

Turkish Central Bank raises 2017 inflation forecast to 8.7 pct

Anadolu Agency, 01.08.2017



The Turkish Central Bank raised its end-2017 inflation forecast to 8.7 percent on Aug. 1 from a previous 8.5 percent, citing double-digit increases in food prices.

Central Bank Governor Murat Çetinkaya said at an Ankara news conference that improvements in core inflation were limited, adding that measures taken by the food committee were partially contributing to a fall in food prices. The consumer price index was announced at 10.9 percent in June, in line with the Central Bank's previous inflation report. The inflation rate was thus down from 11.7 percent in May, reaching its lowest level in the last four months.

"The realization of the consumer price index close to our forecasts' upper limit was due to a rise in the unprocessed food prices," Çetinkaya said. "The existing situation in the food inflation and some past realizations for the second half have signaled a need for the food inflation forecast to revise up," he noted, adding that the food inflation forecast in 2017 was set at 10 percent and 7 percent in 2018.

The government's food committee is working toward measures to bring stability to volatile food prices. Çetinkaya said the efforts of the food committee contributed to a decline in food prices. He also said a fall in assumptions for Turkish-lira-denominated import prices plus a suspension of an automatic tax hike on tobacco products had also impacted on the forecast.

Çetinkaya added that inflation would stabilize at around five percent in the medium term before falling to 6.4 percent in 2018. He also said a tight policy stance which focused on bringing down inflation would see the rate gradually reach a five-percent target. "Current levels of inflation pose risks to pricing behavior and a tight monetary policy will be maintained until the inflation outlook displays significant improvement," Çetinkaya said. He also said the bank would continue to use all available instruments in pursuit of its goal of price stability.

The Central Bank also cut its oil price assumption to \$50 per barrel from \$55, as it released its quarterly inflation forecast. Recently released data have indicated an ongoing recovery in the economic activity, Çetinkaya also said. "Domestic demand conditions have improved and demand from the European Union economies continues to contribute positively to exports," he added. Economic activity remains strong due to supportive incentives and measures introduced, according to Çetinkaya.

Turkey's annual inflation down to 6-month low

Anadolu Agency, 03.08.2017



Turkey's monthly inflation rose 0.15 percent in July over the previous month but annual inflation dropped to 9.79 percent, its lowest level in six months, the TÜ K stated.

Consumer price inflation fell by 1.1 points, down from 10.9 percent in June, according to TÜ K. Anadolu Agency's Finance Desk's survey of 22 economists predicted an average 0.03 percent increase in the monthly rate and an annual rate of 9.52 percent. The economists forecast year-end inflation of 9.66 percent. TÜ K's report showed the highest monthly rises were in the hospitality sector, with hotels, cafes and restaurants seeing a 1.75 percent increase in prices.

Transport prices rose 15.24 percent, making it the main reason for annual inflation. Commenting on the new rates, Timothy Ash, a senior emerging market strategist at the London-based BlueBay Asset Management, said that although Turkey's headline inflation, which includes commodities such as food and energy prices, dropped to 9.79 percent in July, the core inflation rate, which strips out volatile food and energy prices, actually rose from 9.2 percent to 9.6 percent.

"The Producer Price index [PPI] was also higher, rising to 15.45 percent from 14.87 percent. So it's better than the expected headline, but disappointing core/PPI," Ash told Anadolu Agency. "The Turkish Central Bank this week noted that over the autumn we might see inflation spike back up, as some of the consumption tax cuts roll off, but then drop back at year's end on high base period effects," he added, noting that the core print would still suggest the Central Bank has little near term scope to loosen policy.

Central Bank Governor Murat Çetinkaya stated on Aug. 2 that inflation was likely to follow a fluctuating course in the second half and it was projected to recover starting from the last month of the year. The Central Bank raised its end-2017 inflation forecast to 8.7 percent, Çetinkaya said during the latest monetary policy committee meeting.

Enver Erkan, analyst at KapitalFX, also noted that although inflation had dropped to single digits as expected, keeping it at that level throughout the year would be difficult. "Most probably, inflation will remain at some level above 10 percent and will decline to single digits again in December, thanks to base effect of the previous year. We expect a year-end inflation of 9.30 percent," Erkan said.

