

Erdogan says Gulen Movement ‘preparing film’ about him and family

Hurriyet Daily News, 28.05.2014



Erdogan has claimed that the movement of the U.S.-based Islamic scholar Fethullah Gulen is “preparing a film” depicting him and his family, suggesting the possible leak of further videos ahead of the upcoming presidential elections in August. “I have just learned that Pennsylvania is preparing a movie about me. They are preparing a nice movie about me and my family,” Erdogan said at a rally, referring to the U.S. state where Gulen lives in.

“But they were unable to find an appropriate actor to play me. They couldn’t find an actor to play my son either. But they don’t need to go to Hollywood to find actors” Erdogan said.

“They are trying to prepare the movie for the presidential elections. But these plots have not worked up to now and they won’t work in the future,” he added. A number of phone recordings were leaked ahead of the local elections, mostly related to a corruption scandal, triggering a huge outcry in the Turkish public. However, the publication of the recordings suddenly stopped following the March 30 elections.

Turkish court seeks military arrests of Israelis over ship killings

Washington Post, 26.05.2014



A Turkish court has issued arrest warrants on Monday for four former Israeli military commanders who are on trial in absentia over the 2010 killing of nine Turks on a Gaza-bound aid ship, Turkish media reports said.

The move came after months of negotiations between Turkey and Israel to end a diplomatic crisis over the Israeli commando raid on the Mavi Marmara, a Turkish ship challenging Israel's naval blockade of Palestinian-run Gaza Strip in 2010. Eight Turks and a Turkish-American died during the operation and a Turkish man, Ugur Soylemez, died in hospital on Friday, after four years in a coma since the raid.

The court ordered the arrest of former Chief of General Staff Gabi Ashkenazi, ex-Navy Commander Eliezer Marom, ex-Air Force Commander Amos Yadlin and ex-head of Air Force intelligence head Avishay Levi, the newspaper Hurriyet said on its website. Turkish prosecutors have already sought multiple life sentences for the now-retired Israeli officers over their involvement in the killings. Among the charges listed in the 144-page indictment are "inciting murder through cruelty or torture" and "inciting injury with firearms".

Although the indictment was handed up in 2012, no arrest warrants were issued then. The court said on Monday it would seek the issue of Interpol 'red notices' for the arrest of the four former generals. A Turkish relief agency said on Thursday it would oppose what it said was an imminent Israeli offer to pay compensation in return for dropping lawsuits over the attack. In a rapprochement brokered by Washington, Israeli Prime Minister Benjamin Netanyahu apologized to his Turkish counterpart Tayyip Erdogan last year and pledged compensation to the bereaved or hurt. Turkey was once Israel's closest regional ally, although their relationship had deteriorated before the raid. Last month, Erdogan said the two were days or weeks away from an agreement.

Turkish PM hits out at Central Bank's slight rate cut

Hurriyet Daily news, 27.05.2014



Erdogan's minister's harsh criticism of the Central Bank has rattled markets as investors have priced in concerns that pressure on the bank will continue. The Turkish Lira, which started off the day at around 2.087, lost more than 1% during the day and rose above 2.1070 after Erdogan reiterated his harsh criticism of the bank for only slightly easing a key interest rate, saying it was insufficient. The BIST 100 index also plunged over 1% to below 77,780 points.

"Decreasing the interest rates by half points is making fun of this nation. The decisions to be made need to be serious," he said, addressing members of his party.

"The authority they give an account to is not the public, but sooner or later we will make them give an account for this," he said. "The time will be up and when it is, we will do what is needed. It is a separate issue, but we need to solve this issue," he said. "The interest rate must be lowered, so that real investments can increase." The bank had raised rates sharply at the end of January to combat a fall in the lira to record lows amid an emerging markets sell-off and a corruption scandal. As the escalating political tension ahead of the March 30 local elections and persisting global challenges kept the lira/dollar ratio at high levels, the Central Bank remained committed to a tight policy, with the support of analysts and investors.

However, the partial recovery of the currency and investment environment after the elections have encouraged Erdogan to again start expressing his well-known opposition to high interest rates. Under mounting pressure from the government to bring rates down to their former levels, the bank on May 22 trimmed the benchmark one-week repo rates from 10 to 9.5 percent, keeping the rate corridor steady between 8 and 12 percent, in a move that has been interpreted as keeping a foot in both camps. The prime minister slammed the bank while returning from a rally in Cologne over the weekend. "You raised the interest rate by 5 points all at once, but now you reduce by only half a point. Are you kidding?" Erdogan told a group of reporters in his plane.

Assad's staying power leaves Turkey frustrated and exposed

Reuters, 26.05.2014



Incumbent Syrian President Bashar al-Assad's certain victory in an election which will take place next month, derided internationally as a charade, leaves Turkey facing a bitter truth - its assumption of his quick demise was a costly miscalculation.

With al Qaeda-linked armed groups controlling patches of territory across Turkey's southern border and a registered refugee influx set to top a million within the upcoming months, Syria's three-year old war presents Ankara with an increasing financial burden and an ever growing security threat.

A gun battle in March when special forces raided the suspected Istanbul hide-out of an Islamist militant group active in Syria highlighted the potential threat to Turkey from the thousands of foreign jihadis who have been drawn into the conflict, a portion of them entering Syria over the Turkish border. The torching of a building housing Syrian refugees in Ankara this month meanwhile pointed to anger at the growing social and economic costs of a humanitarian response which has already cost Turkey close to \$3 billion. With Assad facing no serious challenger in a June 3 election which his Western and Arab foes, as well as the Syrian opposition, have dismissed as a parody of democracy, such tensions are unlikely to dissipate any time soon. "We may describe Turkish Syria policy as a mess.

"We've committed too much, we've talked too big," said Osman Bahadir Dincer, Syria expert at the Turkish non-partisan thinktank USAK. "At the very beginning Turkey underestimated the humanitarian problem. Turkey was not prepared and I think the same can be applied to border security." Prime Minister Tayyip Erdogan initially believed his stature in the Middle East and relationship with Assad might enable him to steer the Syrian leader away from conflict. In the early stages of Syria's uprising in 2011, Erdogan called on Assad to learn the lessons of the Arab Spring and step down. Erdogan took Assad's failure to heed his advice as a personal affront, some of those close to him say, and within two years he was leading calls for international military intervention to end his former ally's rule.

"Turkey's Syria policy has shown the limits of its influence in the Middle East," said Fadi Hakura, Turkey expert at the London-based think tank, Chatham House. "It is a clear sign to the U.S. and other partners that Turkey is an important player but not a rising star in the region." After Syria announced in April that it would hold polls, Turkey was quick to dismiss any election as "null and void". Foreign Minister Ahmet Davutoglu this month accused Damascus of "mocking the world" by organizing the vote. Syria's authorities have not said how they will hold the vote in a country where six million people have been displaced and swathes of territory are outside government control. Assad's forces have consolidated their grip around Damascus and central Syria.



Rebels control much of the north and east, but have been plagued by infighting. Turkey is struggling to cope with the spillover. “Even if you put a soldier on every meter, it’s almost impossible to control if you don’t control what’s happening the other side of the border,” a senior Turkish government official said, asking not to be named in order to speak more freely. “Turkey has always been a target, but this time we’ve got more of these radicals next to our border, that’s an added threat. And they’re supported by the Syrian regime,” he said. Diplomats and security experts fear expertise developed by fighters inside Syria, such as the use of new types of explosives, could be used in attacks in Turkey or beyond.

Istanbul, where car bombs claimed by al Qaeda targeted the British consulate and local offices of HSBC just over a decade ago, and Turkey’s Aegean and Mediterranean resorts, popular with European holiday-makers, are seen as potential soft targets. Erdogan’s critics say his government’s scramble to support the rebels has allowed weapons and foreign fighters to flow to extremists, a charge it strongly rejects. “Al Qaeda, Nusra are known by and supported by the (Turkish) government. Haven’t you seen the trucks,” said 32-year old Nihat, a resident of Antakya, the main city in Turkey’s Hatay border province, referring to convoys crossing the frontier. Erdogan has said it is “out of the question” that such groups can take shelter in Turkey and has repeatedly stressed Turkey will continue to exclude them from its broader support for the moderate Syrian opposition. Turkey has made a number of weapons seizures on the border.

