Politics & Economics Bulletin 12.05.2017



Turkey, Russia and China to meet in trilateral leaders' summit in Beijing

Hurriyet Daily News, 12.05.2017



The leaders of Turkey, Russia and China will hold a trilateral summit in Beijing on the occasion of an international conference devoted to the revival of the historic Silk Road with the purpose of enhancing economic cooperation, as well as discussing regional and global issues.

The trilateral summit will be held under the leadership of Chinese President Xi Jinping, President Recep Tayyip Erdo an and Russian President Vladimir Putin in the first such meeting of its kind, as all three men will be present at the Silk Road Economic Belt Conference alongside dozens of countries stretching from Asia to Eastern Europe.

Along with a number of cabinet ministers and high-level civil servants, Erdo an will depart from Ankara to China early for the roughly 13-hour flight to China. Erdo an will represent Turkey at the summit before making an address to attending leaders at a round-table meeting on the sidelines of the conference.

Erdo an will also hold a separate meeting with Xi before participating in a trilateral summit with Russian and Chinese leaders. The three leaders will discuss recent developments in Syria amid efforts to expand the cease-fire between the regime and the opposition through the Astana Process in which Turkey, Russia and Iran are playing a very significant role.

Both Russia and China are permanent members of the U.N. Security Council and have not ceased their support for Syria's leader, Bashar al-Assad, since unrest began in the country in early 2011. The Silk Road and Economic Belt conference is expected to produce an international agreement that will set the terms of the countries that will participate in the Silk Road project.

Erdo an is expected to sign the blueprint on behalf of Turkey at the conference. The conference will host U.N. Secretary-General Antonio Guterres, IMF Director Christian Lagarde and World Bank President Jim Yong Kim, as well as the heads of states of governments from 28 countries with more than 250 ministers.

The meeting will be focused on enhancing economic, transportation, energy and other infrastructure cooperation between the participant countries with the idea of reviving the historic Silk Road. Erdo an will hold bilateral talks with some participant leaders on the sidelines of the conference.

After concluding his talks in Beijing, the Turkish delegation under Erdo an's leadership will depart to Washington, where the Turkish president will hold his first in-person meeting with U.S. President Donald Trump.



Following their Washington meeting, the two men will find another opportunity to continue their dialogue on May 24 and 25 on the sidelines of a NATO summit in Brussels. Erdo an and Trump will also attend a G-20 summit that will take place in Hamburg on July 7 and 8.

Turkey challenges EU to 'open new chapters'

Hurriyet Daily News, 10.05.2017

"The picture of the referendum shows Turkey's democratic strength. This should be well read. We are a country under threat from terrorism. We escaped from a coup attempt.

But against all these risks I'm in Brussels and call on my counterparts to open chapters 23 and 24," EU Minister Ömer Çelik told reporters after speaking with the Federica Mogherini and EU enlargement commissioner Johannes Hahn in Brussels. "Turkey has democratic self-confidence and believes we are in a period where we should intensify our relationship," added Çelik.

He was the first Turkish official to visit Brussels in many months, after the relationship was strained during Turkey's pre-referendum campaign. The climate between Ankara and Brussels has somewhat softened in the post-referendum period, with statements from top EU and Turkish officials suggesting the continuation of cooperation and dialogue.

Çelik claimed that Ankara's compliance with the Copenhagen criteria is even better than some member countries and it will not accept a de facto suspension of the accession process. "Freedom of the media and independence of the judiciary are issues [criticized by the EU].

Chapters 23 and 24 are core chapters that correspond to the core of these issues. So let's open them and discuss together. If you attach importance to Turkish democracy, then you should open chapters," he said.Chapters 23 and 24, which regulate Turkey's harmonization of its acquis and implementations on fundamental rights and the judiciary with that of the EU are currently under blockage from Cyprus.

Furthermore, EU leaders have announced that they will not work to open any chapter with Turkey until it re-launches a fresh campaign for democratization of the country. Çelik cited cooperation in the field of migrant and anti-terror as well as upgrading the customs union as three important issues that Turkey and the EU could focus on in the short-term, recalling that there was preparation for a meeting between President Recep Tayyip Erdo an, European Council President Donald Tusk and European Commission President Jean-Claude Juncker at the end of May. "We want this process [of upgrading the customs union] to begin as soon as possible," Çelik said.