He added that food prices seemed to go lower in July, with the help of fresh fruit and vegetables and the Food Committee's short-term measures such as imports and price ceiling. "However, red meat prices remain at high levels. Transportation prices increased significantly with the effect of higher oil prices and the rise of transportation prices in Istanbul," Erkan said.

He noted that analysts expect the monetary policy of the Central Bank to be tight in the remaining months of the year. "If the structural adjustments have a significant effect on inflation, the Central Bank would consider the opportunities of a looser monetary policy by first loosening the liquidity situation then cutting the policy rates," Erkan said. "It is time to wait and strengthen credibility before 2018."

Turkish firms' plastics exports exceed \$2 bln

Anadolu Agency, 03.08.2017



Turkey exported \$2.08 billion worth of plastic products in the first six months of the year, marking a 1.8 percent increase compared to the same period last year, according to the Turkish Plastics Industry Foundation (PAGEV).

During the first half of 2017, the country exported 798,000 tons of plastic products to around 150 countries, a press release said. Total production in the country was 4.7 million tons and worth \$17.7 billion. Plastic household and kitchen goods exports rose 30 percent to \$197 million in the same period, while the country's foreign trade surplus in plastics production reached \$612 million.

Turkey, which is the second largest plastics producer in Europe, and sixth in the world, has some 6,500 companies and employs around 250,000 people, according to the PAGEV. If the same trend continues in the country, the production is expected to increase by 9.4 million tons and reach \$35.5 billion at the end of 2017, PAGEV said.

Turkey's overall exports in July tallied \$12.6 billion while the imports for the same month reached \$21.4 billion, according to Ministry of Customs and Trade's data bulletin on Aug. 2. Exports in July increased by 28.69 percent and imports saw a 45.84-percent rise compared with the same month last year. Turkey's foreign trade volume increased by 38.97 percent and reached \$34.076 billion during this period. The foreign trade deficit increased by 80.41 percent and reached \$8.788 billion in July.

Turkey eyes sustainable ways to meet Qatar's needs

Anadolu Agency, 03.08.2017



Turkey asked Qatar, which has been under a blockade by Arab countries since June, to join hands for sustainable food production, the Turkish economy minister said.

Nihat Zeybekci, proposed that Turkey, instead of sending finished goods to Qatar, could send raw materials, which Qatar could process at its own plants. "Production could start here [in Turkey] but continue there," he said, speaking at a Turkey-Qatar business forum in western Turkish province of Izmir, where his Qatari counterpart Sheikh Ahmed bin Jassim bin Mohammed al Thani was also present.

Turkey has sent a total of 221 cargo-planes of daily use items to Qatar after the blockade, the minister said. "One of the most important things we need in our future goals is to ensure our sustainable energy and raw material needs," he said, adding that countries needed to create their own financing opportunities.

The two ministers later gathered for a closed-door meeting. Since June 5 Qatar has been under a blockade by Arab countries - including Saudi Arabia, the United Arab Emirates, Egypt, Bahrain, and Yemen - which accuse Doha of supporting terrorism. The Qatari government has denied all the accusations, blasting the blockade as unjustified and a violation of international law.

Turkey's foreign trade deficit soars 80 pct in July

Hurriyet Daily News, 01.08.2017



Turkey's foreign trade gap surged 80.4 percent in July and exceeded \$8.7 billion due to a steep rise in gold imports and a base effect that resulted from a failed coup last July.

According to preliminary data from the Customs and Trade Ministry, which was released on Aug. 2, Turkey's exports in July tallied \$12.6 billion while the imports for the same month reached \$21.4 billion in July. Exports in July increased by 28.7 percent and imports saw a 45.8 percent rise compared with the same month last year. According to T M data, which does not include the gold trade, the country's July exports were \$11.5 billion with a 31.2 percent year-on-year increase.

In July, Turkey exported \$1.215 billion worth of items to Germany; the United Arab Emirates came in second with \$1.098 billion and the United Kingdom was third with \$810 million, according to the ministry data. Most imports to Turkey were from China, which was worth \$2.133 billion. Germany followed with \$1.828 billion and Russia was in the third spot with \$1.789 billion.