The March raid on the suspected ISIL base in Istanbul followed the gunning down a week earlier of two members of the security forces in the southern province of Nigde by militants suspected of links to extremist groups inside Syria. “We’ll be seeing an increased threat of anti-Turkish and anti-Western terror for many years to come,” said one Ankara-based diplomat, saying the government was waking up only slowly to the need for a tougher approach on border security. Throughout the conflict, polls have suggested the majority of Turks are against deeper Turkish involvement in Syria. While its humanitarian efforts have been much praised by international partners, social tensions are beginning to surface in the face of ever spiraling refugee numbers, and the realization that many of them could be here to stay.

Turks living near the border express frustration that around three quarters of Syrian refugees are now living outside camps, competing with locals for jobs and housing. The torching of the Ankara building this month followed accusations that a Syrian man had beaten up a local. Riot police had to intervene. Residents along the border reported a tripling in the price of staple foods like tomatoes, whilst rents had gone up by a factor of five, according to a USAK study from last November. In Istanbul, where land prices are already sharply on the rise, some poorer neighborhoods home to large numbers of Syrian migrants had doubled to \$750 a month, it said.

The United Nations estimates there are 750,000 Syrian refugees in Turkey, although Turkish officials say the number is closer to 1 million, the vast majority of them living outside the more than a dozen camps established near the border. “Registration is a mess. They have a pretty good estimate of how many people are in Turkey, but do they know exactly who they are and what they need? No,” said Jean Christophe Pegon, Turkey head of the European Commission Directorate-General for Humanitarian Aid and Civil Protection (ECHO). Davutoglu said in an interview with Reuters earlier this year that Syria’s worsening war posed a danger to all countries because of the “totalitarian” nature of Assad’s rule and the influx of jihadists from around the world. Turkey risks bearing the brunt while struggling to assert itself as a leader in coordinating a response.

Turkey's Erdogan slams critics in German speech

Reuters, 24.05.2014



Erdogan told a cheering arena of 16,000 diaspora supporters in Germany to integrate but not assimilate and slammed German criticism of his response to a mining tragedy. Earlier in Cologne some 45,000 protesters, had marched against Erdogan, according to authorities' estimates, some wearing miners' helmets and calling him a dictator, laying bare Turkey's political divisions in the western German city.

Merkel had appealed to Erdogan to be sensitive in his address at a 10th anniversary rally of the Union of European Turkish Democrats (UETD), amidst criticism from German lawmakers that holding such a speech was insensitive.

The event also falls a year after anti-government protests swept Turkey, fired largely by a violent police crackdown on a small demonstration against development of a city park. "A certain type of media here and organizations have been trying to exploit the Soma disaster by insulting the prime minister of the Turkish Republic," Erdogan said. "Tayyip Erdogan knows the smell of those coal mines. I have been inside those mines and have walked 4-5 kilometers in them," he added. The government was widely criticized for its handling of the disaster. An Erdogan aide kicked a protester, for which he was sacked, and Erdogan himself became embroiled in angry altercations. The Turkish leader went on to condemn the "lies and intrigue" spread by his opponents, calling this "black propaganda". In power for more than a decade, Erdogan has weathered a bitter power struggle with an influential Islamic preacher, as well as a graft scandal he says was engineered to undermine him.

Erdogan has often addressed mass audiences of expatriate Turks when visiting Germany in rousing patriotic affairs with thousands waving the Turkish flag. He repeated remarks made in 2008 in which he warned Germany's largest minority against assimilation. "Assimilation? No. I have said this before and I'm saying it again - we don't compromise our language, religion and culture." There is deep doubt in Europe about the direction Ankara is taking - two months before Erdogan is expected to stand for a presidency he aspires to turn from a largely figurehead role to that of a strong executive head of state. "Turkey, with its mission, values and its people is now part of Europe and European politicians should see and accept this.

The problems of European politics will be solved with Turkey, not by using Turkey," Erdogan added. Critics said Erdogan's very appearance in Germany was inevitably an appeal for support from expatriate Turks, significant voters after changes to the electoral system. He was introduced in Cologne as the "architect of the new Turkey". Some 3 million people of Turkish origin live in Germany and 1.4 million Turkish citizens can vote, a number equivalent to the electorate of Turkey's fifth largest city Adana, according to the Institute of Turkish Studies and Integration (ZfTI).

German opposition to Turkey's EU membership rises

Reuters, 27.05.2014



A growing majority of Germans are opposed to Turkey entering the European Union; according to a poll published days after the Turkish Prime Minister Tayyip Erdogan made a controversial speech to Turks in Cologne, Germany.

The survey by Forsa for Stern magazine found 69 percent of Germans oppose Turkey joining the EU, up from 52 percent who were against it in a 2005 survey. The number in favor of Turkey joining the EU declined observably to 26 percent from 43 percent in 2005, according to the poll released on Tuesday.

Many EU governments support Turkey's ambitions to join, arguing that Europe should capitalize on Ankara's influence in the Middle East. However, German Chancellor Angela Merkel's ruling conservative party has long been opposed. Germany has always had doubts about allowing a largely Muslim country of 76 million people into the European club, fearing that cultural differences and its size will make it too difficult to integrate. Ankara began negotiations to join the EU in 2005, 18 years after applying. But a series of political obstacles, notably over the divided island of Cyprus, and resistance to Turkish membership in Germany and France, have slowed progress.

On Saturday, Erdogan told a cheering arena of 16,000 diaspora supporters in Germany to integrate but not assimilate in a defiant hour-long speech. Some 45,000 protesters marched against the Turkish premier's appearance. Erdogan has often addressed mass audiences of expatriate Turks when visiting Germany in rousing patriotic affairs with thousands waving the Turkish flag. Some 3 million people of Turkish origin live in Germany and 1.4 million Turkish citizens can vote, a number equivalent to the electorate of Turkey's fifth-largest city Adana. Erdogan's handling of protests against his government in the past year and his two-week closure of social networking site Twitter and block on video-sharing platform YouTube this year drew criticism at home and abroad, including from the German government. Turkey has said it remains determined to continue on the path towards EU accession but government officials from Erdogan on down have voiced frustration at what they see as unnecessary bureaucratic and political obstacles.

Kurdish militants kill Turkish state militia member as unrest grows

Reuters, 29.05.2014



Kurdish guerrillas shot dead a state-sponsored militia member in southeast Turkey, the armed forces said on Thursday, escalating tensions in the region after days of protests at the building of new military outposts.

Two fighters from the militant PKK killed “village guard” Mehmet Ugurtay in his van on Wednesday in a primary school courtyard in the southeastern province of Mardin, where he was due to pick up pupils, the army’s general staff said. Village guards are armed and paid by the state, often acting in collaboration with the military, to help protect rural communities against PKK attacks.

“He was killed with one shot from a pistol. The separatist terrorist group members then fled the scene of the incident on motorbike,” the general staff said in a statement. Turkey launched peace talks with jailed PKK leader Abdullah Ocalan in 2012 to try to end a 30-year conflict that has killed 40,000 people and hampered the development of the mostly Kurdish southeast. The success of the peace process and support from Turkey’s Kurds, who account for around a fifth of the population, is key to Prime Minister Tayyip Erdogan ahead of his expected bid for the presidency in an August election. Some Turkish media said the village guard was a member of the Islamist Huda-Par political party, fierce rivals of the PKK. Security sources said armed PKK militants have also abducted Huda-Par’s local representative in the Dicle district of neighboring Diyarbakir province, Ercan Alpaslan, after setting up a roadblock and pulling him from his minibus on Wednesday evening.

A day earlier, rebels abducted a soldier during a protest that has forced the closure of highways across Diyarbakir. Security forces are continuing operations to find both men. The PKK took up arms against Turkey in 1984 with the aim of carving out a separate state in the southeast for the country’s Kurds. They have since moderated their demands, seeking increased political and cultural rights which were long denied. The militants have blocked various points along country roads with trucks and cars seized over the past five days in protest at the construction of several new military outposts, used by the armed forces to maintain regional security.

In Diyarbakir, an 11-day-old sit-down protest outside the city council by families angry at the PKK’s recruitment of their children doubled in size on Thursday to 45 families. Erdogan has staked considerable political capital in peace efforts, widening cultural and language rights at the risk of alienating parts of his grassroots support base. The PKK is designated a terrorist group by Ankara, the United States and the European Union, and Ocalan remains widely reviled among Turks. A ceasefire called by Ocalan in March 2013 has largely held, but the PKK halted a rebel withdrawal to bases in northern Iraq last summer, complaining at a lack of progress in the process.

