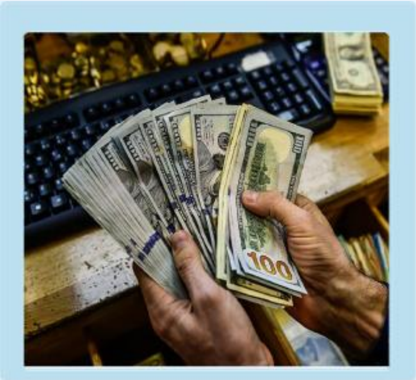
Turkish lira hits record low against dollar on strains in US ties

Hurriyet Daily News, *21.11.2017*



The Turkish lira hit a record low of 3.9780 against the dollar on Nov. 21, accelerating losses to some 17 percent since September as concerns widened about Ankara's strained relations with the United States and central bank independence.

The central bank responded with emergency measures to tighten policy, although that failed to reverse the slide. The lira's plunge has helped fuel inflation by driving up the cost of energy and other imports. Turkey imports almost all of its energy needs.

Worries about U.S. ties center around the trial of Turkish gold trader Reza Zarrab, who is accused of violating U.S. sanctions on Iran. The Turkish government spokesman described the case on Nov. 20 as a "clear plot against Turkey" that lacks any legal basis. The currency fell as far as 3.9780 to the dollar, eclipsing a previous record low of 3.9417 set in January. It was at 3.9541 at 1111 GMT, after the central bank's measures. Against the euro, the currency of some Turkey's major trading partners, it touched a record low of 4.6711.

The Central Bank said it would remove banks' borrowing limits on the interbank money market for overnight transactions, and increase their limit for the intraday liquidity facility -- both moves designed to shore up the currency. An official from the bank said the weighted average cost of funding would be increased to 12.25 percent on Nov. 22, up from 11.99 percent on Nov. 20. "All funding will be done via the late liquidity window," the official said, referring to the highest of its multiple interest rates, which it hiked to 12.25 percent in April.

Turkish boss challenges Musk in electric-engine trucks

Hurriyet Daily News, *21.11.2017*

The Murat Ülker, the chairman of Turkey's Yıldız Holding, has challenged Elon Musk, the chairman of Tesla Inc, over electric engine trucks, saying that food giant Ülker has already been using such technology to deliver goods.

"Elon Musk says Tesla's new electric engine truck can go from a speed of 0 kilometers per hour to 100 kph in five seconds. A fully loaded truck can go 800 kph on a single charge. Great, but we've already been delivering domestic vehicles with electric-engines for years. And we have been delivering happiness," Ülker said.

The chairman also shared a video of the company's electric-engine trucks. Tesla Inc upstaged its own debut of a heavy-duty electric truck on Nov. 16, when a red Roadster pulled out of the big rig's trailer. Musk said the new $200,000 sports car would be the fastest production car ever. The first 1,000 cars will cost $250,000 each, paid upfront in full, with later models starting at $200,000.

BD Otomotiv, which belongs to Turkish businessman Osman Boyner, has converted some diesel-engine Fiat and Renault trucks to electric-engine vehicles for Ülker. The company sells several brands that have electric-engine models with ranges between 110 and 200 kilometers. President Recep Tayyip Erdoğan and Tesla Chief Executive Elon Musk met in Ankara on Nov. 8 to discuss possible cooperation between Tesla, SpaceX and Turkish firms, as well as electric cars. The meeting came a few days after Turkey launched a joint venture of five local industrial giants to produce its first domestically-made car on Nov. 2.

Nuclear power naysayers won't deter Turkey: Erdoğan

Hurriyet Daily News, *21.11.2017*

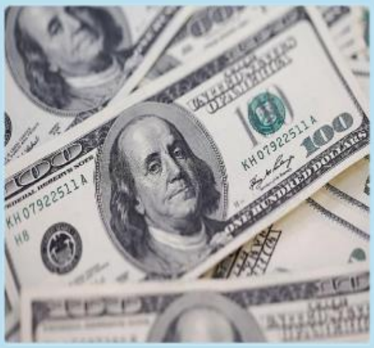
Turkish President Recep Tayyip Erdoğan expressed on Nov. 21 the country's determination to press ahead with the nuclear power program despite any naysayers. "Turkey will build nuclear energy [plants] whether it bothers anyone or not," Erdoğan told a mass inauguration of energy sector investments in the capital Ankara.

Using nuclear energy will reduce Turkey's dependency on outside energy sources, and will also support sustainable growth, he added. Turkey currently plans to build three nuclear power plants.