President Recep Tayyip Erdo an issued a written statement on the Europe Day, underlining that becoming a member of the EU remains a strategic target for Turkey, which wants to continue its membership bid on a win-win basis.

US defense secretary to Turkish PM: US committed to protecting Turkey's security

Reuters, 11.05.2017



The United States retains its commitment to providing Turkey with security, Pentagon chief Jim Mattis said during a meeting with Turkish Prime Minister Binali Yıldırım that came in the wake of a U.S. decision to arm Kurdish militants in Syria.

In a brief readout of the approximately 30-minute meeting held ahead of the start of a Somalia conference, a Pentagon statement said the two men discussed a range of bilateral security issues. "The secretary reiterated U.S. commitment to our NATO ally," stated the readout, provided by Pentagon spokeswoman Dana White.

"Both leaders affirmed their support for peace and stability in both Iraq and Syria." It was not clear if the leaders discussed the U.S. decision this week to arm the People's Protection Unit (YPG) against the Islamic State of Iraq and the Levant (ISIL).

A first consignment of weapons is already in place for delivery and could be dispatched to the YPG "very quickly," U.S. Colonel John Dorrian said. The move announced has already provoked fury in Turkey, which considers the YPG an offshoot of the outlawed Kurdistan Workers' Party (PKK) and hence a terrorist group.

The PKK is considered a terrorist group by the U.S., Turkey and the European Union. A U.S. official told Reuters that the U.S. was looking to boost intelligence cooperation with Turkey to support its fight against the PKK. The Wall Street Journal reported the effort could end up doubling the capacity of an intelligence fusion center in Ankara.

Meanwhile, Yıldırım also met with British Prime Minister Theresa May and U.N. Secretary-General Antonio Guterres on the sidelines of the Somalia conference in London. Yıldırım wished good luck to May for the upcoming general elections in the United Kingdom, Anadolu Agency reported, citing sources in the Prime Ministry. Yıldırım also voiced his wish to make best use of bilateral cooperation opportunities during and after the Brexit process, Anadolu reported.



Turkish FM: Every weapon obtained by YPG constitutes a threat to Turkey

Hurriyet Daily News, 10.05.2017



Every weapon obtained by the People's Protection Units (YPG) constitutes a threat to Turkey, Foreign Minister Mevlüt Çavu o lu said on May 10, emphasizing Ankara's opposition to a U.S. deal to arming Syrian Kurdish fighters in the battle against the Islamic State of Iraq and the Levant (ISIL).

Cavu o lu, speaking to reporters while on a visit to Montenegro, claimed the YPG was a terrorist organization that is no different than the outlawed PKK, adding that the United States was aware of this fact. President Erdo an will discuss the issues with President Donald Trump when the former visits Washington next week, the minister said.

Turkey hopes the United States will end its policy of supporting the YPG, Deputy Prime Minister Nurettin Canikli said May 10, adding that Ankara could not accept its NATO ally supporting the group.

"We cannot accept the presence of terrorist organizations that would threaten the future of the Turkish state. We hope the U.S. administration will put a stop to this wrong and turn back away from it. Such a policy will not be beneficial, you can't be in the same sack as terrorist organizations," Canikli said in an interview with A Haber.

On May 9, Trump authorized the arming of the YPG in Syria "as necessary to ensure a clear victory" in a planned assault to retake the city of Raqqa from ISIL, the Pentagon said May 9, infuriating Turkey.

"Yesterday, the president authorized the Department of Defense to equip Kurdish elements of the Syrian Democratic Forces [SDF] as necessary to ensure a clear victory over ISIL in Raqqa, Syria," Pentagon spokeswoman Dana White, who is traveling with Defense Secretary Jim Mattis in Lithuania, said in a statement, adding that Washington was keenly aware of the security concerns of coalition partner Turkey.

