Politics & Economics Bulletin 14.10.2016



Deputy PM: Turkey's rapprochement with Russia does not hamper ties with other allies

Hurriyet Daily News, 12.10.2016



Turkey's warming relations with Russia will not hamper its alliance with other countries, Deputy Prime Minister Numan Kurtulmu has vowed, saying Ankara will continue to pursue a "multidimensional" foreign policy.

"Turkey can simultaneously enhance its relations with countries in the region. In other words, having good relations with one side does not mean that ties with another are on the rocks," Kurtulmu told. Refuting suggestions that Turkey's recent rapprochement with Russia could worsen ties with its NATO allies, he noted that Turkey is concurrently a member of more than 10 international alliances including NATO.

Kurtulmu also vowed that Turkish troops will remain at the Bashiqa military camp in northern Iraq until the Islamic State of Iraq and the Levant (ISIL) is driven out of the nearby city of Mosul. "Turkey does not move on orders from others ... Turkey's presence in the Bashiqa camp will remain until Mosul is rid of Daesh," he said, using an Arabic acronym to refer to ISIL.

The U.S. urged Turkey and Iraq to resolve the spat, which could affect the planned U.S.-backed assault on Mosul, the headquarters of Islamic State's self-declared caliphate in northern Iraq since 2014. Kurtulmu also warned of a potential armed conflict between the United States and Russia leading to a major regional or global war, saying the era of proxy wars in the Middle East must come to an end.

The Syrian crisis has come to brink of a wider regional war, he said, claiming that the Syrian regime is one of the "pawns of this proxy war." Kurtulmu suggested that Syrian President Bashar al-Assad has realized this situation and the requirement for peace, as there is no way he or his supporters can win this proxy war.



Turkey to bring in proposals at key Syria meeting in Lausanne

Hurriyet Daily News, 13.10.2016



Ankara will initiate proposals for humanitarian aid to Aleppo at a key international meeting that is expected to be held in Lausanne, as world powers prepare for new truce talks, according to Turkish presidential spokesperson brahim Kalın.

Speaking at a press briefing, Kalın said Turkey had three topics on its agenda regarding the Syrian crisis. "First, there is the immediate halt of clashes in Aleppo and the delivery of humanitarian aid. Second, there is the resumption of the political process under the framework of the U.N. Third, there is the issue of the fight against Daesh in Syria," Kalın said.

Russia said that it was prepared to secure safe passage for rebels to abandon Aleppo even as it maintained air strikes on the battleground. "We are ready to ensure the safe withdrawal of armed rebels, the unimpeded passage of civilians to and from eastern Aleppo, as well as the delivery of humanitarian aid there," Russian Lt.-Gen. Sergei Rudskoy said in a televised briefing.

On the ground in the ravaged city, at least seven civilians were killed in a series of early-morning strikes, the Syrian Observatory for Human Rights monitoring group said. On the northeastern outskirts of the city, advancing regime troops captured several hilltops overlooking opposition-held areas.

Several major international efforts have failed to secure a political solution to Syria's brutal war, which has cost more than 300,000 lives. A new diplomatic push will take place this weekend. U.S. Secretary of State John Kerry and Russian Foreign Minister Sergei Lavrov are expected to be joined at talks in the Swiss city of Lausanne by their counterparts from Turkey, Saudi Arabia and possibly Qatar, Lavrov told CNN International in an interview.

Then in London, Kerry will likely meet with his European counterparts from Britain, France and Germany. Kerry will attend both meetings to discuss "a multilateral approach to resolving the crisis in Syria, including a sustained cessation of violence and the resumption of humanitarian aid deliveries," said his spokesman, John Kirby.

Reports stated that Iran will also attend the meeting in Lausanne. U.N. Syria envoy Staffan de Mistura will also attend the talks. Lavrov told CNN television in an interview that he hoped the discussions in Switzerland could help "launch a serious dialogue" based on the now-defunct U.S.-Russian pact. Meanwhile, Syrian President Bashar al-Assad expressed hope that a recent normalization of relations between Russia and Turkey could give Moscow a chance to persuade Ankara to change its stance with regard to the ongoing Syrian conflict.



"Syria's only hope is that Russia would be able to change Turkish policy [in regard to Syria] through this new rapprochement between Turkey and Russia," al-Assad told Russia's Komsomolskaya Pravda daily.