QNB Finansbank's chief economist Gökçe Çelik told Reuters that the low base effect which resulted from last year's failed coup has partially explained the high foreign trade gap in July. "We can also mention a gradual rise in gold imports and energy imports and some acceleration in domestic demand as other reasons," Çelik added, as quoted by Reuters on Aug. 2. The 12-month foreign trade gap hit \$62.8 billion due to the significant rise in July.

Sales of automobiles and light commercial vehicles in Turkey rose 40.6 percent in July from the previous year to 82,297 vehicles, data from the ODD industry association showed yesterday, as reported by Reuters. In the January-July period, sales fell 2.79 percent, the data showed. Meanwhile, the sector has been the top exporter of the country. Turkey's automotive exports saw a 41.1 percent year-on-year increase in July, according to data from the Turkish Exporters Assembly (T M). In July, the automotive sector contributed to the highest exports with \$2.4 billion.

Turkish firms win four contracts in CERN

Anadolu Agency, 02.08.2017



Turkish companies won four of 89 tenders, which were opened by CERN, the European Organization for Nuclear Research, in the first six months of the year, a leading business organization has announced.

According to a statement by the TOBB the total value of these four contracts was over 300,000 euros. “We expect more Turkish companies to apply the CERN tenders. As TOBB, we will focus on this issue,” TOBB President Rifat Hisarcıklıo lu said. He also added that the partnership of Turkey to CERN was a great opportunity for Turkish companies to leap up in producing high technologies.

A CERN industrial communications office was established within the framework of TOBB to coordinate these processes. CERN has accelerated its infrastructure restructuring works, which are planned to be completed until 2026, according to the statement.

In this vein, there was a 100 percent rise in tenders which are opened by CERN over this year compared to the last year. According to the statement, Gözüküçük Machinery, a company based in the Central Anatolian province of Kayseri, submitted a total of 4,480 units of sensitive protection shields in three different types last March. The company, which exports some 75 percent of its outputs to the European countries, makes sensitive metallic parts for the use of energy, electric, electronic, medical and machinery sectors. Mistel Cable from Istanbul won a tender for the production of flexible bars by outperforming eight competitors, according to the statement.

The company delivered a total of 19,000 ordered units in five different types last June. EGE/GEMA Industrial Control and ASA Aluminum are set to deliver sensitive control valves, which will be used in cooling detectors in the ALICE test, and specially-designed aluminum tubes, which will be utilized in making radiofrequency coaxial cable sets in the Super Proton Synchrotron (SPS), read the statement.



European bank participates in bond program of Turkey's Do ğ u ŝ Holding

Anadolu Agency, 02.08.2017



EBRD has said it is taking part in a bond issue from leading Turkish conglomerate Do ğ u ŝ Holding with an investment that aims to strengthen the local corporate bond market and attract more institutional investors to Turkey.

In a statement on Aug. 1, the EBRD said it was investing 100 million Turkish Lira (24 million euro equivalent) in a four-year 350 million lira floating rate note. The issue is using the Turkish Lira Interbank Offer Rate (TRLIBOR) as a benchmark, allowing for effective interest rate hedging and wider participation by investors, according to the statement.

The EBRD's participation came under a dedicated framework that has been created to support the widening and deepening of the local currency corporate bond market in Turkey, the bank said. "The goal is to attract other institutional investors to the market by raising the standards of bonds issued by corporate investors in terms of transparency, disclosure and rating," it added.

The EBRD is also boosting financial innovation with the promotion of floating rate bonds. The Do ğ u ŝ bond is part of a 1 billion lira bond program with which the company is raising funds to expand and consolidate its activities, according to the statement. The family-owned holding is active in seven sectors: food and beverages, automotive, construction, media, tourism, real estate, media and energy.

Official: US troops inside Raqa, ISIL Syria stronghold

Reuters, 30.07.2017



United States military advisers are operating inside Raqa, the Syria bastion of Islamic State of Iraq and the Levant (ISIL), a U.S. official has said.