"We want to reassure the people and government of Turkey that the U.S. is committed to preventing additional security risks and protecting our NATO ally," White said. Ankara considers the Democratic Union Party (PYD) and its armed wing, the YPG, as "terrorist" groups linked to the PKK and has long pressed Washington to stop its alliance with the group in the fight against ISIL.



US to directly arm Syrian Kurdish YPG, Pentagon confirms

Reuters, 09.05.2017



U.S. President Donald Trump has authorized arming the Syrian Kurdish Peoples' Protection Units (YPG) in Syria "as necessary to ensure a clear victory" in a planned assault to retake the city of Raqqa from ISIL, the Pentagon said, in a likely blow to U.S. ties with Turkey.

"Yesterday, the president authorized the Department of Defense to equip Kurdish elements of the SDF as necessary to ensure a clear victory over ISIS in Raqqa, Syria," Pentagon spokeswoman Dana White, said in a statement, adding that Washington was keenly aware of the security concerns of coalition partner Turkey.

"We want to reassure the people and government of Turkey that the U.S. is committed to preventing additional security risks and protecting our NATO ally," White said. "The SDF, partnered with enabling support from U.S. and coalition forces, are the only force on the ground that can successfully seize Raqqa in the near future," she added.

The announcement comes one week before President Recep Tayyip Erdo an is scheduled to visit Washington and meet Trump. Ankara considers the Democratic Union Party (PYD) and its armed wing, the YPG, as "terrorist" groups linked to the outlawed Kurdistan Workers' Party (PKK), and has long pressed Washington to stop its alliance with the group in the fight against ISIL.

Earlier on May 9, Mattis said the United States and Turkey would work together as operations continue to retake Raqqa. His remarks come weeks after Turkey launched air strikes against YPG, drawing an angry response from Washington.

"Our intent is to work with the Turks, alongside one another to take Raqqa down," Mattis said, speaking at a news conference following an anti-ISIL summit in Copenhagen. "We are going to sort it out and figure out how we are going to do it, but we are all committed to it."

But the United States does not envision Turkey actually participating in the ground offensive for Raqqa, which ISIL has held for more than two years. "The tactical activities on the ground -- I don't want to go into details right now," Mattis said.

Mattis met with Ba at Öztürk, deputy undersecretary at the Turkish defence ministry, during the anti-ISIL conference. He also held a phone conversation with Defense Minister Fikri I ik, according to Turkish media reports. The US-led coalition fighting ISIL in Iraq and Syria discussed the campaign's next steps as the jihadists' "caliphate" around Raqqa is collapsing. Though officials warn that military action will continue for some time, they are generally upbeat about the progress and quickening momentum of the fight.



"We examined the enemy situation and discussed the next steps to make sure we are all on the same sheet of music. We are going to further accelerate this fight," Mattis said after the summit. After months of brutal, street-by-street combat, ISIL has now lost control of most of its stronghold of Mosul in Iraq, while the jihadists have become largely isolated in Raqqa.

Several coalition countries are keeping a nervous eye on the region as ISIL-held territory diminishes. Thousands of foreign fighters remain in Iraq and Syria, and coalition nations -- particularly in Europe -- are bracing for a possible wave of battle-hardened jihadists returning home.

According to a senior US administration official, Interpol has identified 14,000 foreign fighters it knows have travelled to Syria and are still alive. The largest numbers come from Tunisia, followed by Saudi Arabia. Thousands more have travelled from Europe, including 100 or so from Denmark, said the official, who asked not to be named.

The international law enforcement agency Interpol is now part of the anti-ISIL coalition, becoming the alliance's 68th member. The campaign against ISIL began in autumn 2014 and has seen the Iraqi security forces -- backed with coalition training and air power -- reverse humiliating losses and recapture several key cities including Ramadi and Fallujah.

Iraq's second city Mosul is now mainly back under Iraqi control, though ISIL continues to hold the Old City on the west side, where its fighters are preparing for a bloody last stand. In Syria, coalitionbacked Kurdish and Arab forces have been gradually recapturing towns and villages, with the focus now on isolating Raqqa ahead of a major offensive to seize back the city after more than two years of jihadi rule.