Turkey rate cut sends mixed message

Hurriyet Daily News, 23.05.2014

The logo for Fitch Ratings, with "Fitch" in red and "Ratings" in black, set against a white background within a light blue border.

Fitch Ratings has said the Turkish Central Bank's 0.5 point rate cut on May 22, highlights policy swing risks by sending mixed messages. "The Central Bank's decision to cut its main interest rate while leaving other rates unchanged sends a mixed message regarding its monetary policy that may dent its credibility and highlights the risk that policy reversals could undermine economic adjustment," Fitch said.

The bank announced that the Monetary Policy Board had decided to cut benchmark one-week repo rates to 9.5 percent from 10% on May 23, while keeping its overnight lending rate at 12% and overnight borrowing rate at 8 percent.

"Cutting the main policy rate as inflation continues to head upwards toward the double digits reinforces our judgment that policy coherence and predictability remain weaker in Turkey than in some of its rating peers, a point that we highlighted when we affirmed Turkey's 'BBB-' sovereign rating last month," the agency said commenting on the move.

Won't allow threats from Libya, says Sisi

Gulf Times, 24.05.2014



Egypt will not allow armed turmoil in Libya to threaten its national security, presidential frontrunner Abdel Fattah al-Sisi said in an interview with the pan-Arab daily Asharq al-Awsat published on Saturday. In an interview published with the pan-Arab daily Asharq al-Awsat published on Saturday, the former army chief said Cairo would "not allow the launching of any terrorist activities from inside Libya".

Sisi, who is expected to easily win a presidential election that starts in Egypt on Monday, told Asharq al-Awsat that Libyans wanted a state that could accommodate everyone but this was not possible in the presence of armed conflict.

Speaking about threats to security in general, Sisi said Cairo could confront any terrorism in Egypt headon. He said it was important to strengthen the hearts and minds of Egyptians and stop those who abused the discourse of Islam, an apparent reference to Islamist militants in the Sinai. "Egyptians do not accept what affects or threatens their security."

In lawless Libya, Egypt's Sisi becomes a star

Reuters, 26.05.2014



Libyan civil servant Mohamed Ali has put on his business card a picture of the only man he thinks can save his country from falling apart - Egypt's new strongman Abdel Fattah al-Sisi.

Libya is preparing for elections next month, but many Libyans have long given up on their own parties paralyzed by political infighting three years after the revolution and civil war that brought down Muammar Gaddafi. Instead, Libyans look to their eastern neighbor where former army chief Sisi is expected to easily win this week's elections after his military forced out an elected Islamist president from office.

Tired of militias and Islamist militants filling a power vacuum left by a five weak prime ministers since 2011, many see the revival of strongman rule in Egypt as their dream scenario. "Sisi is an outstanding man, a nationalist, a Muslim and an Arab. He is restoring stability and fighting terrorism," said Ali who uploaded Sisi's picture on his mobile phone. "Our politicians only think of their personal agenda. We wish we had someone like Sisi," he said. In cafes across the desert country and on social media, admiration for Sisi has become a major talking point - so popular has Sisi become that an unknown author has dedicated a poem to him, shared by many Facebook users.

Many Libyans compare the bumpy transition of both Arab neighbors since their "Arab spring" revolutions in 2011. Both have seen political unrest, though Egypt avoided anarchy like its neighbor where four decades of quirky one-man rule and an eight-month civil war destroyed state institutions. Enemies denounce Sisi as the author of Egypt's toughest crackdown in decades after ousting Islamist president Mohamed Mursi last year. But many Libyans say Mursi's removal was a blessing ending a chaotic year in power comparable to their unproductive government and parliament, dominated by an Islamist party allied with the Muslim Brotherhood, which failed to stop armed militias carving out their own fiefdoms. "We have the same situation in Egypt and Libya with terrorists attacking police and army," said Asma Sarbia, an independent Libyan lawmaker.

"The Egyptian army's war on terrorists has made many Libyans look up to military institutions as savior from assassinations and explosions," she said. Now some also draw parallels to renegade former Libyan army general, Khalifa Haftar, who has declared war on Islamists and attacked militants in Benghazi in the east with his irregular forces. Some already call him "Libya's Sisi". Gunmen who claimed loyalty to Haftar attacked the parliament in Tripoli a week ago to demand lawmakers hand over power, though the congress voted to support a new premier backed by the Muslim Brotherhood on Sunday. Some military units pledge their loyalty. But western governments worry Haftar's campaign may further split Libya's army and provoke violent backlash from other more pro-Islamist militias who back the Muslim Brotherhood in Libya.



With no real army behind him, his former ties to Gaddafi, who he helped to bring to power in 1969 before turning against him in the 1980s, and his alleged CIA-connections, Haftar also looks less than credible for many Libyans. “I don’t think he will have success as politician,” said Arish Said, a Libyan journalist. “No Libyan military man can succeed against terrorists. There is some support (for Haftar) but it won’t be strong enough to bring him to power.” Libyans have long looked to Egypt for orientation. Many government officials, intellectuals and business people have graduated from universities in Cairo or lived there.

Gamal Abdel Nasser, the Egyptian president who challenged Western powers with his pan-Arab vision, inspired Gaddafi to stage his 1969 coup - the Libyan leader is said to have called Nasser immediately after the plot to ask for guidance. Gaddafi’s predecessor, King Idris, long lived in Cairo before leading his country to independence in 1951. He moved back to the Egyptian capital after Gaddafi ousted him and died there. “If there hadn’t been a revolution in Egypt in 2011 we would never have had a revolution here,” said Umm Az al-Farsi, a political science lecturer at the University of Benghazi, the eastern city and cradle of Libya’s uprising. Many Libyans hope Sisi will boost as next president security cooperation with Libya, which has made little progress building up an army and police force.

Egypt under Sisi might seal the joint border and stop an influx of Islamists and weapons from Libya, which would also make Egypt’s neighbor a less attractive place for militants. On Libyan Facebook pages there is wild speculation that Egypt is aiding Haftar despite the general’s denial that he gets any foreign support. “If Egypt will become stable this will also make Libya more stable,” said Ali. He is so enthusiastic about Egypt’s military, he says that if he expected a son, he would name him Ahmed - the same name as Egypt’s army spokesman Ahmed Mohammed Ali. “The Egyptian army is the greatest army in the world,” he said. “They work tirelessly for the people.”

Iran says U.N. report proves its nuclear intentions are peaceful

World Bulletin, 25.05.2014



Iran on Saturday said the latest U.N. report on its nuclear activities, which calculated it had slashed its nuclear stockpile by around 80 percent, proved its atomic program was peaceful. The IAEA said in its quarterly report on Friday that Iran had reduced its stockpile of higher-grade enriched uranium gas under an interim pact with world powers.

It also said it had started to engage with a long-stalled IAEA investigation into suspected weapons research. A steep cut in uranium gas is among concessions demanded by the United States and its Western countries in return for limited easing of economic sanctions against Tehran.

“The report is an affirmation of Iran’s claim to peaceful activities,” nuclear spokesman Behruz Kamalvandi told the official news agency IRNA. “No deviations have been seen in these activities.” Western countries have long suspected the Islamic republic of seeking nuclear weapons capability and Tehran’s cooperation with the IAEA is a test of any progress in the current talks with the six world power known as P5+1. The latest round of negotiations failed to make much headway last week, raising doubts over the prospects for a breakthrough by the late July deadline.

Iran readies plant needed to fulfill nuclear pact with powers

Tehran Times, 27.05.2014



After months of delays, Iran appears to be finalizing a plant to convert a large amount of low-enriched uranium gas into an oxide form that would be less suitable for processing into nuclear bomb material, a U.N. watchdog report shows.

Under last year’s landmark accord with six world powers to curb Iran’s nuclear program, it needs to take action by late July to limit its stockpile of uranium gas refined to a fissile concentration of up to 5 percent. It was one of the terms of the interim deal that won Tehran some sanctions easing. To be able to do that, it has been building a facility near the central city of Isfahan for turning the gas into powder.



A new U.N. nuclear agency report said its commissioning - final preparations originally expected last year - had now begun. In addition, the International Atomic Energy Agency (IAEA) said Iran had transferred 4.3 tonnes of low-grade uranium gas to the site from its Natanz enrichment plant. It did not say when conversion into oxide would get under way. "I think we will hear anytime soon that it has started up with the actual material," one Western diplomat said. The powers negotiated the six-month deal with Iran to buy time for talks on a final settlement that would remove the risk of a new Middle East war over Iran's nuclear aspirations.