This plan will going to be include Akkuyu in Turkey's southern province of Mersin, set to start construction in early 2018 and go online in 2023, Energy Minister Berat Albayrak said on Nov. 20. "The national energy and mining policies are the driving force for Turkey to reach its targets in the future," Erdoğan said. The president also slammed people trying to hinder Turkey's energy investments. "Some make a special effort to sabotage our energy initiatives. They identify bloody-minded terrorists as 'ecology experts'," said Erdoğan, disparaging the label.

Turkey sees $7.3B foreign direct investment Jan-Sept

Anadolu Agency, *23.11.2017*



Foreign investment in Turkey showed a near-19-percent drop in the first nine months of the year, the Economy Ministry said Thursday.

According to a statement from the ministry, $7.340 billion was invested in Turkey during January to September 2017, compared to $9.040 billion over the same period last year. The financial intermediation sector received the highest amount of overseas capital with $1.4 billion, followed by the electricity/gas/water supply sector -- $978 million in the first nine months of the year.

The manufacturing sector and other community/social/personal services sector received $878 million and $636 million net inflow, respectively. A total of 3,815 new, foreign-backed companies were established in Turkey in the same period, including 645 in September. The number of companies funded by international capital operating in the country reached 50,225 by the end of previous month. More than 60 percent of companies that benefit from foreign funds or involvement are linked to Near and Middle Eastern countries. In September foreign direct investment amounted to $738 million, indicating a drop of almost 18 percent compared to the same month last year.

Turkey to use ‘behavioral economics’ in policymaking

Hurriyet Daily News, *20.11.2017*

Turkey launched on Nov. 20 its first behavioral economics project, “Nudge Turkey,” which aims to use psychology in the analysis of economic decision-making.

“The first official department for developing behavioral public policies has been established within the Economy Ministry. We will develop policies for all of Turkey,” Economy Minister Zeybekci said at the launch of the project in Ankara. Zeybekci noted that “Nudge Turkey” project was developed before U.S. academic Richard Thaler won the 2017 Nobel Economic Prize for his contributions to behavioral economics.

“It was a nice coincidence,” he said. The ministry has been working on “Nudge Turkey” since 2015 and the project is conducted by the Economy Ministry in partnership with the U.K. Embassy, EY Turkey and the London-based Behavioral Insights Team. “I think the U.K. has good experience in this field and we will benefit from it,” Zeybekci said. Also speaking at the launch, U.K. Ambassador to Ankara Richard Moore said his country had made good use of behavioral science in economic policymaking in recent years.

“We aim to support Turkey’s economic reform program with this project,” Moore said. He underlined the significance of “nudging” in terms of public policy, saying that behavioral insights can help develop new, lower-cost policies than current policy instruments. The U.K. in 2010 set up the Behavioral Insights Team, which consists of psychologists, policymakers and economists, Moore noted. “They use the outcomes of behavioral economics and social psychology in order to develop public policies,” he said.

“To be honest we can say that the U.K. is the world leader in this regard. I hope this project will further our cooperation and we will learn from each other’s experiences,” he added. Muhammed Emin Torunoğlu, a foreign trade expert at the Economy Ministry, said behavioral economics helps to guide people’s decision-making through various psychological elements. For example, changing just one line in a tax letter can increase the rate of tax collection by 12 percent, Torunoğlu noted. “For our country, even an increase of 1 percent in tax collection could provide an additional revenue of 6.5 billion Turkish Liras [$1.6 billion],” he added.

Turkey-made invisible fabric to sell to NATO countries

Anadolu Agency, *19.11.2017*

Turkey-made invisible fabric that cannot be spotted by radars and thermal cameras will soon be sold to NATO countries. The fabric, developed at the Sun Textile and Research Development Center, succeeded tests by the Turkish Armed Forces, and is now awaiting approval from Turkey’s Defense Ministry for export.

Sabri Ünlütürk, chairman of the executive board of Sun Holding, told state-run Anadolu Agency on Nov. 16 that the fabric was invented by two scientists at Teknokent of Hacettepe University in Ankara.

He added that they began producing the fabric in their factory in the western province of İzmir, and came third after the U.S. and Israel in this particular technology. “We are proud that the Turkish army is using this fabric. The previous products were only for visual camouflage,” Ünlütürk added. He said the fabric spreads body heat in a way that makes the person wearing it impossible to be spotted by thermal cameras. The tests for the camouflage uniforms are currently underway. “These uniforms are designed for our soldiers to hide themselves from night vision scopes. Military units are testing them,” Ünlütürk said.

Turkey’s credit profile balances resilient growth, manageable gov’t debt: Moody’s

New York Times, *19.11.2017*

Rating agency Moody’s has said Turkey’s credit profile balances resilient growth and relatively strong public finances against political risk and external vulnerability.