Russia called on regional partners not to supply portable anti-aircraft missiles to opposition fighters in Syria, Russian Foreign Ministry spokeswoman Maria Zakharova said, adding that any unfriendly actions against Russia in Syria would elicit an appropriate response from Moscow.

The Syrian government partially approved a United Nations aid plan for October but not its request to deliver urgently needed supplies to the rebel-held part of Aleppo, diplomats and a U.N. official said.

Damascus has given a green light for convoys to 25 of 29 besieged and hard-to-reach areas across Syria, they said, but not to eastern Aleppo and three rural parts of Damascus province. Ramzy Ezzeldin Ramzy, deputy U.N. special envoy for Syria, confirmed the receipt of the approval after a weekly meeting of the humanitarian task force, composed of major and regional powers. He gave no details.

A mistake in Mosul may risk Iraq, Turkey warns

Anadolu Agency, 13.10.2016



Any offensive on Mosul intimately concerns Ankara as any mistake could lead to thousands of people fleeing their homeland, harm the struggle against the ISIL and raise new complications in the fight against the outlawed PKK, presidential spokesperson brahim Kalın has said.

Turkey's primary concern with regard to the Mosul offensive is to carry out the operation in such a way as to protect the people of Mosul, the spokesperson told. "The deployment of troops at the Bashiqa camp is merely to meet the security needs of the camp since it is close to the area in which clashes are taking place," he said.

Turkey does not have an eye on Iraq's land or a secret agenda, he said, adding that whoever thinks otherwise is either ill-intentioned or deluded, Kalın said. Turkey is concerned about reports that the PKK will participate in the Mosul operation from the Sinjar region, he said, adding that Ankara had shared information and documents on this issue with relevant parties, particularly Iraqi officials.

Turkey and Iraq are conducting negotiations on Turkish troops at the Bashiqa military camp, Kalın said, adding that they wanted to resolve the Bashiqa dispute with Iraq through negotiations between Ankara and Baghdad. But some circles want to create tension not only in terms of ties between Turkey and Iraq, but also over the issue of Shiite and Sunni, Kalın stated.



Meanwhile, the Iraqi Foreign Ministry summoned the Turkish ambassador to Baghdad, Faruk Kaymakçı, to protest the continued presence of Turkish troops in northern Iraq. The Turkish ambassador was given "a strongly worded formal note of protest" regarding "the continued presence of Turkish forces near Bashiqa and recent abusive statements from their leadership," ministry spokesman Ahmed Jamal told Agence France-Presse.

The presence of Turkish troops in Iraq was recently criticized by Baghdad. President Recep Tayyip Erdo an and Prime Minister Binali Yıldırım said Turkey's military presence at the Bashiqa camp would continue even though Baghdad had previously branded Turkish forces as "occupiers."

Justice Minister Bekir Bozda will visit the United States to discuss the extradition of Fethullah Gülen, who is accused of leading the July 15 coup attempt next week, after which Ankara will decide on its attitude about implementing an agreement on mutual extradition, Kalın said, commenting on recent remarks by President Recep Tayyip Erdo an who said they would evaluate the extradition practice with Washington. U.S. officials' demanded for sufficient evidence on Gülen are producing antipathy in the Turkish public, Kalın said.

Ankara has respected the spirit of the extradition agreement with the U.S. but will reconsider its attitude if it sees a lack of good intentions. U.S. officials do not appear to have understood the seriousness of Turkey's call to extradite Gülen, he said. Ankara has demanded Gulen be extradited to Turkey from the United States, but U.S. officials have said they are reviewing the evidence Turkey has provided.

US mediates to ease Iraqi-Turkish tension

Hurriyet Daily News, 14.10.2016



The US is acting as a mediator to ease the tension between Turkey and Iraq, which erupted due to the presence of Turkish troops ahead of a possible operation to take Mosul back from jihadists, a high-ranking U.S. official has said.

Speaking on condition of anonymity, the U.S. official said they were trying to facilitate negotiations between Iraq and Turkey as it was the Iraqi government's decision whether or not Turkey would play a role in the operation to liberate Mosul from the ISIL. Turkey's statements about participating in the Mosul operation are being taken seriously and we are concerned, the official told.