Those talks began in February and are due to resume in June. While Iran under the November accord halted its most proliferation-sensitive work, enrichment to a fissile concentration of 20 percent, it is allowed under the pact to continue producing uranium refined to up to 5 percent. However, reflecting Western concern also about this reserve, Iran has undertaken to not increase it so that it is not larger by the end of the half-year accord than what it was when it took effect on Jan. 20, Western diplomats have said. Earlier IAEA reports have shown that Iran is meeting all the other requirements under the interim agreement.

Iran says it is producing low-enriched uranium to fuel a planned network of nuclear power plants, not to develop bombs as the West fears. Uranium must be enriched to a high degree - about 90 percent fissile purity - for a nuclear weapon. Experts say Iran potentially has enough uranium gas for a few nuclear weapons if refined much further. Limiting its overall enrichment capacity is expected to be one of the thorniest issues in the negotiations on a long-term deal. Because of the conversion facility's delay, the low-grade uranium stockpile has grown to nearly 8.5 tonnes in May from 7.6 tonnes in February, according to the IAEA report seen by Reuters that was issued to member states late on Friday but has yet to be made public. The longer it takes to launch the so-called Enriched UO₂ Powder Plant (EUPP), the more Iran will have to process to meet the target by the deadline in less than two months' time. In view of the latest IAEA report, "no one believes they are going to have any problem doing it on time assuming it is starting in the next while", the Western diplomat said.

The IAEA report said its inspectors had visited the EUPP on May 10 and "confirmed that commissioning of the facility using natural uranium had begun". In an earlier report, in mid-April, it said construction of the plant was continuing. Last year's deal focused on securing a halt to 20 percent enrichment - as well as the removal of this stockpile - as this represents a relatively short technical step from bomb-grade uranium. It would take longer to reach that threshold from the 5 percent level. But the powers - the United States, France, Germany, Britain, China and Russia - want Iran to also significantly scale back its capacity to produce low-enriched uranium to further lengthen the time required to produce enough material for a bomb. Iran says it needs to expand its enrichment capacity to make fuel for future atomic energy plants.

Russia signs treaty for \$2.7 trillion trading bloc with Kazakhstan, Belarus

Natural Gas Europe, 29.05.2014



Russia signed a treaty with Kazakhstan and Belarus to further foster integration, guaranteeing the free movement of goods, services, capital and work force. 'The Agreement on the Eurasian Economic Union will come into force on the Customs Union territory on January 1, 2015,' reads a note released on Thursday.

According to Reuters, the \$2.7 trillion trading bloc has been created to challenge the three global economic powers. In this sense, the Customs Union would be a way to increase Russia's might with respect to United States, the European Union and China.

EU should heed European firms in Russia before imposing further sanctions

Reuters, 24.05.2014



The European Union should consider the interests of European companies working in Russia when deciding on whether to impose sanctions on Moscow over its involvement in Ukraine, President Vladimir Putin's top economic aide said on Saturday.

The United States and European Union have already hit dozens of officials, lawmakers and companies close to Vladimir Putin with sanctions and EU leaders are due to discuss next week further steps they could take against Russia if there are disruptions to Ukraine's presidential election on Sunday.

"I hope very much that when making these decisions ... the dependence and interests of European companies that are working in Russia (will be considered)," Andrei Belousov told reporters on the sidelines of the St Petersburg International Economic Forum. "These are European companies, which are working here, working for European markets for the most part, and which are taking suitcases full of cash to Europe." The measures, including restrictions ranging from luxury good imports to an oil and gas ban, envisage three scenarios - low-intensity, medium-intensity and high-intensity sanctions.

Far-right National Front wins EU vote in France

Huffington Post, 25.05.29014



France's far-right National Front was projected to win European Parliament elections in France on Sunday with 25 % of the vote, with exit polls putting Francois Hollande's Socialists in a lowly third place behind the center-right UMP.

If the National Front score is confirmed, it will be the first time that the anti-immigrant, anti-EU party has won a nationwide election in its four-decade history. Pollsters CSA, TNS-Sofres and Ifop all had the ruling Socialists scoring between 14 and 14.5 percent, well down from the 16.5 percent they won last time in 2009. The UMP opposition was put on between 20.6 and 21 percent of the vote.

"The results represent a collapse for the Socialist party and the UMP," said FN founder Jean-Marie Le Pen, who handed over the reins of the party to his daughter Marine in 2011. "We think the government should dissolve the Parliament," he told French television. Senior Socialist and energy minister Segolene Royal said it showed the urgent need for Hollande's government to kickstart a recovery in the euro zone's second largest economy. "The vote shows the impatience of the people for results," she acknowledged. Rama Yade, a Senegal-born conservative politician who was a junior minister in ex-president Nicolas Sarkozy's 2007-2012 government, said an FN victory would be a "tragedy for democracy".

Center-right seen winning 211 seats in European Parliament

Reuters, 25.05.2014



Center-right parties were set to top elections to the European Parliament on Sunday with 211 seats out of 751, while Eurosceptic groups could get about 129 seats, the first official projection issued by the EU legislature showed. The center-left Socialists were seen in second place with 193 seats, while centrist liberal groups could get 74, Green parties 58 and the far left 47.

The center-right European People's Party's leading candidate, former Luxembourg Prime Minister Jean-Claude Juncker, immediately claimed the right to head the executive European Commission.

Euroskeptic election surge gives EU a headache

Reuters, 26.05.2014



Stunning victories in European Parliament elections by nationalist, Euroskeptic parties from France and Britain left the European Union licking its wounds on Monday and facing a giant policy dilemma.

Across the continent, parties of the far right and hard left doubled their representation, harnessing a mood of anger with Brussels over austerity, mass unemployment and immigration. While the center-right and center-left will continue to control more than half of the 751 seats in the EU legislature, they will face a challenge from noisy insurgents determined to stop business as usual in the 28-nation bloc.

French Prime Minister Manuel Valls called the breakthrough by Marine Le Pen's anti-immigration, anti-euro National Front, which topped a national vote for the first time and pushed his Socialists into third place, a political "earthquake". He sought to counter her immediately by offering more tax cuts to spur an economy which is flatlining. Across the Channel, another tremor raised new doubts about Britain's long-term future in the EU. Nigel Farage's UK Independence Party, which advocates immediate withdrawal, defeated the opposition Labour party and Prime Minister David Cameron's Conservatives.

The anti-EU vote was amplified in many countries by a low turnout of just 43.1 percent, but the pro-European center ground held firm in Germany, the EU's biggest member state with the largest number of seats, as well as Italy and Spain. France is one of the EU's founder members and the weakness of President Francois Hollande leaves German Chancellor Angela Merkel without a strong partner for the next leg of integration which economists say is vital to underpin the euro currency but which leaves voters cold. "It will be more about pursuing policies that resonate with the people," Merkel said after her conservative bloc emerged as the strongest party grouping in Germany.

"They are less interested in the issue of whether there should be treaty change or not, but rather whether Europe is making a difference in their own lives," she added, noting high jobless rates in some countries had damaged trust in the EU. A German-led drive to cut EU states' debts in response to the economic crisis which engulfed the bloc in 2010 is blamed by many for deepening recessions and delaying recovery. Merkel called the far right and populist advances "remarkable and regrettable" and said France needed to focus on competitiveness, jobs and economic growth to overcome voters' disenchantment - a message echoed by French analysts. "The legitimacy of Europe is weakened, the legitimacy of France in Europe is weakened further," said Dominique Moisi of the French Institute of International Relations. "To function, Europe needs a strong balance between France and Germany. But France is moving the way of Italy or Greece in economic terms and moving the way of Britain in its relationship with Europe."



In Britain, Cameron rebuffed UKIP leader Nigel Farage's call for an early referendum on an EU exit, sticking to his plan to renegotiate membership terms if he is re-elected next year, and put the result to an in/out plebiscite in 2017. However, some analysts said UKIP's surge may force the prime minister to toughen his stance on Europe and could scare more pro-European voters in Scotland into opting to leave Britain in a September referendum. Center-left Italian Prime Minister Matteo Renzi bucked the trend of anti-EU, anti-incumbent votes, scoring a stunning 41 percent to beat populist Beppe Grillo's anti-establishment 5-Star Movement by a wide margin, with disgraced ex-premier Silvio Berlusconi's center-right Forza Italia trailing a weak third. Renzi vowed to use his mandate to press for an easing of the EU's budgetary straitjacket to allow more public investment in growth and jobs, posing a policy challenge for Merkel, the guardian of fiscal orthodoxy. "I consider this a vote of extraordinary hope for a country that has all the conditions to be able to change, and that can invite Europe to change," Renzi told reporters.