Turkey’s (Ba1, negative) credit profile reflects its large and flexible middle-income economy, resilient growth and favorable demographics, Moody’s Investors Service said in an annual report on Nov. 17. The country’s key credit challenges include political risk and high external vulnerability. Kristin Lindow, a Moody’s senior vice president and co-author of the report, said that

“Although Turkey’s public finances have deteriorated marginally over the past year due to fiscal stimulus and the weaker lira, the country’s resilient economic growth and manageable government debt metrics continue to provide key credit anchors,” Public finances are a source of strength for Turkey’s sovereign creditworthiness. That said, fiscal outcomes will likely be challenged in an environment of rising global interest rates, already wider spreads and larger borrowing needs.

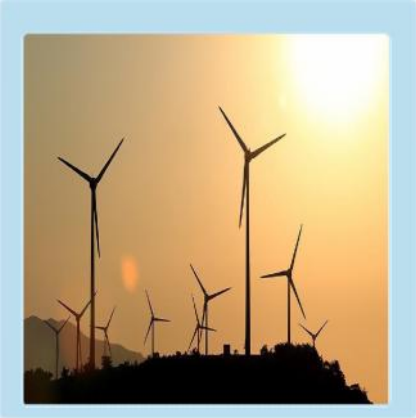
Although Turkey’s stock of debt remains moderate at less than 30 percent of the GDP, bigger fiscal deficits and associated borrowing have put the debt-to-GDP ratio on an upward path after more than a decade of steady decline. Under Moody’s central scenario, the general government debt-to-GDP ratio is expected to stay below 30 percent in 2018. High nominal GDP growth - fed by rapid inflation - will largely offset heavy borrowing to finance wider budget deficits. Turkey has a high susceptibility to event risk mainly driven by domestic political risks and the country’s large external financing needs due to wide current account deficits and sizeable external or foreign currency refinancing requirements, the report noted.

Balance-of-payments pressures constrain any upgrade in Turkey’s sovereign rating, as long as external imbalances and annual refinancing requirements remain large. “However, upward rating pressure could follow structural reductions in these vulnerabilities or improvements in Turkey’s institutional environment or competitiveness,” read the report. “Reduced political risk - while credit positive - would not result in rating upgrades without sustainable improvement in external vulnerability, although it could lead to a stabilization of the rating outlook,” it added. Turkey’s sovereign rating could be downgraded if the probability of a balance-of-payments crisis were to rise. “Such an event would likely be associated with some combination of a rapidly weakening exchange rate and a sharp reduction in foreign exchange reserves driven by shortfalls in funding the country’s wide external deficit,” Moody’s said.

"Sustained lower growth and a related worsening in the government's fiscal strength could also lead to a downgrade, as could a further erosion of institutional strength," it added. The coherence of Turkey's macro policy framework and the maintenance of fiscal and external stability will remain important drivers of sovereign creditworthiness, according to Moody's.

Turkey aims to reach $5B wind invest. by year end

Anadolu Agency, *24.11.2017*



Turkey plans to achieve around $5 billion in wind energy investments by the end of the year with the help of 1 gigawatt (GW) from Turkish Renewable Energy Resource Zone Project (YEKA) along with finalized wind energy tenders of around 3 GW, according to Turkish Wind Energy Association (TUREB) head on Friday.

TUREB President Mustafa Serdar Ataseven in an exclusive interview with Anadolu Agency said that Turkey's wind energy installed capacity will be boosted through ongoing projects and planned tenders that will be finalized by the end of December.

The next pre-license tender for 2,130 megawatts will be offered over a five-day period starting Monday, Dec. 25 to help generate electricity at competitive prices for Turkish consumers, Ataseven said. He explained that the projects would take around three to four years for completion after which operations can start to benefit consumers. "These projects are significant but Turkey can do much better," he asserted adding that Turkey can reach 7 GW of installed capacity by the end of the year.

He advised that investments should continue in order to tap into Turkey's wind energy potential, which he said is more than double that of the current installed capacity. According to the General Directorate of Renewable Energy studies, the techno-economic wind energy potential for Turkey is 48 GW but currently, only 11GW of project stock is available. Nonetheless, progress has been made and Ataseven said the Aegean and Marmara regions have seen an expansion in capacity in the country that is one of the biggest onshore wind markets in Europe. Turkey has 11GW of wind power stock on hand and has a national target of 20 GW of installed capacity by 2023, he said. The country's total energy target for 2023 is 100 GW of capacity. During the three-day period between June 21 and 23, wind energy pre-licenses were put up for tender, and over 200 renewable energy firms attended the rally for a total of 710 megawatts (MW) in wind capacity throughout Turkey.