Otherwise, any manner of unilateral action taken by Turkey will only make things more complicated, the source said. The presence of Turkish troops in Iraq has resulted in diplomatic tension between Iraq and Turkey, with the Iraqi parliament sending a diplomatic note to Turkey's ambassador on that declared the troops' presence there to be illegal, after which Turkey summoned Iraq's ambassador in Ankara the following day.



The official said momentum was building for the Mosul operation. The coalition is also unified and strong on the matter, while everybody should demonstrate some flexibility, the source said. Making a comparison between the liberation of Syria's Manbij in August and the operation on Mosul, the source said the Mosul campaign would take longer than anticipated. The siege against ISIL in Manbij, which is home to 70,000 to 80,000 people, was initially expected to last only a couple of weeks but it took three months to liberate the city, the official said.

For this reason, it is difficult to estimate the duration of the siege of Mosul, where more than 1 million people live, the source said, adding that the operation could last for months. The source also said no one should attempt to link the operation with the Nov. 8 presidential elections.

Mosul will be a very complicated operation, the official said, adding that they assumed there were 3,500 to 5,000 ISIL fighters in the city who have been preparing for the coalition attack by digging ditches and placing explosives in certain places.

The Iraqi Army is the main component in the operation, the source said, adding that Shiites were the majority in the army but that there were also Sunnis. The source said an army made up of mostly Shiites was ready to fight to save a city where the majority is Sunni and that even though the Shiites will experience casualties during the campaign, they were ready to leave the administration of the city to Sunnis.

This is the sacrifice of the Iraqi Shiites to protect the territorial integrity of Iraq, the source said. The U.S. official said they wanted the militia trained by Turkey, the 1,000 to 2,000-strong force under Atheel al-Nujaifi, Mosul's former governor, at the Bashiqa camp to participate in the operation under the command and control of the Iraqi Army.

The Iraqi government has contacted al-Nujaifi on the matter, but no adequate progress has been made yet, the source said, adding that if an agreement was reached, it needed to be clearly understood that the Hashd al-Watani, which is also connected to Turkey at Bashiqa, would be totally under the command of the Iraqi Army.

The official added that Kurdish Peshmarga forces and the Shiite militia Hashd al-Shaabi, which will participate in the Mosul siege, will not enter the city. The war inside the city will be conducted by the Iraqi Army and Iraqi anti-terror units, but following the liberation of the city, federal police and a 15,000-person force made up of local Sunni recruits under the Popular Mobilization Forces will control the city, the source said.

Baghdad has allocated a budget for the force to consist of local tribes, the official said, adding that there were 6,000 people ready and another 6,000 people being scanned. The remaining members have not yet been determined, but it is possible that al-Nujaifi's militia will participate in the force, although such an agreement has yet to be reached, the source said.

After Mosul is liberated, the local population who have and will leave the city during clashes will return, meaning Mosul's demography will not change, the source said. The official gave the examples of Ramadi, Tikrit and Fallujah after their liberation, where locals who fled their cities returned to their hometowns.



Mosul will later be divided into eight districts, with an administrator to be determined for each district. The governor will be Nofal Agoob, the source said, adding that Baghdad and the Kurdish administration in Arbil will subsequently appoint a deputy governor.

Stating that they were aware of objections to the former governor, al-Nujaifi, the source said there was a governor at present and that they could not prolong ISIL's reign in the city by debating who should be governor. The source also said they considered the Kurdish units known as the Shingal Resistance Protection Units to be an extension of the outlawed Kurdistan Workers' Party (PKK).

The U.S. official said that even if they considered the YPG in Syria different than the PKK, the situation in Iraq was different because the PKK was a terrorist group. The source said they did not work with Kurdish groups in Sinjar and it was not possible for these units to take part in the Mosul operation.

Similarly, there are groups within the Hashd al-Shaabi, which is not a monolithic structure, that we do not work with, the source said. Under this umbrella there are sectarian groups associated with Iran, such as the Asaib Ahl al-Haqq (AAH) and Kataib Hizbullah (KH), with whom Washington will not work.

On the other hand, the vast majority of the Hashd al-Shaabi is under the control of Iraqi Prime Minister Haider al-Abadi, the source added. The official also said they would monitor the situation in Tal Afar during the Mosul operation and did not want ISIL fighters to escape to Tal Afar during the Mosul siege.