The troops, many of them special operations forces, are working in an “advise, assist and accompany” role to support militants of the SDF, said Colonel Ryan Dillon, a military spokesman. YPG, which Turkey views as terrorist for its link to the outlawed PKK constitutes the backbone of the SDF. The U.S. troops are not in a combat role but are calling in air strikes and are working closer to the fight than did U.S. forces supporting the Iraqi military in Mosul.

“They are much more exposed to enemy contact than those in Iraq,” Dillon said. He said the numbers of U.S. forces in Raqa were “not hundreds” and that they had been working closely with SDF fighters since operations to encircle Raqa began. After months of capturing villages and surrounding terrain, operations to liberate Raqa started in November and on June 6 the SDF entered the city. With help from the U.S.-led coalition, the SDF this month breached an ancient wall by Raqa’s Old City, where diehard jihadists are making a last stand.

The SDF are a Kurdish-Arab alliance that is being trained by coalition experts and armed by the United States. Dillon said the coalition had seen IS increasingly using commercial drones that have been rigged with explosives. The jihadists employed a similar tactic in Mosul. “Over the course of the last week or two, it has increased as we’ve continued to push in closer inside of Raqa city center,” he said. The U.S. military is secretive about exactly how big its footprint is in Syria, but has previously said about 500 special operations fighters are there to train and assist the SDF.

Additionally, Marines are operating an artillery battery to help in the Raqa offensive. Meanwhile, an independent monitoring group said the civilian death rate soared last month as operations intensified in Raqa and Mosul. Airwars - a London-based collective of journalists and researchers that uses social media, eyewitness reports and other sources to compile its data - said the concurrent assaults on the cities were often “devastating.”

The group said as many as 744 civilians had been killed last month, though the number is completely at odds with that of the US military, which so far has acknowledged the accidental deaths of 603 civilians since coalition operations began in late 2014. Airwars director Chris Woods said the increased tempo of strikes in Mosul and Raqa accounted for some of the increase, but suggested the Pentagon’s goal of “annihilation” of the jihadists had placed civilians at greater risk of harm -- a claim the military disputes.

Dillon said a seven-person team reviews every civilian casualty allegation, many of which are self-reported through the military itself. The process “is very thorough and I will take our credible reports over any of the allegations that do come in,” he said.

US says Assad may be preparing chemical attack, warns ‘heavy price’

AFP, 01.08.2017



Syrian President Bashar al-Assad may be preparing another chemical weapons attack, one that would result in the “mass murder” of civilians, the White House said, warning the regime would pay a “heavy price” if it went ahead with such an assault.

The White House said the preparations were similar to those undertaken by the Assad regime ahead of an apparent chemical attack on a rebel-held town in April. Washington launched a retaliatory cruise missile strike days later against a Syrian airbase from where it said the chemical weapons attack was launched.

That assault with 59 Tomahawk missiles marked the first direct U.S. attack on the Syrian regime and Trump’s most dramatic military action since he took power in January. It also led to a quick downward spiral in ties between Washington and Moscow, which accused the U.S. of breaking international law.

Russia has supported the Syrian regime since 2015 with air strikes against what it says are Islamist extremists. “The United States has identified potential preparations for another chemical weapons attack by the Assad regime that would likely result in the mass murder of civilians, including innocent children,” spokesman Sean Spicer said in a statement late on June 26.

The two-paragraph communique did not offer any evidence justifying the sternly worded warning. “The activities are similar to preparations the regime made before its April 4, 2017 chemical weapons attack.” The suspected attack in April in the rebel held town of Khan Sheikhun killed at least 87 people, including many children, and images of the dead and of suffering victims provoked global outrage. The U.S. State Department said it amounted to a war crime.

State Department officials who would normally be involved in a big announcement such as Monday’s warning to Syria said they were caught by surprise, the Los Angeles Times reported. British Foreign Minister Michael Fallon told the BBC on June 27 that he would support U.S. military action in case of a Syria chemical attack. “As always in war, the military action you use must be justified, it must be legal, it must proportionate, it must be necessary. In the last case it was,” Fallon said. “If the Americans take similar action again, I want to be very clear -- we will support it.”