Turkish Electrical Transmission Company (TEIAS) awarded the tenders for 11 regions in Turkey in the company's office in Ankara during this time. On Aug. 3, Turkey's first 1,000-megawatt wind tender was realized in Ankara in which a Siemens Gamesa Renewable Energy - Turkerler - Kalyon Energy consortium won the tender offered by YEKA. The offered price of $3.48 per kilowatt-hour of electricity production clinched Turkey's first 1,000-megawatt wind tender and surpassed the previous record of $10.30 per kilowatt-hour.

Fitch cuts Turkey 2018 GDP growth forecast to 3.9 pct

Reuters, *23.11.2017*

Fitch Ratings has cut its forecast for Turkish GDP growth in 2018 to 3.9 percent from 4.1 percent, the ratings agency said.

"Our forecast is 3.9 percent reflecting some easing of government stimulus measures," said Paul Gamble, head of emerging Europe sovereigns at Fitch Ratings, speaking at a Fitch conference in London. Fitch currently rates Turkey as BB+ with a stable outlook. Gamble added that politics was the factor that would exert the greatest influence on economic performance and the sovereign credit profile in 2018 in the run up to the 2019 elections.

Turkish Treasury borrows nearly $400M through auction

Hurriyet Daily News, *16.11.2017*

The Turkish Treasury borrowed around 1.55 billion Turkish liras from domestic markets, according to an official statement Tuesday. The Treasury Undersecretariat announced that an auction was held for five-year fixed coupon bonds -- semiannually, re-open, and fourth issue.

The government bonds will be settled on Wednesday and mature on Aug. 17, 2022, with a total tender of nearly 3.43 billion Turkish liras and a 45.4 percent accepted/tendered rate. The interest rate of the 5-year government bonds was accepted at a 6.69 percent term rate, with annual simple and compound interest rates of 13.38 and 13.82 percent.

Erdogan set to travel to Sochi for Syria summit

Anadolu Agency, *22.11.2017*

Turkish President Recep Tayyip Erdogan is due to head to Sochi on Wednesday for a meeting on the Syrian conflict with his Russian and Iranian counterparts.

He is set to depart from Istanbul's Ataturk Airport at 12.30 p.m. local time (0930GMT). Erdogan, Vladimir Putin and Hassan Rouhani will meet to discuss progress made in the Astana peace talks as well as the changes in de-escalation zones across the country. The leaders, who are meeting at the Rus Sanatorium, will also talk about tackling terror groups in Syria and delivering humanitarian aid.

The progress of the UN-backed Geneva peace process, which is seeking a political solution in Syria, will also be under discussion. Erdogan will have a separate meeting with Rouhani on the sidelines of the summit before Putin hosts Erdogan and Rouhani at a dinner. Turkey and Russia, together with Iran, are the guarantor countries which brokered a cease-fire in Syria in December 2016, leading to the Astana talks, which are running parallel to the Geneva talks.

Leaders of Greece, Egypt, Greek Cyprus vow closer cooperation

Anadolu Agency, *22.11.2017*

The leaders of Greece, Egypt and Greek Cyprus on Tuesday pledged to boost cooperation among their countries. Greek Prime Minister Alexis Tsipras and Egyptian President Abdel Fattah el-Sisi were hosted by Greek-Cypriot leader Nicos Anastasiades in Nicosia for the Fifth Trilateral Summit.

Greece, Egypt and Southern Cyprus are elements of stability and cooperation in the eastern Mediterranean and this is very important, Tsipras said at a joint press conference. He added he had very important expectations regarding relations among the three countries.

It is especially in terms of the economy, logistics, energy, tourism, security and the defense industry. Tsipras also touched on re-unification talks for the long-divided Greek and Turkish Cyprus. “We support a reunified, fair and lasting solution based on the prosperity of all Cypriot people within the framework of the U.N. resolutions,” he said. The eastern Mediterranean island was divided into a Turkish Cypriot state in the north and a Greek Cypriot administration in the south after a 1974 military coup was followed by Turkey’s intervention as a guarantor power.

There has been an on-and-off peace process over recent years, with the latest initiative in Switzerland under the auspices of guarantor countries Turkey, Greece and the U.K. collapsing earlier this year. Tsipras said the cooperation among Greece, Greek Cyprus and Egypt was progressing and deepening. He added that the next summit would be held on Greece’s largest island, Crete. Anastasiades said a joint business cooperation protocol has also been signed between the parties.

“The presence of hydrocarbons in the region can and should be a catalyst for larger cooperation in the area,” he said. Turkey has repeatedly warned the Greek Cypriot Administration about its hydrocarbon-related research in the Eastern Mediterranean, saying Turkish Cypriots also have rights to the resources around the area. Sisi said the cooperation among the three countries is also aimed at maintaining the security and prosperity of the people.