We have to take measures against this, the source said, adding that they understood Turkey's sensitivity about Tal Afar because of Turkmens, while noting that there was a significant Shiite population in Tal Afar that included the Turkmens. Turkey should understand Iraq's demography, the source said.



Iran sends ships to Yemeni coast in wake of US Strikes

Foreign Policy, *04.10.2016*



Iran says it has dispatched two warships to the Gulf of Aden to ply the same waters as several U.S. Navy vessels are already operating there, one of which launched several Tomahawk missiles at Tehran-backed Houthi radar installations early Thursday morning.

According to the Iranian site the frigate Alvand and logistics ship Bushehr are heading to the Yemeni coast "to protect the country's trade vessels against piracy." But the site also notes that "the presence of the Iranian fleet in the Gulf of Aden coincides with the US decision to directly get involved in a Saudi-led war against Yemen."

Piracy has all but disappeared in the area, and the Iranian ships are scheduled to then sail south down Africa's east coast. The Iranian warship heading to the Gulf of Aden — the 45 year-old Alvand, which carries anti-ship missiles, a Mark 8 gun as well as various machine guns — already has a checkered history with the U.S. Navy.

In July 2015, the ship trained its guns on a U.S. Navy helicopter and an allied supply ship operating with the USS Farragut in the waterway, but the incident was contained before any violence broke out.

The news of the deployment comes hours after the USS Nitze launched several Tomahawk missiles at three radar sites in a Houthi rebel-controlled part of Yemen, sites the U.S. believes took part in the three separate missile attacks on U.S. Navy ships operating off the Yemeni coast this week.

Yemen's Saba news agency, which acts as a mouthpiece for the Houthi-led government, charged Thursday that "U.S. allegations" of its ships being targeted were made to create "false justifications to pave the way for Saudi-led coalition to escalate their aggression" against Yemen "and to cover for crimes continually committed" by the coalition fighting to oust the Houthis from power.

Houthi military spokesman Brig. Gen. Sharaf Luqman Haq also lashed out at Washington on Thursday, telling The Wall Street Journal that the "direct American attack and targeting of Yemeni territory this morning is unacceptable and any developments will be dealt with accordingly."

The Pentagon is trying to assure regional actors that it's not interested in taking on a bigger role in the Saudi-led war in Yemen. "We don't seek a wider role in this conflict," Peter Cook, the Pentagon press secretary told reporters Thursday. The strikes were "not connected to the broader conflict in Yemen," he added, but "should we see a repeat, we will be prepared to take appropriate action again," he said. U.S. officials contend that the strike on the three Houthi radar sites was an act of self-defense.



White House spokesman Eric Schultz told reporters Thursday that "the intent of our strikes were to deter future attacks and to reduce the risk to U.S. and other vessels. We are prepared to respond if necessary to any future missile launches."

It is unclear what prompted the missile launches toward the USS Mason and other ships, but they come days after the Houthis claimed credit for a missile strike on the HSV Swift, a U.A.E-operated navy vessel in the Red Sea that almost completely destroyed the ship.

In a significant move, the Mason deployed two Standard Missile-2s and a single Enhanced Sea Sparrow Missile to intercept the incoming missiles, marking the first time either self-defense system has been used to protect an American warship from incoming missiles.

The attack on the American ships also comes amid the backdrop of a Saudi airstrike on a funeral in Sanaa that killed 140 people, including several high-ranking Houthi officials, among them some well-known moderates who were attempting to set up negotiations between the Saudis and Houthis. The strike has led Washington to again assess its support for the air campaign, which includes refueling of Saudi and Emirati bombers, and some intelligence support.

State Department spokesman John Kirby said Tuesday the U.S. has "been nothing but candid and forthright with the Saudis about our concerns over civilian casualties and collateral damage and our concerns about lack of precision in the conduct of some of these strikes."

America's Russia policy has failed

Foreign Policy, 13.10.2016



The next president must begin by abandoning the two axioms that have plagued Washington's Russia policymaking for the last 25 years: The first, that Moscow opposes the United States because of the Kremlin's undemocratic politics. And, secondly, that areas of agreement between the two countries can be walled off from areas of conflict.

It's also essential to recognize that America's problems with Russia aren't solely because of Putin: They're geopolitical. Neither Putin's departure nor broader regime change in Russia will resolve this challenge.