In early reaction from Moscow, Franz Klintsevich, deputy chairman of the defense commission of the upper house of the Russian parliament, said the U.S. warning heralded a new attack on Syrian forces under the pretext of the alleged preparations for a chemical attack. "This is clear. A cynical and unprecedented provocation is under way," he said in Moscow.

Assad, backed by Russia, has strongly denied the allegation that his forces used chemical weapons against the town in April, describing it as a "100 percent fabrication." He has said repeatedly that his forces turned over all chemical weapons stockpiles in 2013, under a deal brokered by Russia to avoid threatened U.S. military action. The agreement was later enshrined in a United Nations Security Council resolution. But U.S. Defense Secretary Jim Mattis previously warned that there was "no doubt" that Syria had in fact retained some chemical weapons. An Israeli military assessment also found that Assad's regime was still in possession of "a few tonnes" of chemical weapons. "As we have previously stated, the United States is in Syria to eliminate the Islamic State of Iraq and the Levant (ISIL)," Spicer added in his statement on June 26. "If, however, Mr Assad conducts another mass murder attack using chemical weapons, he and his military will pay a heavy price."

Syria's war began in March 2011 with anti-government protests that spiraled into a complex and devastating conflict that has killed more than 320,000 people. Russia is flying a bombing campaign in Syria in support of Assad, while the U.S. is heading a coalition mainly targeting ISIL. Neither Washington nor Moscow have managed to find a solution to the conflict. Rebels are now on the back foot after regime advances with support from allies Russia and Iran. The U.S.-led coalition and allied fighters are battling to oust the ISIL group from its Syrian bastion Raqqa. The coalition is also backing a major assault on the last IS-held pockets of Mosul in neighboring Iraq.

Moldova-Russia diplomatic row escalates over ban

BBC, 03.08.2017



Moldova has declared Russian Deputy Prime Minister Dmitry Rogozin persona non grata over his "defamatory" remarks about the authorities in Chisinau.

Mr Rogozin earlier alleged that the Moldovan government was being controlled by a mafia oligarch. Russia said Moldova's ban was "irresponsible", warning it would be followed by "an appropriate response". Moldova's government seeks closer ties with the EU, but Russia sees the nation as part of its sphere of influence. The situation became even more complicated after pro-Russian politician Igor Dodon became Moldova's president last December.

In May, Moldova expelled five Russian diplomats, without giving a reason. In a statement on Wednesday, Moldova's foreign ministry said it summoned the Russian ambassador to inform him that Mr Rogozin was now "undesirable person" in the country.

The ministry said it had to react after a recent interview on the Russian state-run Rossiya 24 TV channel, in which Mr Rogozin had made "defamatory criticisms of the Republic of Moldova and, implicitly, of the citizens of our country". The interview was broadcast soon after the passenger plane Mr Rogozin was travelling on last week to Moldova was blocked by Romania from crossing its airspace.

Bucharest said it had acted because the deputy prime minister was under an EU travel ban over Russia's annexation of Ukraine's Crimea peninsula in 2014. Ukraine has since banned direct flights to and from Russia, and Mr Rogozin's plane tried to fly over neighbouring Romania to reach Moldova. In response to Moldova's move, Russia's foreign ministry summoned the Moldovan ambassador to "protest strongly" against "irresponsible acts" aimed at undermining bilateral relations.

Weakened British PM reaches out to rivals

Reuters, 30.07.2017



British Prime Minister Theresa May acknowledged the "reality" of her weakened position on July 10 by appealing to other parties to help implement Brexit, as she sought to relaunch her year-old premiership.

One month after losing her parliamentary majority in a snap election, the Conservative leader said she was still committed to "bold action" to fulfil her promises of change. But as fresh rumors swirled of plans to oust her, May accepted that "the reality I now face as prime minister is rather different" than it was.

Her comments came in excerpts of a speech due to be delivered on July 11, the anniversary of her winning the Conservative Party leadership race after last year's referendum vote to leave the EU. "In this new context, it will be even more important to make the case for our policies and our values, and to win the battle of ideas both in parliament as well as in the country," May will say. "So I say to the other parties in the House of Commons... come forward with your own views and ideas about how we can tackle these challenges as a country."