Mediterranean energy demand to rise 46 percent by 2030

Anadolu Agency, *23.11.2017*

Achieving climate objectives are essential to manage Mediterranean energy security, the head of the Committee on Energy Efficiency and Renewable Energies at the Mediterranean Energy Observatory said on Thursday.

Experts discussed the region’s future in terms of environment and energy to improve resource management during the 11th Mediterranean Week of Economic Leaders, of which Anadolu Agency is global communications partner for the third time. Head of the Committee on Energy Efficiency and Renewable Energies at the Mediterranean Energy.

Amine Homman Ludiye said total energy demand was expected to increase in 2030 by 46 percent in the Mediterranean region. “If the Mediterranean Nationally Determined Contributions (NDCs) are successfully implemented, the total energy demand increase to 2030 will be only 4 percent,” he stated.

Since the Paris Agreement was adopted in December 2015, a total of 189 countries have submitted their national plans which target aggressive growth in climate solutions -- including renewable energy, low-carbon cities, energy efficiency, sustainable forest management, and climate-smart agriculture. These plans, known as Nationally Determined Contributions (NDCs), offer a clear roadmap for investments that will target climate-resilient infrastructure and offset higher upfront costs through efficiency gains and fuel savings.

Ludiye underlined that if the NDCs are successfully implemented, it will contribute not only to the mitigation of emission problems but also to the reduction of concerns regarding energy security in the region. “More efforts will be needed to reach the 2 degree Celsius target and to reduce energy security concerns,” he added. Ludiye noted that 184 gigawatts of additional electricity capacity will need to be installed in the South Mediterranean by 2030, while 274 gigawatts will be needed for whole Mediterranean. Salaheddine Mezouar, president of United Nations Conference of the Parties (COP22), underlined that the Mediterranean had been threatened over the past 50 years by climate change as the temperature has gone up 1 degree. “Over the next 50 years it is going to go up 3-7 degrees. We are facing issues of water stress, water scarcity in our region therefore we have no choice but to act,” Mezouar said. He added that more than 20 million people would be displaced by climate change.

May to meet EU’s Juncker, Barnier Dec. 4, EU confirms

Reuters, *23.11.2017*

British Prime Minister Theresa May will meet European Commission President Jean-Claude Juncker and his chief Brexit negotiator Michel Barnier in Brussels on Monday, Dec. 4, the EU executive confirmed on Nov. 23.

EU officials hope that May will make new offers to unblock negotiations on a treaty on Britain’s 2019 withdrawal from the Union. They say any British move needs to come by around Dec. 4 if leaders meeting at a Dec. 14-15 are to be able to endorse a move to a new phase of talks, to include future trade relations.

On Nov. 24, May will meet European Council President Donald Tusk in Brussels as part of what EU officials describe as a bid to agree the “choreography” of a deal in December. Confirming the Juncker-May meeting, the Commission’s chief spokesman told reporters they would discuss Brexit but declined to comment further on the state of negotiations.

“Everyone is talking to everyone, already, at all levels,” he said. No comment was immediately available from May’s office. Envoys from the 27 other member states agreed on Wednesday to delay by a week until Wednesday, Dec. 6, a meeting to prepare the drafts of the summit conclusions, diplomats said. Those conclusions will determine whether leaders agree that Britain has made “sufficient progress” toward agreeing divorce terms for the summit to approve new talks on a post-Brexit relationship.

New Zimbabwe President Emerson Mnangagwa sworn in

Anadolu Agency, *24.11.2017*

Over 60,000 people gathered in the Zimbabwean capital Harare to witness the swearing-in of the country’s new leader Emerson Mnangagwa who took over from 93-year old Robert Mugabe who had ruled the country for the past 37 years.

The new president Emerson Mnangagwa was sworn in Friday by Chief Justice Luke Malaba. “I, Emerson Dambudzo Mnangagwa swear that I I will protect and respect the right s of the people of Zimbabwe; I will devote myself to the welfare of Zimbabwe, so help me God,” Mnangagwa said, pronouncing the oath of office.

Leaders from the southern African region, including Zambia’s Edgar Lungu, were present at the historic ceremony as the country the first transfer of power in over three decades. Many Zimbabweans caught in the euphoria of the moment expressed hope for a better future under the leadership of Emerson Mnangagwa. “I personally now look into the fire with hope and I know under the leadership of President Mnangagwa, industry will open and soon I will also get a job,” said Liberty Sigauke, a 33-year-old holder of a diploma in mechanical engineering from Zimbabwe’s Harare Polytechnic university.

Megan Mbiza, 27, a trained nurse, was equally optimistic.”Nothing will stop change now; jobs will be plentiful and I will also get employed because Mnangagwa is not hostile to the developed world and investors will scramble to invest in our country and that means jobs for us,” said Mbiza.