The Democratic Party leader said he would serve out his term until 2018 to press ahead with economic reforms rather than using his popularity to call an early general election. A French official said Hollande would back Renzi's call for more pro-growth policies and tell EU leaders who meet on Tuesday evening that Europe had reached "the alarm level". With France in a malaise, Renzi's hold on the rotating six-month EU presidency in the second half of the year gives him an opportunity to become a major player in the bloc if he can find common cause with Merkel. The center-right European People's Party, led by former Luxembourg Prime Minister Jean-Claude Juncker, was set to win 213 seats, provisional results issued by the parliament showed.

Juncker claimed a mandate to lead the executive European Commission, batting away questions about Cameron's reported opposition to his bid and saying Merkel's backing was "crystal clear". "I don't care," the 59-year-old veteran federalist told a news conference, mopping his brow under the television lights. "I'm not on my knees. I won the election." Merkel was more guarded at her Berlin news conference, saying she would go into the negotiation with Juncker as her candidate but neither big group could dictate the outcome, which could take weeks. The center-left Socialists, led by outgoing European Parliament President Martin Schulz of Germany, were in second place with 190 seats followed by the centrist liberals on 64 and the Greens on 53. Euroskeptic groups were expected to win about 142 seats, according to a Reuters estimate.

The political fallout may be felt more strongly in national politics than at EU level, pulling mainstream conservative parties further to the right and raising pressure to crack down on immigration. The anti-immigration far right People's Party topped the poll in Denmark and the extreme-right Jobbik, widely accused of racism and anti-Semitism, finished second in Hungary. In the Netherlands, the anti-Islam, Euroskeptic Dutch Freedom Party of Geert Wilders - this plans an alliance with Le Pen - underperformed but still finished joint second in terms of seats behind a pro-European centrist opposition party. Average turnout was only fractionally higher than the 2009 nadir of 43 percent despite efforts to personalize the election with the main political families putting forward a leading candidate, or "Spitzenkandidat". In Greece, epicenter of the euro zone's debt crisis, the radical left anti-austerity Syriza movement of Alexis Tsipras won the vote but failed to deliver a knockout blow to the government of Prime Minister Antonis Samaras. The two parties in the coalition, New Democracy and PASOK, won a combined vote larger than that of Syriza, and political analyst Theodore Couloumbis said the government's survival was not at stake despite its narrow two-seat majority.

International observers applaud Ukraine election

Kyiv Post, 26.05.2014



An international observer mission on Monday, May 26, praised Ukraine for holding a presidential election it said was largely in line with international commitments and respected fundamental freedoms despite the ongoing hostile activity by armed groups in the eastern regions of the country which is causing turmoil.

“Genuine efforts were made by the electoral authorities to conduct voting throughout the country, despite continued unrest and violence in the east,” the missions, led by the Organization for Security and Cooperation in Europe (OSCE), said in a report setting out its preliminary findings.

The report decried forced closures of district election commissions by armed groups, abductions, death threats, forced entry into private homes and the seizure of equipment and election material, saying they were aimed at denying citizens their right to vote. “The extraordinary quality of yesterday’s election provides the new president of Ukraine with the legitimacy to establish immediately an inclusive dialogue with all citizens in the eastern regions, to restore their trust and confidence ...” said Andreas Gross, head of a delegation from the Council of Europe, one of the bodies leading the mission.

Poroshenko never recognize Crimea referendum

Euronews, 26.05.2014



Ukraine’s presidency has been claimed by Petro Poroshenko after exit polls gave him an absolute majority of more than 55 percent in the first round of voting.

If that figure is confirmed by definitive results, there will be no need for a runoff vote in June. Pro-EU Poroshenko says he will never recognize the Crimean referendum. But his first priority, was to end the “war and chaos” in eastern Ukraine. He vowed to negotiate and offer amnesty to those who laid down their weapons. “The number one issue is that Ukraine will never recognize the illegitimate referendum and will never recognize the occupation of Crimea,” he said.

Ukraine's president says ready to sign EU trade deal soon

Kyiv Post, 28.05.2014



Poroshenko, wants to sign a landmark trade deal with the EU soon after his inauguration as head of state, his office said on Wednesday, after EU officials suggested there might be some delay. The proposed trade agreement with the EU has been at the heart of Ukraine's political crisis since former Moscow-backed president Yanukovich turned his back on the accord.

His decision to jilt the EU and seek a \$15 billion bailout from Russia triggered protests that led to him being ousted. Poroshenko, who won an unprecedented first round victory in Ukraine's presidential election, has pledged to align his former Soviet republic of 45 million people with the EU.

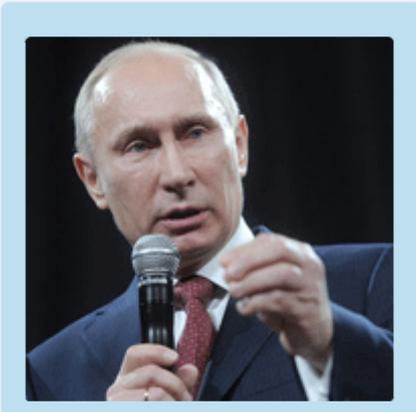
"Petro Poroshenko considers it essential not to delay the signing of the economic part of the association agreement between Ukraine and the European Union," his office said in a statement sent to Reuters. "In his opinion, such a signing could take place immediately after the inauguration of the new president of Ukraine." No date has yet been set for the inauguration but it is expected to take place by mid-June. Earlier on Wednesday, an EU official said Ukrainian authorities had indicated to the 28-nation bloc that they would need "a bit of time to see how they want to proceed (with the EU trade agreement)".

EU officials said Poroshenko felt he needed breathing space to deal with Ukraine's internal problems and did not want to appear forced into signing the agreement prematurely. But the officials said the issue was about timing and there was no indication Poroshenko was having second thoughts about signing. "We don't get a sense of foot-dragging," one said. A statement on Ukraine issued by EU leaders on Tuesday did not refer to the agreement or set a target date for signing. Since the election, Ukrainian government forces have mounted a major military offensive against pro-Russian separatists in Donetsk in eastern Ukraine who have established a "people's republic" and refuse to accept Kiev's authority.

The statement sent by Poroshenko's office said: "The signing and entry into force of the agreement, which in essence is part of a plan for the modernisation of Ukraine, and its implementation, would present a possibility to introduce anti-corruption measures and a package of reforms in the near future." "Petro Poroshenko hopes that the EU and its leaders, who have consistently supported the European choice of Ukrainian citizens ... will also support this position," it said. EU leaders signed chapters of the agreement with Ukraine dealing with political cooperation in March, lending support to Ukraine soon after Crimea was occupied by Russian forces. They delayed signing the more substantial parts concerning free trade until Ukraine had elected a new president, although they did grant temporary trade benefits. Some EU officials have expressed hope it could be signed at an EU summit in Brussels on June 27 when Georgia and Moldova plan to sign similar agreements.

Putin indicates he will respect result of Ukrainian election

New York Times, 24.05.2014



Addressing an economic forum haunted by the prospect of more sanctions against Russia, President Putin on Friday gave his clearest indication yet that he would work with the winner of this weekend's presidential election in Ukraine.

Mr. Putin repeatedly said he hoped that the conflict in Ukraine would calm, that Russia would continue to play a significant part in the affairs of its "sister nation," and that it would support a negotiated settlement. "We want peace and calm in Ukraine," Mr. Putin told the gathering of business executives at the Global C.E.O. Summit, which is part of the St. Petersburg International Economic Forum.

"We are interested that on our western borders we have peace and calm in Ukraine. We are today working with the people in power, and after the election we will work with the newly elected structure." Mr. Putin stopped short of saying he would recognize the vote as legitimate, and reiterated his assertion that the government in the capital, Kiev, which is organizing the vote, had usurped the power of President Victor F. Yanukovich in a coup. The election will not represent a "general national mandate," he said. But Russia will "respect the choice of the Ukrainian people," Mr. Putin said. "We understand and see that people in Ukraine want to get out of this situation." On the direct question of whether Russia will accept the outcome, Mr. Putin said, "We will watch what will happen."