May has been struggling to maintain her authority since the June 8 election, which she called three years early only to lose seats, leaving her with a minority government. The Mail on Sunday reported that former Conservative chief whip Andrew Mitchell had told a private meeting of MPs that May was "dead in the water" and must quit. Justice Secretary David Lidington said this and other rumors were the result of politicians enjoying "too much sun and too much warm Prosecco" at summer parties.

May's de facto deputy Damian Green insisted Monday that her call for cross-party cooperation was a "grown-up way of doing politics." May had been accused of stifling dissent over her plans to take Britain out of Europe's single market, end jurisdiction of the European Court of Justice, and leave the bloc without a deal in place. But members of her cabinet have been increasingly outspoken since the election, particularly finance minister Philip Hammond, who favors a more conciliatory approach amid fears of the damage a clean break could do to business.

A new cross-party parliamentary group was launched on July 10 calling for the "closest possible relationship" with the EU and demanding that "all options are kept on the table" in the negotiations, which began last month. It is co-chaired by opposition Labour MP Chuka Umunna and Conservative former minister Anna Soubry, both outspoken pro-Europeans, and backed by the smaller Liberal Democrats.

EU's Tusk says Europe turning the corner on anti-EU sentiment

Reuters, 03.08.2017



Europe is slowly turning a corner as a wave of anti-European Union movements peters out, Donald Tusk told.

Countries including Austria, the Netherlands, France and Italy have seen a sharp rise in popularity of parties with euroskeptic, often anti-immigration policies, but in recent months these have suffered decisive defeats in elections. Tusk, the president of the council of EU heads of states and governments, said the bloc was now again starting to be perceived as a solution, rather the problem, and that recent difficulties had served to strengthen it.

"It is fair to say that we will meet in a different political context from that of a few months ago, when the anti-EU forces were on the rise," Tusk wrote. "The current developments on the continent seem to indicate that we are slowly turning the corner. In many of our countries, the political parties that have built their strength on anti-EU sentiments are beginning to diminish," he said.

In Britain, the Conservative government of Prime Minister Theresa May lost its majority in parliament earlier this month, scuppering May's stated aim of bolstering her mandate for negotiating Britain's exit from the EU.

In France, Emmanuel Macron decisively won presidential and parliamentary elections on a agenda of support for the EU and reforms, soundly beating Marine Le Pen's far right National Front, which for the first time in its history reached a second round in a presidential vote.

"We are witnessing the return of the EU rather as a solution, not a problem. Paradoxically, the tough challenges of the recent months have made us more united than before," Tusk said.

Apart from Brexit, the EU is also facing a major immigration challenge which, though abated, is still fuelling anti-EU sentiment. Some blame the EU for not acting fast enough to stop the inflow of migrants arriving from the Middle East and Africa.

A series of attacks by Islamist militants in Britain, France, Sweden, Germany and Belgium, in which hundreds were killed, have added to concerns. To further stem migration flows, Tusk said the EU should give more money to support Libyan Navy Coastguards to help stop people being smuggled into the EU by sea. There is also discontent over unfettered global trade, perceived as a threat to jobs in Europe. "Therefore, during the upcoming European Council, I want us to move further on our policy response in these three areas," Tusk said in the letter to the leaders.

At least 19 killed in hotel attack in Somali capital

AFP, 02.08.2017



At least 19 people were killed when Islamist militants launched a car bomb and gun attack on a busy hotel and adjacent restaurant in the Somali capital, a police officer said.

A car driven by a suicide bomber rammed into the Posh Hotel in south Mogadishu on Wednesday evening before gunmen rushed into Pizza House, an adjacent restaurant, and took 20 people hostage. Posh Hotel is the only venue with a discotheque in the capital. District police chief Abdi Bashir told Reuters Somali security forces took back control of the restaurant at midnight after the gunmen had held hostages inside for several hours.

Five of the gunmen were killed, Bashir said. "We are in control of the hotel but it was mostly destroyed by the suicide bomber," he told Reuters by phone. Witnesses said there were bodies lying at the scene on June 15 as ambulances came to take them away. Another 27 civilians were taken to hospital with various injuries, ambulance services said. Witnesses said the attack was launched after the Iftar dinner for customers who are fasting for Ramadan. Most of them were still inside relaxing.