Others remained skeptical. “It’s just the face that has changed in the presidency, but Zanu-PF [the ruling party] and its notorious traits will never depart,” Martin Sithole, an opposition Movement for Democratic Change activist at the inauguration ceremony, said. Over two weeks ago, Emerson Mnangagwa was expelled from his post as the governing Zanu-PF party’s deputy president and as vice president of the country. He then fled Zimbabwe fearing for his life. The country’s military then stormed state broadcaster to announce that it had taken Mugabe in its custody. After some resistance, Mugabe resigned on Monday.

Zimbabwe's economic situation very difficult: IMF

Reuters, *23.11.2017*

Zimbabwe's economic situation remains "very difficult" as sustainable growth is threatened by high government spending, an untenable foreign exchange regime and inadequate reforms, a senior International Monetary Fund (IMF) official said.

"Immediate action is critical to reduce the deficit to a sustainable level, accelerate structural reforms, and re-engage with the international community to access much needed financial support," Gene Leon, IMF's mission chief for Zimbabwe said in a statement to Reuters late on Wednesday.

Zimbabwe has not been able to borrow from international lenders since 1999 when it started defaulting on its debt.

Japan trade surplus drops 40 percent in October

Agence France, *20.10.2017*

Japan's October trade surplus shrank 40.7 percent from a year earlier as growth in exports were eclipsed by higher costs of importing crude oil and petroleum products, the government said on Nov. 20.

The world's third-largest economy logged a surplus of 285.4 billion yen ($2.5 billion), down from a 481.2-billion-yen surplus a year earlier, according to data from the finance ministry. The latest figure was modestly lower than market expectations of a 330-billion-yen surplus, but still the fifth consecutive month of booking a black figure.

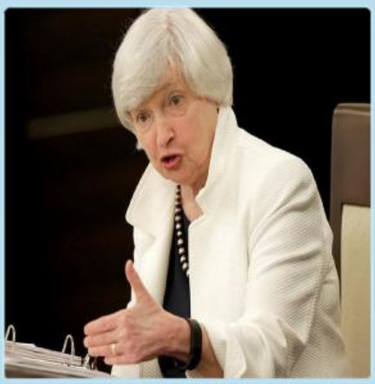
Exports rose for the 11th consecutive month on robust shipments of automobile and electronic parts including organic chemicals and semi-conductors. Imports grew for a 10th monthly rise, boosted mainly by higher bills for crude oil, petroleum products and coal. The ministry also said the yen was on average 9.8 percent cheaper against the U.S. dollar in October compared to the same month the year earlier, making Japan's imports costlier.

Japan’s politically sensitive trade surplus with the United States grew 11.3 percent - the fourth monthly rise in a row -- on increased exports of power generating machines, construction machines and computer parts. The nation’s trade flows with the U.S., over which the two countries battled for decades into the 1990s, has become less of a hot-button issue under recent presidential administrations.

But President Donald Trump, who visited Japan earlier this month, has vowed to root out “unfair” trade practices around the world, targeting countries including Japan. “We want fair and open trade but right now, our trade with Japan is not fair and open,” Trump told business leaders during his stay in Japan in the first leg of his five-nation tour of Asia. With the European Union, Japan logged the first deficit in two months while its deficit with China shrank 22.5 percent.

Janet Yellen to depart US Fed in February

Washington Post, *10.11.2017*



U.S. central bank chief Janet Yellen announced on Nov. 20 that she will leave the Federal Reserve in February once her successor as chair is sworn in.

The decision comes less than three weeks after President Donald Trump broke with tradition to replace Yellen rather than name her for another four-year term. He tapped Fed governor Jerome Powell to take over the helm of the central bank. Yellen’s term as chair expires in February but her position on the Board of Governors runs until 2024. Fed chiefs typically have stepped down from the board after finishing their term as chair.

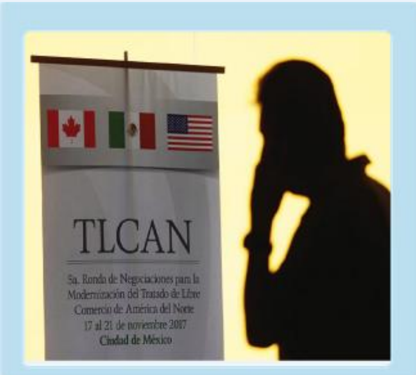
In her resignation letter to Donald Trump, Yellen said she was pleased by the US economy’s continuing recovery from the Great Recession of 2008-2009. She also mentioned the positive impact of the financial reforms put in place after the global financial crisis, which the Trump administration has moved to curtail. “I am gratified that the financial system is much stronger than a decade ago, better able to withstand future bouts of instability and continue supporting the economic aspirations of American families and businesses,” she wrote.