Mr. Putin spoke at a business forum where Russian officials traditionally woo foreign investment, and where corporate and finance officials conceded that the Russian economy was stalling from the uncertainty created by American and European Union sanctions. Mr. Putin used the platform to highlight the Russian view of the unfolding crisis. When the European Union proposed an association agreement with Ukraine that was to have been signed last November, Mr. Putin said the Russians were told that it was "none of our business." "I'm not trying to offend anyone, but I haven't seen such a snobbish attitude in years," he said, reaping laughter and applause from his audience each time he mocked the United States or demanded that Ukraine pay Russia the roughly \$3.5 billion he said the country owes Russia for natural gas. "Where's our money?"

During the speech and subsequent questions, lasting about an hour and a half, Mr. Putin veered between conciliatory remarks and repetition of the more virulent charges against Ukraine, the United States and the European Union that are common in the Russian news media. "A civil war is raging in Ukraine," Mr. Putin said. The sanctions directed against Russia, which he called "unfair and illegal," will not end it, he said. "Why are we the ones being blamed for this?" Yet by the end of day on Friday, the investors who were Mr. Putin's audience read into his comments a conciliatory tone, and the latest hint of several lately that Russia will in the end accept the new government in Kiev, which was ushered in by the Independence Square protests of last winter.



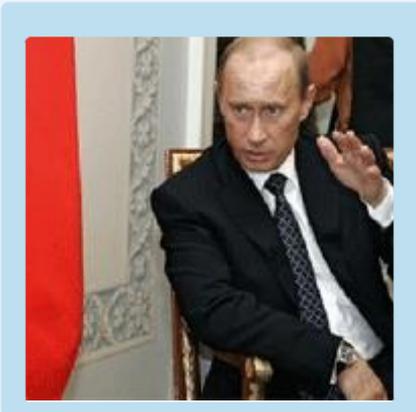
After he spoke, the ruble rose 1 percent against the dollar at closing. In the question-and-answer period, Mr. Putin brushed aside a question about American accusations that he had dissembled about Ukraine, a reference to the masked “green men” in Crimea who Russia initially denied were Russian soldiers. If President Obama wants to be a judge of others, he should work in a court, Mr. Putin said. Mr. Putin noted that Russia had not interrupted the delivery of United States military cargo shipped overland and by air across Russia to troops in Afghanistan, that Russia and the United States still shared intelligence on terrorism, and that just this week he had relayed to the Iranian leadership American concerns about that country’s nuclear program.

In the speech, his main economic policy address of the year, Mr. Putin formulated a strategy to pull the country out of near recession by prioritizing trade with China and encouraging Russian companies to produce substitutes for imported goods, a well-worn idea in Russian policy. A plan to finance companies cut off from Western banks using state-backed funds showed that Mr. Putin had come down on the side of an isolationist strain in Russian economic policy thinking. Cities and regions will be encouraged to buy domestically made goods, he said. On the stage with Mr. Putin were representatives of emerging markets: a Chinese vice president and an Arab and an Indian investor.

Trying to speak over the heads of Western government officials directly to multinational corporations, Mr. Putin told the assembled businessmen that he respected their role as investors in Russia, and said they were welcome, in spite of tensions. Total, a French oil company, signed a deal to explore for shale oil in the Bazhenov deposit in Siberia. Offering more details on a major gas deal with China announced the day before, Gazprom said it would receive an advance payment of \$25 billion from the China National Petroleum Corporation, which will help offset capital flight. The credit card companies Visa and MasterCard, which seemed at risk of being banished from Russia after they were forced to comply with United States sanctions and cut off customers at targeted banks, reached an agreement with Russian officials on Friday to remain and work under a new law governing electronic payments.

Russia is ready for dialogue with Ukraine's Poroshenko

The Voice of Russia, 26.05.2014



Moscow is ready for a dialogue with the Ukrainian president-elect, Petr Poroshenko, said Russian Foreign Minister Sergei Lavrov. "We hear what Petr Poroshenko has been saying about his intentions, including with regard to relations with Russia that he calls his most important ones.

We, as our president said repeatedly, are ready for a dialogue with Kiev representatives, ready for a dialogue with Poroshenko," he told a press conference in Moscow on Monday. Lavrov said he is hoping that Poroshenko, will prevent the radical tendencies in Kiev concerning the eastern regions of the country from prevailing.

"We are hoping that Petr Poroshenko will do everything to prevent some extremist radical tendencies in Kiev on the eastern and southern regions of Ukraine, or on any other region of this country, from prevailing," Lavrov told a press conference held in Moscow on Monday. Moscow hopes the new Ukrainian authorities will declare their adherence to the OSCE roadmap after the presidential election. "We hope very much that the Ukrainian authorities will now, after the election, confirm or declare their adherence to the settlement roadmap suggested by the chair of the Organization for Security and Cooperation in Europe," Russian Foreign Minister Sergei Lavrov said at a press conference in Moscow.

He noted that Moscow "had paid attention to a statement by Petr Poroshenko [a candidate leading in the Ukrainian presidential race] that the destination of his first trip from Kiev would be Donbas if he were elected for president." Sergei Lavrov has called the decision made by Kiev to resume the active phase of the military operation in southeastern Ukraine a colossal mistake. "Literally yesterday or this morning, Arseniy Yatsenyuk's first deputy Yarema said that the Kiev administration will resume the active phase of the so-called anti-terrorist operation now that the voting is over. It will be a colossal mistake," Lavrov told a press conference held in Moscow on Monday. Russia will respect the will of the Ukrainian people, Russian Foreign Minister Sergei Lavrov said.

"The fact that the ballot was organized in many regions of Ukraine could probably be regarded as a generally positive fact. As the president has said, we will respect the will expressed by the Ukrainian people," he said at a press conference in Moscow on Monday. "Perhaps, the most important thing is that the incumbent authorities should respect their citizens, respect their people and make available compromises based on the interests of all political forces, all ethnic and religious groups," the minister added. "It will hardly be possible to achieve anything without that," Lavrov stated. The Ukrainian election campaign was not held without problems and not all presidential candidates in this country have reached the finish line, said Russian Foreign Minister Sergei Lavrov. "Today one can already say that the election campaign was not without problems," he told a press conference in Moscow on Monday.



“As you know, not all presidential candidates were able to reach the end of the distance, not because they did not want to but because no proper conditions had been created for them,” the minister said. In particular, there have been cases of candidates’ intimidation, beatings, house arsons, Lavrov said. “There were cases when the election campaign was inhibited, one of the candidates was not allowed to board a plane and so on. Many simply had to withdraw from the race, not least in fear of the physical consequences,” the Russian foreign minister added. Russian Foreign Minister Sergei Lavrov said he believes that Mikheil Saakashvili, former president of Georgia, should not be made a mediator in the process of improvement of relations between Russia and Ukraine. Lavrov said some Ukrainian politicians have suggested discussing the inclusion of Saakashvili in the team of the new president of Ukraine. “I think he should definitely not be made a mediator in the relations between our countries,” he told a press conference on Monday.

Russian Foreign Minister Sergei Lavrov said he is hoping that Petr Poroshenko, who has won the presidential elections in Ukraine, will prevent the radical tendencies in Kiev concerning the eastern regions of the country from prevailing. “We are hoping that Petr Poroshenko will do everything to prevent some extremist radical tendencies in Kiev on the eastern and southern regions of Ukraine, or on any other region of this country, from prevailing,” Lavrov told a press conference held in Moscow on Monday. Lavrov recalled Poroshenko’s interview where he said that he will definitely favor the halt of the anti-terrorist operation in eastern Ukraine. “Let’s see how it will go. He also said there should not be any illegal armed groups anywhere in Ukraine, in the south, in the east, and in any other regions. It will also be very important to understand how this idea will be implemented, specifically, with regard to the Right Sector, the so-called Dnepr battalion, and other structures like these, which have very vague legal foundations,” Lavrov said.