UN nuclear watchdog to open uranium bank that may have no clients

AFP, 30.07.2017



The U.N. global nuclear watchdog is about to open a uranium bank in the Central Asian state of Kazakhstan, but it may never have any customers.

The raw material used to make nuclear fuel and atomic bombs will be stored in a Soviet-era industrial plant where security was once considered so lax that all the highly enriched uranium kept there was removed in a covert U.S. operation in 1994. The International Atomic Energy Agency's goal now is the same as Washington's 23 years ago as it prepares for next month's launch of its Low Enriched Uranium Bank in the city of Oskemen.

But this time there will be no weapons-grade uranium involved and in the best-case scenario the \$150-million bank will never need to be used. IAEA member states will be able to "draw" low-enriched uranium at market prices if supplies of fuel to a nuclear power plant are disrupted "due to exceptional circumstances", but the bank will be a lender of last resort.

The aim is to discourage nations from spending time and money on developing nuclear-enrichment technologies that might be used to purify uranium to weapons-grade levels, and to deter countries from trying to obtain uranium illegally. The IAEA wants to have a means to avert any new dispute similar to the standoff over Iran's atomic program before world powers reached a deal with Tehran to limit its nuclear activities. "Does it guarantee that new countries will not create enrichment facilities? Of course not," Anton Khlopkov, founding director of the Moscow-based Center for Energy and Security Studies, said of the new bank. "But it creates additional incentives for new nations not to set up enrichment facilities."

Funding to build the low-enriched uranium bank in eastern Kazakhstan, about 1,000 kilometers from the capital Astana, came from several countries including the United States, and U.S. billionaire Warren Buffett contributed \$50 million.

Based in a small industrial building on the territory of the Ulba Metallurgical Plant (UMP), set up in the 1940s to produce components for the Soviet arms nuclear arms programme, the bank will store up to 90 tonnes of low-enriched uranium -- enough for a light-water reactor to power a large city for three years. Security will be tight. The bank, which has its own railway terminal, is surrounded by a metal netting fence that is about 3.5 meters high and packed with security cameras.

China 'outraged' by \$1.42 bln planned US arms sales to Taiwan

AFP, 04.08.2017



China urged the United States to revoke immediately its “wrong decision” to sell Taiwan \$1.42 billion worth of arms, saying it contradicted a “consensus” President Xi Jinping reached with his counterpart, Donald Trump, in talks in April in Florida.

The sales would send a very wrong message to “Taiwan independence” forces, China’s embassy in Washington said in a statement. A U.S. State Department spokeswoman said the administration had told Congress of seven proposed sales to Taiwan, the first under the Trump administration.

“The Chinese government and Chinese people have every right to be outraged,” the embassy said. China regards self-ruled Taiwan as a wayward province and has never renounced the use of force to bring it under its control. China’s Nationalists fled to the island after losing the civil war with China’s Communists in 1949.

The United States is the sole arms supplier to Taiwan. “The wrong move of the U.S. side runs counter to the consensus reached by the two presidents in and the positive development momentum of the China-U.S. relationship,” the embassy said. China’s Defense Ministry said Taiwan was the “most important, most sensitive core issue in Sino-U.S. ties”, warning the United States to end such sales to avoid further damaging peace and stability in the Taiwan Strait.

Trump was critical of China during his successful 2016 presidential campaign but his meeting at his Mar-a-Lago resort in Florida with Xi raised hopes for warmer relations. Trump later played up his personal relationship with Xi, calling him a “good man”, and stressed the need for China’s help in reining in a defiant North Korea’s development of nuclear weapons and missiles. China’s anger over the U.S. plan to supply Taiwan with weapons risks undermining Trump’s attempts to press China to help on North Korea.

The proposed U.S. package for Taiwan includes technical support for early warning radar, high speed anti-radiation missiles, torpedoes and missile components. Beijing’s relationship with Taiwan has been frosty since President Tsai Ing-wen took power in Taipei last year. Tsai leads an independence-leaning party that refuses to recognise Beijing’s “one China” policy. Tsai’s office said on June 30 that the planned sales increased Taiwan’s confidence and ability to maintain peace and stability across the Taiwan Strait.