US President Donald Trump came to power on a pledge to destroy ISIL. Though much of the groundwork had already been laid and the coalition had conducted thousands of strikes, US military leaders credit Trump with delegating them greater authority, enabling a quickening pace of operations. Critics say the additional strikes have accelerated the rate of civilian deaths.



Syria FM rejects UN monitors for 'deescalation' deal

AFP, 08.05.2017



Syrian FM Muallem said his country would reject any UN role in monitoring the implementation of "de-escalation" zones. "We do not accept a role for the UN or international forces to monitor the agreement," Muallem told. Russia, Iran and Turkey reached a deal on four "de-escalation zones" in Syria where the government and opposition will halt hostilities.

The deal says those areas would be bordered by "security zones" with checkpoints and observation posts "ensured by the forces of the guarantors by consensus," but that "thirdparty" monitors could also be deployed.

Muallem on May 8 said there could be a role "as the Russian guarantor has said, for military police," but it was unclear if he was referring to Syrian or foreign units. The multi-phase plan, signed on May 4 in the Kazakh capital Astana, is one of the more ambitious efforts aimed at ending Syria's six-year conflict.

It provides for a cease-fire, rapid deliveries of humanitarian aid and the return of refugees after "deescalation zones" are created across stretches of eight Syrian provinces. The Syrian government and rebel groups are not signatories to the deal, although Muallem reiterated Damascus's approval of it. But, he stressed, "if any violations take place, the Syrian army will be prepared to respond in a decisive manner." The agreement covers four main battlegrounds between the government and non-jihadist rebels -- the northwestern province of Idlib, parts of Homs province in the center, the south, and the opposition enclave of Eastern Ghouta near Damascus.

It does not include territory where clashes are raging against the Islamic State of Iraq and the Levant (ISIL) in Syria's center, north and east. ISIL is coming under simultaneous attack by Syrian government troops as well as a U.S.-backed alliance of Kurdish and Arab fighters known as the Syrian Democratic Forces (SDF).

Muallem said that the SDF's fight against ISIL was "legitimate", in the Syrian government's first sign of approval of those operations. "In this phase, we believe that what Kurdish citizens in Syria are doing by fighting Daesh is legitimate, in the framework of protecting Syria's territorial unity and sovereignty," he said, using the Arabic acronym for ISIL.

Meanwhile, Russia said on May 8 it had tabled a draft resolution at the United Nations Security Council to back up a deal on establishing safe zones in Syria. "We confirm that a draft resolution has been introduced," Russian news agencies cited the country's U.N. mission spokesman Fyodor Strzhizhovsky as saying in New York, without giving details. A source at the U.N. told Russia's Interfax news agency that "a vote on the draft will take place possibly this week."



Brexit bulletin: Carney can't win

Bloomberg, 12.05.2017



Investors are at odds with BOE Governor Mark Carney's outlook for Brexit. The pound fell the most in a month after the central bank voted to keep interest rates unchanged, an outcome disappointed those who thought a second policy maker would join Kristin Forbes in calling for higher rates.

Mark Carney, governor of BOE, speaks during the bank's quarterly inflation report news conference in the City of London, U.K., on Thursday, Nov. 3, 2016. Since the Bank of England's last complete set of forecasts and policy loosening in August, a fuller picture of the economic reaction to the U.K.s vote to leave the European Union has emerged.

Sterling then extended its losses as Carney said tighter monetary policy would depend on the "smooth" Brexit that his institution is predicting. That was a signal that investors don't share his optimism for the U.K.'s withdrawal, and thus the path for rates.

"The BOE are basing their forecasts on a smooth Brexit process," said John Wraith, head of U.K. macro rates and strategy at UBS. "If that happens, their optimistic view on growth might prove accurate and they will indeed need to tighten faster than the curve implies. The problem here is we don't think at all that Brexit will be so smooth."

According to BOE assumptions, Britain will avoid the so-called "cliff edge," in which it leaves the EU without a trade deal or transitional period. That's partly based on government projections and policy: Prime Minister Theresa May is adamant she can seal the divorce and line up a new trade deal by the time Britain leaves in 2019.