Putin stands squarely within centuries of tradition in Russian strategic thinking, and his foreign policy enjoys overwhelming elite support while resonating with the public. Geopolitical competition of some dimension is inevitable among major powers with strategic interests stretching across the globe, regardless of what politics they practice at home.

The next administration needs to break with its predecessors and realize that relations with Moscow can't simply be compartmentalized into areas of cooperation and disagreement. American actions on one issue will influence Russia's assessment of U.S. approaches on other issues.



The George W. Bush administration, for example, unsuccessfully sought to insulate counterterrorism cooperation following 9/11 from competition with Moscow in the former Soviet space. Barack Obama's administration hoped to continue cooperation on nuclear security even as overall relations deteriorated sharply. But that, too, failed, evidenced by Russia's skipping the U.S.-sponsored nuclear security summit in April and suspending the Plutonium Disposition Agreement because of "hostile" American actions last week.

After 1991, successive U.S. administrations attempted to integrate Russia into the West by encouraging its transformation from a totalitarian Communist state into a free-market democracy. At a time of Russian weakness following the collapse of the Soviet Union, Washington also reshaped the structure of Europe by enlarging NATO and supporting the expansion of the European Union.

But as Moscow regained its geopolitical strength and expanded its ambitions under Putin, Russia pushed back against U.S. efforts, first in the former Soviet Union, then in Europe, and more recently in the broader Middle East. After 25 years of U.S. and European efforts, Russia has made it clear that it is not interested in integrating into the West and that it is prepared to challenge the United States along a broad front, even by interfering in domestic U.S. politics.

U.S. policy must adapt to new challenges, and Washington may need to give ground on other, lesser priorities. For example, if forced to choose between securing cooperation on nuclear nonproliferation and supporting pro-Western political change in Russia's neighborhood, a tactical withdrawal on the latter may be necessary to preserve a larger victory on arms control.

In other cases, Moscow's actions that directly threaten vital U.S. interests will demand that Washington impose costs in proportion to the threat, such as supporting NATO allies when Russia deploys its forces or conducts provocative military exercises along their borders.

Russia's aggression against Ukraine was the tipping point for the tensions and mistrust that define the U.S.-Russia relationship today. Washington used the pressure of international sanctions and diplomatic isolation to compel Moscow to withdraw from Ukraine. But the Russians responded with countermeasures of their own, and the resulting reciprocal sanctions and warring narratives now combine to block even basic diplomatic engagement. Making any sort of diplomatic progress with the Kremlin will first hinge on how the next U.S. president interprets Moscow's motivations in Ukraine: Is Russia primarily holding Ukraine hostage because of its fear of Western encirclement and regime change? Or is Putin exploiting Ukraine's vulnerability for his government's political and territorial aggrandizement? The answer is most likely a combination of both, but from a policy perspective it makes sense to operate on the basis of the more positive interpretation, while hedging against the chance of being wrong.

In many respects, the hedge is already in place. NATO has decided to rotate new forces through the Baltic States and stepped up planning for various contingencies involving conflict with Russia. The West's support for political and economic reform in Ukraine — to help build a competent democratic state and raise standards of living — is another important part of the strategy. But a solution to the crisis in Ukraine will need more than preparing for the worst-case scenario. A voluntary Russian withdrawal from Ukraine depends for now on the highly flawed Minsk II peace deal signed in February 2015 by France, Germany, Russia, and Ukraine.



Despite Minsk's obvious imperfection, it has two key features that cannot be abandoned: a legal and political commitment undertaken by major European powers and Russia and military deescalation on the ground linked to a sustainable political process for ending the conflict.

Abandoning either element would practically guarantee that eastern Ukraine will become yet another frozen conflict. Although Washington is not a signatory to the deal, the United States can help incentivize Minsk for Moscow by linking specific sanctions relief to concrete Russian steps it can implement to sustain a cease-fire, withdraw heavy military equipment from the zone of conflict, and return control of Ukraine's side of the border with Russia to Kiev.

For better or worse, Moscow retains sufficient power to shape the security environment in Europe. In this realm, the task for the next president in shaping U.S. policy will be to insulate European allies against Russian action in the short term while laying the groundwork for a more durable European security framework, with Russian participation, in the long term.

The next administration's most urgent and immediate goal should be to maintain the integrity of NATO as the guarantor of European security. In light of Russia's threatening behavior, many of its neighbors look to the transatlantic alliance, and the United States in particular, for the necessary commitment of manpower, hardware, and political will.