Russian Foreign Minister Sergei Lavrov has called the decision made by Kiev to resume the active phase of the military operation in southeastern Ukraine a colossal mistake. “Literally yesterday or this morning, Arseniy Yatsenyuk’s first deputy Yarema said that the Kiev administration will resume the active phase of the so-called anti-terrorist operation now that the voting is over. It will be a colossal mistake,” Lavrov told a press conference held in Moscow on Monday. “The chance we have now to establish mutually respectful and equal dialogue, bearing in mind the voting that has taken place, the results of which Russia, I repeat, is ready to respect, should not be lost. We are hoping that Petr Poroshenko, if his powers are confirmed, will do everything to prevent extremist radical tendencies from prevailing,” Lavrov said.

An impartial investigation into the “sniper case” and the tragedy in Odessa is needed for national reconciliation in Ukraine, Russian Foreign Minister Sergei Lavrov said. “We have still not received a response [from international organizations on the need to investigate the tragedy in Odessa]. Such inquiries have been sent to the UN secretary general and the OSCE secretary general,” he told a press conference in Moscow on Monday. Lavrov reiterated that “it is possible to use the capabilities of organizations for the prohibition of chemical weapons, bearing in mind the facts that are emerging and need to be studied” in the investigation into these events, referring to the possible use of a toxic substance in the Odessa Union House. “No doubt, we will seek the truth. It is vital to determine the truth for national reconciliation in any domestic conflict. The same is true of the so-called sniper case and the gruesome tragedy that occurred in Odessa,” he said. Lavrov said Russia is working on the assumption that all these events “should be investigated in an impartial way.” “How can this be organized? I don’t have answer to this question now.

Russia expresses concern about Abkhazia unrest

Kyiv Post, 28.05.2014



Russia expressed concern on Wednesday over unrest in Abkhazia, where demonstrators have seized control of the presidential administration headquarters in what the leader of the Moscow-backed breakaway province of Georgia called an attempted coup.

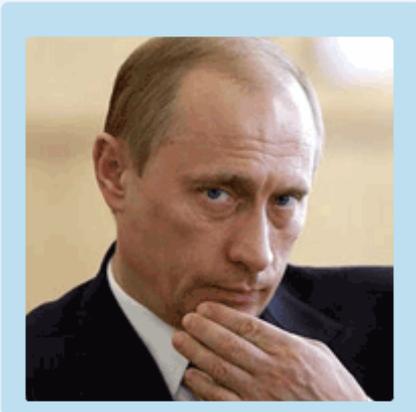
On Tuesday opposition protesters broke windows and doors to take control of the presidential building, while others held talks with President Alexander Ankvab after several thousand gathered in the capital of the Black Sea region to vent their anger at its government about alleged corruption and misrule.

“The Russian side is following events closely and with concern ... and considers it important that socio-political processes develop exclusively along legal lines,” the Russian Foreign Ministry said in a statement. Abkhazia broke from Georgian rule in a 1992-1993 war after the collapse of the Soviet Union. Moscow recognized it as an independent state after Russia fought a five-day war with Georgia in 2008, and at the same time strengthened control over the region and another breakaway province, South Ossetia. Vladislav Surkov, an aide to Russian President Vladimir Putin who is in charge of ties with Abkhazia and South Ossetia, may travel to Abkhazia, Russian news agency Interfax reported.

Opposition supporters continued to control the administration building in the capital, Sukhumi, and also the state television station, Interfax reported, though Ankvab said on Tuesday that attempts to seize the station had been quashed. “We still have a chance to return the situation to a legal footing. From a legal point of view what is happening now is an attempted armed coup,” Ankvab said on Tuesday at the meeting with opposition representatives. Raul Khadzhimba, an opposition leader who lost a presidential election to Ankvab in 2011, said the president had agreed to dismiss his cabinet but Russian media reported that opponents are pressing Ankvab himself to step down. Ankvab “took upon himself everybody’s responsibilities ... That led to our country becoming essentially an authoritarian regime,” Khadzhimba said on Tuesday.

Putin builds new union on ashes of Soviet Empire

Reuters, 28.05.2014



It won't exactly mean going back to the USSR, but Vladimir Putin is laying the foundations of a huge trading bloc which opponents see as an attempt to recreate at least part of the lost Soviet empire.

The Russian president and the leaders of two other former Soviet republics, Belarus and Kazakhstan, will sign a treaty on Thursday that brings to life his dream of uniting like-minded countries in a Eurasian Economic Union. With a market of more than 170 million people, the customs and trading bloc is intended by Putin to challenge the economic might of the European Union, the United States and China.

That looks like a distant dream but, despite the former KGB spy's denials, critics see the signing ceremony in the Kazakh capital of Astana as a part of a much bigger plan. "Mr. Putin has made no secret, and he said it publicly on more than one occasion over the years, that the demise of the Soviet Union was a terrific mistake," U.S. Defense Secretary Chuck Hagel told U.S. public broadcaster PBS. "Now, I think that's a premise that he truly believes and I think that's where he starts." Opponents see Russia's reclaiming of Crimea from Ukraine in March - which deepened the worst standoff with the West since the end of the Cold War - as another part of an effort to reassert Russian control of former Soviet territory. Putin dismisses such talk as a misconception and denies the creation of the Eurasian Economic Union has anything to do with reviving the Soviet empire.

"Our ambition is to integrate within the post-Soviet space but not because we want to restore the Soviet Union or an empire, because we would like to use the competitive advantages of these states that are now independent," Putin told journalists in St Petersburg on Saturday. What is not in doubt is that the new union has become one of the big ideas of Putin's third term as president and will be part of his personal political legacy. Putin sees it as a crucial part of his attempts to make Russia a great power again, if not to restore the superpower status lost when the Soviet Union fell apart in 1991. "It's hardly worth talking about recreating the Soviet Union, as many things have changed in 20 years, but the policy of collecting lands that Russia is now pursuing is obvious," said Dosym Satpayev, a political analyst in Kazakhstan.

He said Russia's political elite was on a geopolitical mission to strengthen the country by forging Moscow-led alliances in the "post Soviet-space". Putin struck a chord among many Russians in 2005 when he described the Soviet Union's collapse as a geopolitical catastrophe and said "old ideals" had been destroyed. His dream of a "powerful supra-national union" of sovereign states based on the EU model, connecting Europe and the Asia-Pacific, capitalized on nostalgia for stable prices, predictable government and open borders. Thursday's treaty, which comes into force on Jan. 1, deepens the ties forged when the three countries took the initial step of creating a customs union in 2010.



It will guarantee free transit of goods, services, capital and workforce and coordinate policy for major economic sectors. The union covers about three-quarters of the post-Soviet region - the Soviet Union minus the three Baltic states - and the combined gross domestic product of the three economies is around \$2.7 trillion. Armenia and Kyrgyzstan have also expressed an interest in joining. But Putin has been forced to water down his dream just to get as far as the signing ceremony. Ukraine dealt a severe blow by deciding not to join the union after its Moscow-backed president was ousted in February, depriving the union of a huge market, a bridge to the EU and the country that is the cradle of Russian civilization.

Oil-producing Kazakhstan has also fought to ensure the union is a purely economic affair, and does not give its former Soviet overlord any chance to regain political control of it. "The most important thing is that we got away from the politicization of the agreement," said Kazakh Deputy Foreign Minister Samat Ordabayev, whose country is led by a wily former Soviet-era leader, President Nursultan Nazarbayev. "Thanks to Kazakhstan's consistent position, items were excluded such as common citizenship, foreign policy, inter-parliamentary cooperation, the passport and visa section, and common border and export controls." Even largely loyal, cash-strapped Belarus, under long-serving President Alexander Lukashenko, has put up some resistance on issues that might affect its sovereignty.

Like Ukraine's new leaders, other former Soviet republics see better economic prospects elsewhere or are wary of being sucked in. Azerbaijan, an oil and gas producer, is staying out and Georgia and Moldova are expected to sign agreements next month deepening political and economic ties with the EU. "For Russia the Eurasian Economic Union is a primarily a political project. All three members pursue completely different, unarticulated goals that are far from the needs of ordinary people and markets," said Aidos Sarym, a political analyst in Kazakhstan.

Obama plans to end U.S. troop presence in Afghanistan by 2016

Washington Post, 29.05.2014



Obama outlined a plan to withdraw all but 9,800 American troops from Afghanistan by the end of the year and pull out the rest by the end of 2016, ending a decade of military engagement triggered by the Sept. 11 attacks. The decision means that Obama will leave office in early 2017 having extricated the country from the longest war in U.S. history.