To be fair, Carney just can't win. This time last year he was being pilloried by those who were campaigning for Brexit after warning the economy would be hurt by a vote for it. Theresa May and opposition Labour Party leader Jeremy Corbyn are serving up different forms of populism ahead of the June 8 election.

Both say they are committed to (different forms of) Brexit, and are also hitting the brakes on four decades in which governments trusted competition and deregulation to deliver better lives for voters.

As Robert Hutton and Alex Morales report, the two main parties are competing for the vote of the average struggling Briton, rolling out similar-sounding proposals to cap energy bills, stop employers bringing in cheap foreign workers, and prevent asset-stripping corporate takeovers. "Too many people are in insecure and low-paid work and cannot make ends meet," reads the leaked draft of Labour's manifesto, dismissed by Tory-supporting newspapers as a return to the 1970s. Yet May made the same point on becoming prime minister: "If you're from an ordinary working-class family, life is much harder than many people in Westminster realize."



May said on Thursday night she has no plans to increase taxes and Corbyn said he wouldn't kowtow to U.S. President Donald Trump. A little-known EU lawmaker with a big Brexit role is telling the U.K. to get its head out of the sand. Danuta Huebner, head of the European Parliament's constitutional affairs committee, said the British are underestimating upcoming talks.

"There is a creation of expectations that might not be fulfilled," she told Bloomberg's Jonathan Stearns and Ian Wishart. "These are going to be extremely difficult negotiations." Her panel is important because it will recommend whether the whole assembly should endorse any deal. The Parliament should oppose the start of talks on a trade arrangement with the U.K. if it's not satisfied citizens' future rights are protected, the legislature's negotiator Guy Verhofstadt said on Thursday.

Separately, members of the so-called Visegrad Group – an alliance of four eastern European nations – warned that fellow EU members should view Brexit as a symptom of the bloc's problems. "The Brexit referendum was not the cause but rather the result of problems within the European Union," Szabolcs Takacs, Hungary's minister of state for EU affairs, said at a Chatham House event in London. "This is what we can't ignore." SoftBank Group is leading a £390 million (\$502 million) investment in Improbable World, a London-based virtual reality startup, in one of the U.K's largest venture capital deals. The stocks of British companies that rely on spending by tourists may enjoy a lift in 2017, according to UBS's wealth-management unit.

The decline in the pound will allow them to outperform those reliant on domestic consumers, who are being squeezed by higher inflation and limited wage gains, said Caroline Simmons, deputy head of the unit's U.K. investment office.

Brexit Secretary David Davis tells the Telegraph that European Commission President Jean-Claude Juncker is trying to get him fired

EU members are debating changes to the bloc's Brexit negotiating directives, with a new draft set to be circulated on Monday, two officials say

Former PM Gordon Brown made a plea for voters to elect Labour Party "champions" in the election to fight for manufacturers' interests after Brexit. His successor, David Cameron, urged voters to elect a large majority for May's Conservative Party to help avoid an "extreme" Brexit

"No-one knows what they're doing" on Brexit, says Nobel laureate economist Christopher Pissarides. "You throw things at the other side, the other side throws things at you."

EU chief negotiator Michel Barnier flew Ryanair to Dublin to say that the EU will work to avoid a hard border between the two Irelands.

Germany's Bundesbank has leased 7,000 square meters (75,000 square feet) in one of the few large premises left in Frankfurt's financial district. That makes life harder for banks considering Frankfurt as their new EU base. Frankfurt's overall office vacancy rate is higher than most other major German cities, but the business area lacks modern, high-quality space, a Savills survey says. "Several big international banks are currently looking for office space in Frankfurt, not least because of Brexit," said Benjamin Remy, head of Savills in the city. "On closer inspection, it turns out that there aren't that many suitable properties available."



Emmanuel Macron, the next president of France

Foreign Policy, 07.05.2017



Emmanuel Macron will be the next president of France, according to exit polls. According to those polls, Macron bested his opponent, Marine Le Pen of the far-right National Front with roughly 65 percent of the vote; she received around 35 percent.