Washington must also bolster NATO's collective defense capabilities, not simply by spending more, but by coordinating efforts and expenditures far better. U.S. leadership in this arena is essential, and American credibility in Europe will be judged not just by what is said and done on the continent, but by Washington's performance in managing security commitments globally, such as in East Asia and the greater Middle East.

Enhancing the forums in which Russia and the West participate, like the Organization for Security and Co-operation in Europe (OSCE) and the NATO-Russia Council, even if they can't resolve or even manage disagreements, is a necessary step toward preventing conflict. The OSCE, still the only fully inclusive security organization for North America, Europe, and the entire former Soviet space, has an important role to play. Washington should seek to re-launch talks with Moscow and its place in the European security architecture through the body in an unofficial, second track format.

Where these discussions will end up is an open question. But the next administration will have better chances of reducing tensions and building a stable security order in Europe by allowing Russia's legitimate security interests in the region to be heard.

Even with reductions in nuclear forces under various arms-control agreements like the new START agreement of 2011, Russia is still the only country that can destroy the United States as a functioning society in 30 minutes. Absurd as it may seem more than 25 years after the Cold War, both sides maintain their nuclear forces on hair-trigger alert.

That means the possibility of a crisis escalating to a nuclear exchange is still very real, even if the probability remains low. Stability in U.S.-Russia nuclear relations isn't just one of the most important issues for the two countries, it is also critical to the stability among the world's other major powers.



In addition, Russia, like the United States, is one of a handful of countries with the scientific prowess and industrial capacity to weaponize new technologies that can change the global balance of power, including the advanced air-defense systems Russia is deploying in Syria and selling to Iran, or cyber-weapons that could cripple critical infrastructure in the United States and elsewhere.

As the second-largest arms seller after the United States, Russia can either hinder or facilitate the spread of advanced conventional weapons. Given the speed, accuracy, and destructive power of Russian weaponry, they could affect regional and global stability by eroding a country's faith in its deterrent capability. Russian sales to Iran, for example, remain a top concern for Israel, Saudi Arabia, and Turkey in the Middle East, while the sale of advanced weaponry to China alarms Japan and South Korea and complicates U.S. efforts to guarantee security in East Asia.

Finally, as the largest non-Western supplier of civilian nuclear technology, Russia can either greatly assist or totally derail international efforts to limit the nuclear ambitions of Iran and North Korea. Given the profound distrust between the United States and Russia, a key step, beyond safeguarding the agreements already in place, would be to promote maximum transparency about each side's strategic objectives and doctrines for nuclear weapons, advanced conventional weapons, cyber-weapons, missile defenses, and other technologies with the potential to erode either side's confidence in its deterrent capability.

The need for this step has grown even more urgent as Russia's public threats about its possible use of nuclear weapons have increased, it has suspended arms-control agreements, and has hacked into the Democratic National Committee to disrupt the U.S. presidential campaign.

Russia and the United States will rarely join hands as the world's nuclear and WMD proliferation police force. That means U.S. policy must contemplate the need to counter Russian moves in sharing weapons and technologies with hostile or potentially hostile countries, like Iran.

Washington will also need to compete with Russia when it deploys conventional, cyber, or other capabilities designed to neutralize current U.S. advantages in those areas. Success in maintaining strategic stability and preventing weapons proliferation is vital to U.S. national security, but will demand a careful balance among competing concerns in Europe and East Asia, where the Kremlin has been willing to challenge U.S. interests or hold agreements on strategic stability and nonproliferation hostage until its demands are met.

Containing China is an impossible task in today's world. Instead, the next president should pursue flexible coalitions with other major powers to channel Chinese energies in ways that don't endanger America's core interests or, better, work to Washington's benefit. Russia could be one of those partners if the United States is able to avoid forcing the Kremlin into a position of de facto commercial and strategic dependence on Beijing.

Despite its attempts in the wake of Western sanctions to reduce its dependence on European energy markets by building up ties with China, Russia remains deeply concerned about Beijing's growing influence along its borders. Moreover, the economic promise of Moscow's own "pivot to Asia," particularly in penetrating the Chinese market, has so far failed to unfold as the Kremlin had hoped, with trade and investment slow to materialize.