Observers said Yellen had hurt her chances of winning a second term over the summer by publicly defending reforms under the Dodd-Frank Wall Street reform laws enacted in 2010, which have drawn some criticism especially for the burden imposed on small banks. Yellen said she was confident Powell would carry on the Fed’s mission. He was seen as a consensus, continuity candidate -- unlikely to raise rates quickly and dampen economic expansion but also more amenable to the administration’s deregulation push. Trump is the first president in his first term since Jimmy Carter not to reappoint the sitting central bank chief. Yellen’s departure brings the number of vacancies on the Fed’s seven-member board back to four, expanding Trump’s ability to determine the direction of monetary policy and banking regulation.

Former President Barack Obama left office in January with two Fed seats unfilled after nominations stalled in the Senate. Successive departures since then have swelled the number of openings. “Assuming Powell is confirmed, Lael Brainard will be the only other Obama appointee on the board,” Chris Low of FTN Financial said in a note to clients. Media reports said last week Trump was considering appointing Allianz economic advisor Mohamed El-Erian as a Fed vice chair.

US industry gears up to save NAFTA

Agence France, *19.11.2017*



The business world is mobilizing to convince the Trump administration to save the North American Free Trade Agreement, which corporate leaders say has greatly benefited the world’s largest economy for 23 years.

With televised ads proclaiming “NAFTA works for America” and study after study enumerating the dangers of withdrawing from the treaty, the U.S. Chamber of Commerce and like-minded trade proponents have taken their message to Capitol Hill. The effort has taken on added significance now that negotiators from Canada, the United States.

Mexico working to overhaul the treaty are conducting their fifth round of talks in Mexico City. “We -- along with several other business, agriculture, and industry groups -- made the case on the Hill in recent weeks. On October 24, the group talked about NAFTA with all 100 Senate offices,” a spokeswoman for the U.S. Chamber of Commerce told AFP.

Their message: exiting NAFTA would be a grave mistake that could, among many other painful outcomes, devastate American agriculture, including wheat producers, according to the chamber. According to Monica De Bolle, senior fellow at the Peterson Institute for International Economics, an outright U.S. withdrawal remains “a very, very clear possibility.” The last round of talks in October saw radical propositions from the US side, including a “sunset” clause -- which would require the three sides to renew the treaty in five years, failing which it would expire -- and a call to scrap the trade dispute arbitration mechanisms in Chapter 19 of the agreement. Both proposals are anathema to investors, and were immediately rejected by Mexico and Canada. They were also a wakeup call to lawmakers and businesses who until then had not taken President Donald Trump’s threats seriously, said Edward Alden of the Council on Foreign Relations.

“To be fair, this president is hard to predict,” he told AFP. “We’ve never had a president like him before, so it is hard to make a good judgment on what constitutes a laugh and what constitutes a serious threat.” Trump has denounced NAFTA as a “disaster” and the worst agreement ever signed by the United States, blaming it for a $64 billion trade gap with Mexico and loss of countless jobs. According to de Bolle, different trade bodies and organizations are working to convince the Trump administration “to move away from this very hard rhetoric that we saw in the fourth round.”

As a result, she said, the top officials from the three countries are staying away from the latest round of talks to avoid more verbal escalation. “It preserves the possibility to have a sixth round in 2018,” said de Bolle. Alden of the Council on Foreign Relations said the business world was now committed to the task, “and they have money and influence.” With U.S. mid-term elections a year away, Trump needs to show results. And one fear, according to de Bolle, is that he could make good on a campaign pledge to scrap NAFTA altogether if high-stakes Republican efforts to overhaul the tax code fail in the Senate.

According to an opinion poll published this month, 56 percent of Americans believe NAFTA has benefited the United States. Only among Republican voters do a majority believe the contrary. Beth Ann Bovino, chief U.S. economist at S&P Global Ratings, said many people were unaware of how trade had grown since NAFTA took effect in 1994. “It has tripled since NAFTA was initiated,” she told AFP. She said the agreement had strengthened competitiveness among manufacturers by forcing businesses to innovate, “which has increased employment and investment opportunity in the end.” Exiting the treaty would drive up prices, slowing consumer spending -- a mainstay of the U.S. economy -- and depressing corporate revenues as a result, Bovino added. Citing an ImpactECON study, she said job losses for unskilled workers could rise as high as 250,000 positions in the three to five years following a withdrawal. Adding skilled labor would see job losses rise by another million positions.