Asked about the sales at an event on Thursday evening in Washington, Chinese Ambassador Cui Tiankai said the United States was “incorrigible” when it came to Taiwan, the official Chinese Communist Party People’s Daily newspaper reported on its website. “But we should still continue to instruct (them) and continue advancing on the right track of China-U.S. relations because this is what truly fits for both countries’ long term interests,” the paper quoted Cui as saying.

The sales, which require congressional approval, would be the first since a \$1.83 billion sale that former President Barack Obama announced in December 2015, also to China’s dismay. The previous package included two navy frigates in addition to anti-tank missiles and amphibious attack vehicles.

US military plane crashes in Mississippi, killing at Least 16

AFP, 02.08.2017



A U.S. military plane used for refueling crashed into a field in rural Mississippi, killing at least 16 people aboard and spreading debris for miles and creating a fiery wreckage, officials said.

Leflore County Emergency Management Agency Director Frank Randle told reporters at a late July 10 briefing that 16 bodies had been recovered after the KC-130 spiraled into the ground about 85 miles (135 kilometers) north of Jackson in the Mississippi Delta. Marine Corps spokeswoman Capt. Sarah Burns said in a statement that a KC-130 “experienced a mishap” Monday evening but provided no details.

Andy Jones said he was working on his family’s catfish farm just before 4 p.m. when he heard a boom and looked up to see the plane corkscrewing downward with one engine smoking. “You looked up and you saw the plane twirling around,” he said. “It was spinning down.”

Jones said the plane hit the ground behind some trees in a soybean field, and by the time he and other reached the crash site, fires were burning too intensely to approach the wreckage. The force of the crash nearly flattened the plane, Jones said. “Beans are about waist-high, and there wasn’t much sticking out above the beans,” he said. Jones said a man borrowed his cellphone to report to authorities that there were bodies across U.S. Highway 82, more than a mile from the crash site.



Greenwood Fire Chief Marcus Banks told the Greenwood Commonwealth that debris from the plane was scattered in a radius of about 8 kilometers. Jones said firefighters tried to put out the fire at the main crash site but withdrew after an explosion forced them back. The fire produced towering plumes of black smoke visible for miles across the flat region and continued to burn after dusk, more than four hours after the crash. Aerial pictures taken by WLBT-TV showed the skeleton of the plane burning strongly. "It was one of the worst fires you can imagine," Jones said. He said the fire was punctuated by the pops of small explosions. Officials did not release information on what caused the crash or where the flight originated.



Announcements & Reports

Precautionary recapitalisation: time for a review?

Source : Bruegel
Weblink : <http://bruegel.org/2017/07/precautionary-recapitalisation-time-for-a-review/>

Trends in Extremist Violence and Terrorism in Europe through End-2016

Source : CSIS
Weblink : <https://www.csis.org/analysis/trends-extremist-violence-and-terrorism-europe-through-end-2016>

Actualising East: India in a Multipolar Asia

Source : Brookings
Weblink : <https://www.brookings.edu/research/actualising-east-india-in-a-multipolar-asia/>

Upcoming Events

13th Asia Europe Economic Forum (AEEF)

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

Emerging Markets and Europe: Time for Different Relationships?

Date : 27 August 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 August 2017
Place : Brussels - Belgium
Website : <http://www.bruegel.org/nc/events/event-detail/event/526-what-future-for-europes-social-models/>

Challenges for Growth in Europe

Date : 27 August 2017
Place : Brussels - Belgium
Website : <http://www.bruegel.org/nc/events/event-detail/event/521-challenges-for-growth-in-europe/>



Global Governance of Public Goods: Asian and European Perspectives

Date : 28 August 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 August 2017
Place : Berlin - Germany
Website : <http://www.bruegel.org/nc/events/event-detail/event/541-the-future-of-the-welfare-state/>

Vision Europe Summit 2016

Date : 28 August 2017
Place : Lisbon - Portugal
Website : <http://bruegel.org/events/vision-europe-summit-2016/>