Turnout was 65.3 percent at 5 pm local time — down from 71.96 percent in 2012. Over a quarter of voters abstained — the highest on record for France in decades (perhaps because far-left candidate Jean-Luc Mélenchon said he would not endorse either of the candidates after he failed to make the second round).

The result, then, went much the way experts and pollsters alike expected it to go — even with an eleventh hour dump of hacked (and faked) Macron emails and documents just hours before the campaign officially ended on Friday. French media, however, also respected the blackout law — Le Monde, for example, one of the biggest papers in France, announced it would not publish or report on the Macron leaks until after Sunday's second round vote).

Macron is expected to celebrate at a packed rally at the Louvre. Le Pen's post-vote party was, much like her candidacy, fraught with scandal even before it got started — after media outlets like Politico and BuzzFeed France were refused admittance, Le Monde and Bloomberg refused to cover the event out of solidarity.

At Vincennes Park in Paris, Le Pen thanked the 11 million who voted for her, and all those who wanted to choose patriotism over globalization. "I call on all patriots to take part in the decisive political battles ... Long live the republic, long live France." And with that, she had conceded, and walked off the stage.

Macron thanked those who voted for him, but went on to address every citizen of France. "I'm speaking to each of you tonight, to all of you together who make up the people of France. We have a duty to our country."

He added, "It is our very civilization that is at stake," and said he would fight against terrorism and global warming, and for the French people and Europe. "A new page of our history is starting today. I want this new page to be one of hope."

Macron's win is met with "an extraordinary global sense of relief," Irene Finel-Honigman, a French politics expert at Columbia University, told Foreign Policy. From the perspective of global markets and politics, as well as from a European perspective, she said, this is "still seen as a total positive.



And, indeed, Macron's win over Le Pen will be widely seen as a clear victory for Europe and a blow to xenophobia and fear. But that doesn't mean Sunday was a complete victory for Macron — or a total loss for Le Pen. Macron's next challenge is the parliamentary election in June. His own En Marche (Forward) movement, roughly a year old, faces an uphill battle in winning a legislative majority. "A new election will start immediately," Pierre Vimont of Carnegie Europe said.

In the likely event that Macron's movement does not win a majority, he will need to try to form a workable governing coalition, bringing together some from the left and the right. With jobs at the top of voters' concerns, he'll likely want to move quickly to enact labor market reforms, and that will require confidence of people and parliament alike. But forming and leading a governing coalition is not so simple.

For one thing, as Martin Michelot of the Prague-based EUROPEUM told FP, the traditional right and left parties — namely, the Republicans and the Socialists — were left in shambles after they both failed to make the second round (the first time in the history of the Fifth Republic that neither was able to do so).

"What will also be interesting to see is whether French politicians can develop a coalition and compromise culture," Michelot said. "In the context of the left/right divide, whoever was in opposition tended to vote against the majority along pretty strict party lines, in what was a rather unconstructive system."

A Macron presidency with a coalition government could be a chance to change all that — or it could mean Macron has to fight with both sides every time he wants to push a policy through, warned Columbia University's Sheri Berman. That would only see the already massively discontented French electorate grow still more despondent.

And if that's the case, there's one recently defeated force that will be ready and waiting. What we saw in this election, said Yascha Mounk, an expert on liberal democracy and populism, was "a radically transformed political landscape. [Le Pen] has more than doubled her party's vote over the course of 15 years." In 2002, when her father, Jean Marie Le Pen, faced Jacques Chirac, he got just 18 percent of the vote. "Imagine how she'll do five years from now."

"The trend line is incredibly scary," Mounk said. For Macron, "It's going to be hard," said Alessia Lefebure of Columbia University. Under the French constitution, parliament is more empowered than the president, but that hasn't been the case — or at least hasn't been perceived as being the case — in recent history. Still, Lefebure — like millions of French voters today — isn't entirely pessimistic.

"I think this could be a very positive moment," she said. "France will be again very active in Europe, bringing hope to people in Europe that see the anti-democratic movement." "If he's smart, he can benefit from this momentum, and then the French will follow him."