In East Asia, Moscow has sought to diversify its commercial relations, including with South Korea and Japan, two major U.S. allies, to reduce the risks that the development of Russia's far eastern provinces will become hostage to Chinese markets. South Korea and Japan also view Russia as a potential economic and security partner in managing their concerns about China. This leaves an opening where American and Russian interests can align in forging new coalitions that give each party more leverage in relations with China.

Former Soviet Central Asia is another area where Washington's and Moscow's interests could actually align on China. Russia is unsettled by the rapidly growing Chinese presence within what the Kremlin considers its own backyard. Beijing's "One Belt, One Road" initiative, a massive network of roads, railways, and pipelines, has brought billions of dollars' worth of investment into the region and dwarfed Russia's projects, like the Eurasian Union.

The Kremlin has so far welcomed the emergence of other regional players, such as India and Japan, to counterbalance China. The United States could play a role here if it reversed its policy since the end of the Cold War of seeking to reduce Russian influence in Central Asia. Recognizing that China's expansion into the region poses more of a long-term challenge to U.S. interests than Russia's continued presence, Washington should not work against Russian initiatives in the region and promote other regional powers in Central Asia.

With the collapse of the U.S.-Russia negotiated cease-fire and the humanitarian catastrophe unfolding in Aleppo, the Syrian crisis demands urgent attention. Like it or not, the United States has no better option than to keep trying to work with Russia, which inserted itself into the region with a dramatic military intervention in September 2015.

Moscow has the wherewithal to maintain its military deployment for a prolonged period, and regional powers like Iran, and perhaps even Turkey, support its continued presence. The more forceful options that some are now advocating — such as a no-fly zone or the destruction of the Syrian air force — carry too large a risk of outright military confrontation with Moscow in the region and elsewhere.

Discussions with Moscow on Syria, however, will have no greater chances of success unless they include a new willingness to discuss the broader relationship with Russia, especially in Europe. In its statements and proposals, Moscow has effectively linked the situation in Syria to the Ukraine crisis and the larger issue of European security, but Washington has so far refused to recognize this linkage.

Instead, the Obama administration has followed in the missteps of its predecessors and doubled down on trying to compartmentalize issues from one another. Only by acknowledging that the links among the various regional challenges posed by Russia are real can the next president extract a favorable balance for U.S. interests.

As in the Cold War, there is an ideological element to U.S.-Russia competition today. However, rather than advocating Communist class struggle, Moscow is focused on diminishing American credibility. Russia will be most effective where U.S.-led economic and political initiatives fail to serve the needs of the American people.



This theme has been evident in the disconcerting overlap between damaging cyber-leaks from apparent Russian-related sources to favorable coverage in the Russian press of Trump's harsh attacks on the U.S. establishment. How the next U.S. president tackles the well-known domestic and global challenges of wealth inequality, cultural pluralism, migration, resource insecurity, and climate change will determine the degree to which the United States is actually vulnerable to Russia's political and propaganda broadsides.

As George F. Kennan, the U.S. diplomat who mapped out America's Cold War containment policy toward the Soviet Union, recognized in his famous Long Telegram, if Americans demonstrate vision and resolve to address the United States' most pressing challenges, the country can have far greater influence on developments in Russia than it ever could through direct confrontation.

The Cold War ended to a great degree because Russians saw the United States as a successful and prosperous society, whose model they hoped to emulate. By contrast, today's deterioration in relations has been deepened by American failures in Iraq and Afghanistan and the still lingering consequences of the global financial crisis of 2008-2009, which shattered Russians' faith in the American model for economic development. An aura of renewed success and growing power will go a long way toward restoring the United States as an attractive partner, and perhaps eventually as a leader by example.

For the moment, America's priorities must be on putting out the fires of regional conflicts in Ukraine and Syria and preventing the simmering threats of WMD proliferation and a new arms race from igniting. But success on any one of these issues cannot occur in a vacuum and depends on the credibility and effectiveness of the U.S. approach to other regions and issues where Russia holds important cards. By weighing the value of cooperation and competition with Moscow in terms of what matters most to the United States, the next presidential administration has its best chance to come out ahead in dealing with the Kremlin.

Lithuania readies for new government as ruling party comes third in vote

Reuters, 10.10.2016



Lithuania's ruling Social Democrats sank to a distant third place in the first round of national elections, leaving centerright parties in pole position to form a new coalition government, surprise results showed.

