the proceeds are not used for prohibited weapons programs.

The resolution also allows China and other states to maintain financial accounts or bank offices inside North Korea unless there is "credible information" showing the business relationship is being used for illicit activity.

U.S. officials hope the talks with China will produce a stricter sanctions resolution to ensure Beijing's cooperation and pile pressure on North Korea by choking off its access to hard currency through coal, iron ore, and other exports. But the talks are moving at a glacial pace, and it remains unclear if Beijing is ready to alter its approach. Without U.N. backing, Washington will face a difficult choice.

Pursuing Iran-style sanctions would almost certainly ratchet up tensions with China, with potentially damaging economic and other unpredictable consequences. Yet no change in course would mean tolerating North Korea eventually building a stockpile of sophisticated nuclear missiles aimed at the United States, enabling Pyongyang to engage in nuclear blackmail on an unprecedented scale.

"It could become the defining issue in the U.S.-China relationship. It could push Beijing and Washington into a very unhappy place," said Evan Medeiros, who served as Obama's top advisor on Asia affairs at the White House National Security Council until last year.

Pursuing Iran-like sanctions against North Korea would mean "hardcore secondary sanctions in ways that the Chinese aren't going to like," he said. "But the U.S. is simply going to have to be willing to countenance friction in the U.S.-Chinese relationship that the U.S. hasn't been willing to accept to date, because the North Korean threat is becoming too serious," said Medeiros, now at the Eurasia Group since leaving the White House. Obama has tended to avoid confrontation with China on most issues, including over the South China Sea and economic disputes.



The administration, however, did take a forceful stance against Beijing-backed in the United States. “They have placed a premium on trying to manage the relationship with China in a constructive way and to contain areas of friction or competition,” said a congressional staffer.

No decision has been taken on whether to trigger the harsher sanctions, and the administration may in the end opt to take a more incremental approach, avoiding a major clash with China. But as North Korea continues to advance toward its goal of building nuclear-tipped, long-range ballistic missiles, pressure will inevitably build on the next American president to back a tougher line on sanctions despite resistance in Beijing.

Since approving new sanctions legislation in February, U.S. lawmakers from both parties have complained that relatively few companies or individuals have been blacklisted and charged. “You have sanctioned no Chinese banks at the end of the day, and they are probably the major financial institutions for North Korea,” Sen. Bob Menendez (D-N.J.) said at a hearing last week with top State Department officials.

Republican Sen. Marco Rubio, speaking at the same hearing of the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, accused the administration of timidity when it comes to sanctions that could antagonize the Chinese government.

“We know who these companies are. We haven’t moved fast enough on it. There’s no reason not to have moved faster. There’s plenty of targets of opportunity and plenty of information out there about them,” Rubio said. Asked about future sanctions enforcement against North Korea, White House spokesman Josh Earnest told reporters Wednesday that “we don’t want to telegraph our intentions.”

If the United States decided to turn the screws against large numbers of Chinese companies trading with North Korean state enterprises, experts in and outside the government disagree as to whether the case of Iran sanctions can be applied successfully to Pyongyang.

“There are some tempting parallels, but there are very distinct differences,” said John Park of the Harvard Kennedy School, who co-wrote a recent study of North Korea’s sanction-busting methods.

Unlike North Korea, Iran is heavily dependent on the international oil market and has to rely on the international financial system, including the SWIFT financial transaction network, to sell its oil. “They were vulnerable. You could block these type of activities outside of Iran,” Park said.

But North Korea operates in a gray zone of illicit companies and trade, and almost all of its business is done inside China’s economy. Beijing is wary of any international measure that would usurp its authority on its territory. If Washington pressed ahead with secondary sanctions, it would “hit the wall of sovereignty right away,” Park said. About 70 percent of North Korea’s trade runs through China, including most of its food supplies.

North Korea has adapted its tactics over the years and proved savvy at circumventing sanctions. It pays lucrative fees for skilled Chinese middlemen who handle finances and logistics while concealing Pyongyang’s involvement in transactions, said Park, who cited accounts from North Korean defectors.

Instead of adopting cloak-and-dagger methods, managers from the Kim regime's enterprises operate openly, integrating themselves in the expatriate business community in China in provinces near North Korea while exploiting consulates to buy prohibited or dual-use goods for weapons programs.