Chancellor helps UK oil industry with ‘innovative’ tax policy

Rigzone, *22.11.2017*

The Chancellor of the Exchequer, Philip Hammond, has pledged to help the UK oil and gas industry by delivering an ‘innovative’ tax policy from November 2018.

“We will introduce transferrable tax history for transfers of oil and gas fields in the North Sea,” said Hammond. Hammond said the tax policy will ‘encourage new entrants to bring fresh investment to a basin that still holds up to 20 billion barrels of oil’. Currently in the UK oil and gas sector, the history of tax paid remains with an asset’s original owner, even when the asset is sold. A transferable tax history will allow buyers to value assets on a similar basis to vendors.

As a result, buyers can perceive fields to be less attractive commercially, partly because they are unlikely to be able to access the same level of tax relief as the current owner when decommissioning. Commenting on the 2017 Budget, Oil & Gas UK chief executive Deirdre Michie said the group welcomed the Chancellor's action to enable the implementation of transferable tax history. "This is a vital step that can bring in new investment to increase recovery from existing fields and fund fresh investment, which is key to generating activity for our hard-pressed supply chain. It will also help extend the lives of many mature fields and postpone decommissioning," Michie said in a statement sent to Rigzone. "While there have been a number of deal announcements in the basin over the last year, these have mostly been for less mature assets, have been extremely complicated and taken a very long time to negotiate. This tax measure should help complete deals more quickly and in a more efficient way," she added.

"Prolonging the life of mature assets better allows the industry to deploy its skills and technology to maximize extraction of the UK's oil and gas, increasing production tax revenues to the Exchequer and securing highly-skilled jobs," Michie added. Kevin Swann, Wood Mackenzie's senior analyst for North Sea upstream said the announcement to bring in legislation to allow the transfer of tax histories was a positive move for the 'ultra-mature UKCS'.

Fiona Legate, also a senior analyst with Wood Mackenzie's North Sea upstream team, said the intricacies of the policy were expected to be complex. "The mechanics of transferring tax history are yet to be announced, but we expect the calculations will be complex. The UK is the first country to bring in such a measure and it's likely other countries with mature hydrocarbon plays will be watching this legislation and its success closely," Legate said in a statement sent to Rigzone. Michael Burns, oil and gas partner at law firm Ashurst, said the commitment to introduce the new tax policy was excellent news for the UK oil and gas industry.

"Decommissioning is one of the most significant challenges in agreeing valuations on merger and acquisition deals that bring new investment into the sector. To implement the concept of a transferable tax history will provide a useful additional tool in the armoury to help bridge valuation divides," Burns said in a statement sent to Rigzone. Ashurst tax partner, Nick Gardner, said the market for late life assets should be expanded by the ability to transfer tax history. "This topic has been the subject of an extended dialogue between HMRC and HM Treasury and the oil and gas industry and it is encouraging to see that this has borne fruit," Gardner told Rigzone.

Derek Leith, senior partner at EY Aberdeen, said on his Twitter page that the policy's deferral to 2018 may be disappointing, but highlighted the importance of getting a clear commitment to introduce the measure. Ross Thomson MP, the Scottish Conservative Member of Parliament for Aberdeen South, said the policy would extend the life of fields, delay decommissioning, bring in new investment and maximize economic recovery in the North Sea.

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

► *ETIP-SNET Regional Workshop South-Eastern Region*

Date : 24 November 2017
Place : Cyprus
Website : https://www.entsoe.eu/news-events/events/Pages/Events/etip-snet-regional-workshop-southern-eastern-region.aspx?EventWorkshopId=327

► *Project TERRE open stakeholder meeting*

Date : 01 December 2017
Place : Brussels - Belgium
Website : https://www.entsoe.eu/news-events/events/Pages/Events/Project-TERRE-open-stakeholder-meeting.aspx?EventWorkshopId=345

► *Connecting the Dots Annual Conference '17*

Date : 05-06 December 2017
Place : Brussels
Website : https://conference.entsoe.eu/

► *ENTSOG Workshop on the Supply Potentials and Renewable Gases for TYNDP 2018*

Date : 07 December 2017
Place : Brussels
Website : https://www.entsog.eu/events/entsog-workshop-on-the-supply-potentials-and-renewable-gases-for-tyndp-2018#welcome

► *Market EU Stakeholder Committee*

Date : 11 December 2017
Place : Brussels - CEER
Website : https://www.entsoe.eu/news-events/events/Pages/Events/mesc-2017-12-11-aspx.aspx?EventWorkshopId=330

► *Grid Connection EU Stakeholder Committee*

Date : 14 December 2017
Place : Brussels – Martin's Brussels EU Hotel
Website : https://www.entsoe.eu/news-events/events/Pages/Events/GESC-2017-12-14-aspx.aspx?EventWorkshopId=331