After a campaign over Lithuania's sluggish economy, first place went to the Lithuanian Peasants and Greens party with 21.7 percent of the vote and the Homeland Union party close behind with 21.6 percent. The center-left Social Democrats had been forecast to win the vote in opinion polls that have been unreliable in the past. But the party took only 14.4 percent of the vote.



The vote elects half of parliament in the EU member state. Run-offs in voting districts will decide the rest. "The chance of the government continuing is now almost zero", said Kestutis Girnius, associate professor at Institute of International Relations and Political Science in Vilnius.

"The government was seen as ineffective and corrupt. And it played the central role in adapting a new labor code that more than half the voters strongly disapproved of." Lithuania's outspoken president, Dalia Grybauskaite, has accused the government of failing to push through reforms and is not on speaking terms with the prime minister after alleging corruption in his government earlier this year.

"After the run-offs, Lithuania will get a new government ... we will be in the new coalition," Homeland Union leader Gabrielius Landsbergis told reporters. Social Democrats garnered 18.4 percent of the popular vote in the last vote in 2012, then ended up as the biggest party in parliament after the run-off stage.

US military strikes Yemeni rebels after missile attacks on navy ship

Hurriyet Daily News, 03.10.2016



The U.S. military launched cruise missile strikes on Oct. 13 to knock out three coastal radar sites in areas of Yemen controlled by Iran-aligned Houthi forces, retaliating after failed missile attacks this week on a U.S. Navy destroyer, U.S. officials said.

The strikes, authorized by U.S. President Barack Obama, represent Washington's first direct military action against suspected Houthi-controlled targets in Yemen's conflict. Still, the Pentagon appeared to stress the limited nature of the strikes, aimed at radar that enabled the launch of at least three missiles against the U.S. Navy ship USS Mason.

"These limited self-defense strikes were conducted to protect our personnel, our ships and our freedom of navigation," Pentagon spokesman Peter Cook said. U.S. officials, speaking on condition of anonymity, said U.S. Navy destroyer USS Nitze launched the Tomahawk cruise missiles around 4 a.m. (1:00 a.m. GMT).

"These radars were active during previous attacks and attempted attacks on ships in the Red Sea," including the USS Mason, one of the officials said, adding the targeted radar sites were in remote areas where the risk of civilian casualties was low. The official identified the areas in Yemen where the radar were located as near Ras Isa, north of Mukha and near Khoka. Shipping sources told Reuters sites were hit in the Dhubab district of Taiz province, a remote area overlooking the Bab al-Mandab Straight known for fishing and smuggling.



The failed missile attacks on the USS Mason appeared to be part of the reaction to a suspected Saudi-led strike on mourners gathered in Yemen's Houthi-held capital Sanaa. The Houthis, who are battling the internationally-recognized government of Yemen President Abd Rabbu Mansour al-Hadi, denied any involvement in the Oct. 9 attempt to strike the USS Mason. The Houthis reiterated a denial that they carried out the strikes and said they did not come from areas under their control, a news agency controlled by the group reported a military source as saying.

The allegations were false pretexts to "escalate aggression and cover up crimes committed against the Yemeni people, the source said. U.S. officials have told Reuters there were growing indications that Houthi fighters, or forces aligned with them, were responsible for the attempted strikes, in which two coastal cruise missiles designed to target ships failed to reach the destroyer.



Announcements & Reports

What Consequences Would A Post-Brexit China-UK Trade Deal Have For The EU?

Source	: Bruegel
Weblink	http://bruegel.org/2016/10/what-consequences-would-a-post-brexit-china-uk-trade-deal-have-for-the-eu/

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	1	Brookings
Weblink	1	https://www.brookings.edu/research/dealing-with-a-simmering-ukraine-russia-conflict/

Upcoming Events

Competitive Gains in the Economic and Monetary Union

Date	: 15 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	: 15 October 2016
Place	: London - UK
Website	http://www.chathamhouse.org/event/future-capitalist-democracy-uk-japan-perspectives

13th Asia Europe Economic Forum (AEEF)

Date: 16 October 2016Place: Beijing - ChinaWebsite: http://bruegel.org/events/13th-asia-europe-economic-forum/

Emerging Markets and Europe: Time for Different Relationships?

Date	: 17 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 : 19 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

: 20 October 2016 Date **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

: 22 October 2016 Date **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

: 22 October 2016 Date **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