Apart from coal and iron ore, North Korea profits from the export of small arms and cheap labor. North Korean workers are sent to factories in China and the timber and construction industries in Russia. The wages are transported back to Pyongyang, with the North Korean workers reportedly receiving only about 10 percent of the money.

Unlike Washington, Beijing promotes trade with North Korea as a way of preventing instability, even as it criticizes Pyongyang's pursuit of nuclear weapons. About a year ago, China and North Korea launched a cargo and container shipping route to bolster the North's coal exports to China.

The project appears to have paid off. North Korean coal exports to China hit a record monthly high of about 2.46 million tons in August, according to the Korea International Trade Association. Coal exports to China generate more than \$1 billion in income for the regime annually and roughly a third of North Korea's export income, U.S. officials said.

When coal and other commodity prices spiked between 2007 and 2010, North Korea secured large sums of cash from its coal exports and probably still has funds left over from the boom, Park said. "They're living off of the proceeds from a hit record from years ago," he said.

Kaine, Pence clash in vice presidential debate

Hurriyet Daily News, 03.10.2016



U.S. vice presidential hopefuls Tim Kaine and Mike Pence launched into their only debate of the campaign Oct. 4, immediately clashing on the reputations, experiences and policies of their bosses chasing the White House.

Democrat Kaine and Republican Pence squared off to highlight their capabilities, but essentially they were on stage fighting a proxy war for their running mates. Kaine, promoted himself as a deeply experienced local, state and national politician who would be the "right hand person" for Clinton, whom he described as trustworthy and more than capable in the role of commander in chief.



“The thought of Donald Trump as commander in chief scares us to death,” Kaine said. “I can’t imagine how Governor Pence can defend the insult-driven, selfish, me-first style of Donald Trump,” Kaine said, vocalizing his primary strategy of forcing Pence to on to the back foot about the brash Republican billionaire at every turn. An imperturbable Pence, the governor of Indiana and a Christian conservative, calmly shot back.

“You would know a lot about an insult-driven campaign,” he said, highlighting Clinton’s relentless criticism of Trump and how she painted half of her Republican rival’s supporters as “deplorables.” “We see entire portions of the world, particularly the wider Middle East, spinning out of control. The situation we’re watching hour by hour in Syria today is the result of the weak foreign policy that Hillary Clinton helped lead in this administration and create.”

A CNN/ORC snap poll declared Pence the winner with 48 percent support, compared with Kaine’s 42 percent. Meanwhile, a recent poll by Reuters/Ipsos shows that nearly half of Americans agree with Trump saying paying no income tax would make him “smart.” But more people think it is “selfish,” and “unpatriotic.”

Some 67 percent of Americans said it is “selfish” for a presidential candidate to pay no taxes, while 61 percent said it is “unpatriotic,” according to the poll, which allowed respondents to pick more than one adjective to describe paying no taxes. At the same time, the results showed some respect for a candidate who can figure out how to reduce their tax bill. Some 46 percent of Americans, including 35 percent of Democrats and 62 percent of Republicans, thought a presidential candidate who pays no taxes is “smart.”



Announcements & Reports

Low long-term rates: bond bubble or symptom of secular stagnation?

Source : Bruegel
Weblink : <http://bruegel.org/2016/09/low-long-term-rates-bond-bubble-or-symptom-of-secular-stagnation/>

Americans Are United in Dissatisfaction with Their Choices

Source : RAND
Weblink : http://www.rand.org/pubs/research_reports/RR1726.html

Dealing with a simmering Ukraine-Russia conflict

Source : Brookings
Weblink : <https://www.brookings.edu/research/dealing-with-a-simmering-ukraine-russia-conflict/>

Upcoming Events

Competitive Gains in the Economic and Monetary Union

Date : 08 October 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 : 08 October 2016
Place : London - UK
Website : <http://www.chathamhouse.org/event/future-capitalist-democracy-uk-japan-perspectives>

13th Asia Europe Economic Forum (AEEF)

Date : 09 October 2016
Place : Beijing - China
Website : <http://bruegel.org/events/13th-asia-europe-economic-forum/>

Emerging Markets and Europe: Time for Different Relationships?

Date : 10 October 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 : 11 October 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 : 12 October 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 : 13 October 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 : 14 October 2016
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 : 21 – 22 November 2016
Place : Lisbon - Portugal
Website : <http://bruegel.org/events/vision-europe-summit-2016/>