He ended Washington's combat presence in Iraq in 2011. Obama's White House Rose Garden announcement prompted criticism from Republicans that the hard-fought gains made against the Taliban could be lost in much the same way that sectarian violence returned to Iraq after the U.S. withdrawal.

Obama, who made a whirlwind visit to U.S. troops in Afghanistan over the weekend before American combat operations conclude at the end of 2014, appeared to anticipate concerns that he is abandoning Afghanistan. He said it is time for Afghans to secure their country. "We have to recognize that Afghanistan will not be a perfect place, and it is not America's responsibility to make it one," Obama said. Under his plan, 9,800 U.S. troops would remain behind into next year. By the end of 2015, that number would be reduced by roughly half. By the end of 2016, the U.S. presence would be cut to a normal embassy presence with a security assistance office in Kabul, as was done in Iraq. The 9,800 troops would take an advisory role backing up Afghan forces. They would train Afghan troops and help guide missions to rout out remaining al Qaeda targets.

Any U.S. military presence beyond 2014 is contingent on Afghanistan's government signing a bilateral security agreement with the United States. Outgoing Afghan President Hamid Karzai has refused to sign it. But U.S. officials were encouraged that the two leading candidates in Afghanistan's presidential race, Abdullah Abdullah and Ashraf Ghani, have both pledged to sign quickly should they be elected in the second round of voting set for June 14. Obama said the lengthy U.S. presence in Afghanistan is proof that "it's harder to end wars than it is to begin them." "But this is how wars end in the 21st century: not through signing ceremonies but through decisive blows against our adversaries, transitions to elected governments, security forces who are trained to take the lead and ultimately full responsibility," he said.

While Americans have long since grown weary of a conflict in which nearly 2,200 U.S. troops have been killed, some Republicans greeted the news with skepticism. They continued a drumbeat of criticism of the president's handling of foreign policy and national security ahead of a speech on the subject Obama is to give on Wednesday at the U.S. Military Academy in West Point, New York. "The president's decision to set an arbitrary date for the full withdrawal of U.S. troops in Afghanistan is a monumental mistake and a triumph of politics over strategy," Republican Senators John McCain and Lindsey Graham said in a statement. A senior Obama administration official bristled at the notion that the United States would be leaving Afghan forces to do battle against the Taliban alone.

“We never signed up to be the permanent security force in Afghanistan to fight against the Taliban,” the official, speaking on condition of anonymity, told reporters. The United States now has about 32,000 troops in Afghanistan. U.S. military leaders had pushed for a force of at least around 10,000, saying it was the minimum required. Remaining U.S. and NATO forces will advise Afghan forces, focusing on functions such as budgeting, logistics, and support for security institutions. NATO countries have helped build Afghanistan’s military and other forces from scratch since 2001. While Afghan forces have grown more independent, they lack key skills such as intelligence collection and air power. As part of the post-2014 force, a small number of U.S. soldiers is expected to conduct counterterrorism operations against al Qaeda and other hardline militants, located mainly in remote areas along Afghanistan’s eastern border with Pakistan.

Kerry, Lavrov discuss Syria and Ukraine

Trend Az., 30.05.2014



U.S. Secretary of State John Kerry raised concerns with Russian Foreign Minister Lavrov over the delay in eliminating the remaining 8% of Syria’s chemical weapons stockpile, State Department spokesperson said Thursday.

On April 24, the Organization for the Prohibition of Chemical Weapons announced that Damascus still held around 7.5% of the chemical weapons material which he vowed to remove. Also, Kerry voiced his concerns about recent claims that foreign fighters, were crossing into Ukrainian territory from Russia, Psaki said. Kerry called on Russia to end its support to separatists and to urge them to lay down their arms.

China, Japan exchange barbs over action by warplanes in East China Sea

Reuters, 25.05.2014



Japan and China on Sunday accused each other's air forces of dangerous behavior over the East China Sea, with Japan saying Chinese aircraft had come within a few dozen meters of its warplanes.

Japan's defense minister accused Beijing of going "over the top" in its approach to disputed territory. China's defense ministry said Japanese planes had carried out "dangerous" actions during its joint maritime exercises with Russia. Tensions have been running high between China and its neighbors over Beijing's assertive stance on claiming land and sea territory.

Japan's defense ministry said Chinese SU-27 fighters came as close as 50 meters (170 feet) to a Japanese OP-3C surveillance plane near disputed islets on Saturday and within 30 meters of a YS-11EB electronic intelligence aircraft. "Closing in while flying normally over the high seas is impossible," Defense Minister Itsunori Onodera told reporters in comments broadcast on TV Asahi. "This is a close encounter that is outright over the top." Onodera said Japan conveyed its concerns to the Chinese side through diplomatic channels. He also said the Chinese planes were carrying missiles. A ministry official said it was the closest Chinese warplanes had come to aircraft of Japan's Self-Defense Force. China's defense ministry said jets were scrambled in the East China Sea on Saturday after Japanese aircraft entered its air defense zone during maritime exercises.

The ministry said the Japanese aircraft had entered the zone despite "no fly" notices being issued ahead of the exercises. China declared its air defense zone last year despite protests by Japan and the United States. "Japanese military planes intruded on the exercise's airspace without permission and carried out dangerous actions, in a serious violation of international laws and standards, which could have easily caused a misunderstanding and even led to a mid-air accident," the statement said. China had proposed urgent talks, it said, and demanded that Japan "respect the lawful rights of China's and Russia's navies ... and stop all reconnaissance and interference activities. Otherwise Japan will bear any and all consequences from this".

China lays claim to Japanese-administered islets in the East China Sea, known as Senkaku in Japanese and Diaoyu in Chinese. It is also pressing its claim to almost all the South China Sea, brushing aside claims by several southeast Asian states. China's proclamation last November of an air defense zone covering disputed islands and areas in the South China Sea has raised concerns that a minor incident could quickly escalate. Sino-Japanese ties have long been strained by allegations in China that Japan has not properly atoned for its wartime aggression and by the spat over the uninhabited islands. Japan scrambled fighter jets against Chinese planes 415 times in the year ended in March, up 36 percent on the year, while in waters near the disputed islands, patrol ships from both countries have been playing cat-and-mouse, raising fears of an accidental clash.



Announcements & Reports

▶ *Pritzker's June Business Mission: Anchoring U.S. Growth in Asia*

Source : Center for Strategic and International Studies

Weblink : <http://csis.org/files/publication/Pac1422.pdf>

▶ *New Energy, New Geopolitics*

Source : Center for Strategic and International Studies

Weblink : http://csis.org/files/publication/140324_Jackson_LessonsFromAbroad_Web.pdf

▶ *Claiming Water's Rightful Place*

Source : Center for Strategic and International Studies

Weblink : <http://csis.org/publication/claiming-waters-rightful-place-energy-policy>

▶ *Whatever Happened to the Russian Opposition?*

Source : Chatham House

Weblink : <http://csis.org/publication/claiming-waters-rightful-place-energy-policy>

▶ *The London Conference: Globalization and World Order*

Source : Center for Strategic and International Studies

Weblink : <http://www.chathamhouse.org/publications/papers/view/199564>

▶ *Elite Perceptions of the United States in Europe and Asia*

Source : Chatham House

Weblink : <http://www.chathamhouse.org/publications/papers/view/199317>



Upcoming Events

► *Vienna 2nd Economics & Finance Conference - The ISES*

Date : 3 – 6 June 2014
Place : Vienna - Austria
Website : <http://www.flelearning.co.uk/ictbel-2014/call-for-papers>

► *Exponential Finance*

Date : 10 – 11 June 2014
Place : New York, NY – U.S.A.
Website : <http://exponential.singularityu.org/finance/>

► *The Fourth Asian Conference on Sustainability, Energy and the Environment*

Date : 12 - 15 June 2014
Place : Osaka - Japan
Website : <http://acsee.iafor.org>

► *The Global Business, Marketing, Finance & Economics Research Conference*

Date : 12 - 15 June 2014
Place : Los Angeles, California – U.S.A.
Website : <http://www.jaabc.com/losangeles.html>

► *4th International Conference on Management*

Date : 16 – 17 June 2014
Place : Bali - Indonesia
Website : <http://www.internationalconference.com.my>

► *International Conference on Trade, Business, Economics and Law*

Date : 16 – 19 June 2014
Place : Edinburgh – United Kingdom
Website : <http://www.flelearning.co.uk/ictbel-2014/call-for-papers>