Four big questions in wake of Comey's firing

Foreign Policy, *10.05.2017*



President Trump's sacking of FBI Director James Comey has set up a crucial test of the US's democratic institutions, and the response will determine whether the country's system of checks and balances can operate effectively.

Trump's dismissal of Comey stunned lawmakers from both parties, signaling the president was out to stifle an investigation into whether he or his aides colluded with Russia during the campaign. The decision drew immediate comparisons to the Watergate scandal, when President Nixon fired a special prosecutor delving into his administration's cover-up of a break-in at Democratic Party headquarters.

What comes next? Here are four key questions in the wake of Comey's departure:

Will Republicans in Congress turn against Trump and call for an independent inquiry?

While Democrats uniformly condemned Trump's decision and demanded an independent investigation, the public reaction among the Republican majority in Congress was more mixed — and cautious.

Until now, most Republicans have rejected the idea of an independent commission or special prosecutor to investigate the potential links between Trump's campaign and Russia. Much will depend on whether Republicans in Congress are finally ready to confront the Trump White House over the Russia imbroglio, and whether voters in their districts will demand a tougher response.

Trump's move shocked and dismayed members on both sides of the aisle, and raised the possibility that more Republicans could back an independent probe, though for now the GOP leadership in the Senate seems to be digging in its heels. Congressional aides, bleary-eyed and exhausted after having worked through most of the night, told Foreign Policy that at least four Democratic members of the Senate Intelligence Committee and one Republican, Sen. John Cornyn (R-Texas), were not informed by the White House in advance of the decision.

The usually taciturn and reserved Republican chairman of the Senate Intelligence Committee — and Trump ally during the campaign — Sen. Richard Burr (R-N.C.), said he was "troubled by the timing and reasoning of Director Comey's termination," and called Comey's dismissal "a loss for the Bureau and the nation." Burr's committee has already requested documents from Trump's associates to examine possible connections to Russia, a signal that the panel could be prepared to issue subpoenas to get ahold of those documents. The committee also has asked the Treasury Department's foreign intelligence unit for any relevant documents related to Trump and his team, including any indications of possible money laundering.



Sen. John McCain (R-Ariz.) said he was "disappointed" at Comey's firing, Sen. Ben Sasse (R-Neb.) called the timing of the firing "very troubling," and Sen. Jeff Flake (R-Ariz.) said Tuesday evening: "I've spent the last several hours trying to find an acceptable rationale for the timing of Comey's firing. I just can't do it."

Still, most Republicans held their fire. They accused Democrats of hypocrisy, as they had previously blasted Comey over his handling of Hillary Clinton's emails during the campaign, before the FBI chief ever confirmed that Trump's Russia ties had been under investigation since last summer. Senate Majority Leader Mitch McConnell (R-Ky.) defended Comey's firing and dismissed demands for an independent investigation beyond the twin congressional probes already underway.

Will the FBI and the Justice Department investigate or capitulate?

Comey was reportedly fired just days after requesting more resources and manpower for the Russia investigation. The question now is whether the next FBI director whom Trump appoints will provide the resources needed for a rigorous, independent inquiry, or whether the new director will curry favor with the White House by seeking to undercut the investigation.

The same question applies more broadly to the civil servants and prosecutors at the Justice Department carrying out the counterintelligence probe, and whether they will follow the facts wherever they lead despite political pressure from the White House.

The president has sent a clear signal to back off and has repeatedly castigated the inquiry as a waste of time and money, repeatedly dismissing the consensus findings of the U.S. intelligence community as "fake news." By tradition and by law, the FBI and the Justice Department are supposed to operate above and apart from partisan political influence, and to conduct investigations without fear or favor. Nixon tried but ultimately failed to block investigations into his administration.

Who will run the FBI?

With Comey out, the logical choice to lead the FBI until a permanent director is selected would be Andrew McCabe, the current deputy director. But the administration indicated Wednesday it has other plans, underscoring how the White House wants to maintain tighter control of the bureau. Officials are reportedly reviewing choices other than McCabe for the interim director job.

As for a permanent director, some names have popped up as possible candidates for the job. Speculation focused on Ray Kelly, the former New York City police commissioner who managed the force following the attacks of Sept. 11, 2001, and Rep. Trey Gowdy (R.-S.C.), a former federal prosecutor who criticized Comey for failing to recommend an indictment against Hillary Clinton for her use of a private email server while secretary of state. (Gowdy held a series of exhaustive hearings into Clinton's role in the death of Americans at a diplomatic compound in Libya in 2012, but ultimately found no evidence of any wrongdoing by the former secretary of state.) Whoever gets the nomination, the Senate confirmation hearings will be highly charged and hard-fought.

Comey is the first FBI director to be fired since 1993, when President Bill Clinton sacked William Sessions, who the Justice Department's inspector general found had committed numerous ethical violations.



Now that he is out of office, Comey will also face a decision on whether to speak out publicly about what he knows, and whether he believes the White House is trying to squelch the Russia investigation. Sen. Mark Warner (D-Va.), the ranking member on the Senate Intelligence Committee, told reporters Wednesday that he had invited Comey to appear in a closed-door session before the committee next Tuesday. "I think Jim Comey has got to have — if not his day in court, at least his day on the Hill," Warner said.

Will Flynn "flip" against the Trump Team?

Comey's dismissal came just as the investigation into Russia's ties to Trump aides appeared to be gaining momentum. Federal prosecutors have issued grand jury subpoenas to associates of former National Security Advisor Michael Flynn, requesting business records, CNN reported on Tuesday.

The subpoenas from the U.S. Attorney's office in Alexandria, Virginia, targeted associates who worked with Flynn on contracts after he was forced out as director of the Defense Intelligence Agency in 2014. (Flynn, fired this year as national security advisor after less than a month in the job for lying about his pre-inauguration contacts with Russian officials, also worked as an agent for the Turkish government during the campaign without registering as such with the Justice Department.)

Legal experts have speculated that Flynn, who faces potential prosecution if he is found to have lied to FBI investigators, could at some point "flip" and offer prosecutors damaging evidence against Trump's team in a potential deal to lessen any prison sentence. Sally Yates, the former acting attorney general sacked by Trump earlier this year, told Congress Monday that she discussed possible charges against Flynn with the White House counsel. But it's still unclear if Flynn will ultimately be charged.



Announcements & Reports

The Banking Union: An Overview and Open Issues

Source	Bruegel	
Weblink	http://bruegel.org/2017/05/the-banking-union-an-overview-and-open-issue	es/

Maintaining Arctic Cooperation with Russia

Source	1	Rand
Weblink	;	http://www.rand.org/pubs/research_reports/RR1731.html

The War in Yemen: Hard Choices in a Hard War

Source : CSIS Weblink : https://www.csis.org/analysis/war-yemen-hard-choices-hard-war

Upcoming Events

Competitive Gains in the Economic and Monetary Union

 Date
 : 25 May 2017

 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
 : 25 May 2017

 Place
 : London - UK

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

13th Asia Europe Economic Forum (AEEF)

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

Emerging Markets and Europe: Time for Different Relationships?

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



What future for Europe's Social Models?

 Date
 : 27 May 2017

 Place
 : Brussels - Belgium

 Website
 : http://www.bruegel.org/nc/events/event-detail/

http://www.bruegel.org/nc/events/event-detail/event/526-what-future-for-europes-social-models/

Challenges for Growth in Europe

 Date
 : 27 May 2017

 Place
 : Brussels - Belgium

 Website
 : http://www.bruegel.org/nc/events/event/521-challenges-for-growth-in-europe/

Global Governance of Public Goods: Asian and European Perspectives

 Date
 : 28 May 2017

 Place
 : Paris - France

 Website
 : http://www.bruegel.org/nc/events/event-detail/event/529-global-governance-of-public-goods-asian-and-european-perspectives/

The Future of the Welfare State

 Date
 : 28 May 2017

 Place
 : Berlin - Germany

 Website
 : http://www.bruegel.org/nc/events/event/541-the-future-of-the-welfare-state/

Vision Europe Summit 2016

 Date
 : 28 May 2017

 Place
 : Lisbon - Portugal

 Website
 : http://bruegel.org/events/vision-europe-summit-2016/