Turkey, EU to hasten transport cooperation

Anadolu Agency, *27.11.2017*

The European Union said it is “fully supportive” of the completion of a railway line between Turkey and Bulgaria.

After a meeting at the EU-Turkey High-Level Transport Dialogue in Brussels, Turkish Transportation Minister Ahmet Arslan and EU Commissioner for Transport Violeta Bulc held a news briefing. Pointing to the Halkali-Kapikule railway line, an ongoing project to link Istanbul to the border crossing with Bulgaria, Bulc said: “This project has clear European added value and plays an important role in long-distance connectivity between Europe and Asia through Turkey.”

Arslan said Turkey and the EU were “determined” to finalize the project, which would benefit all EU member states connected to Asia. Both transportation chiefs also said they had established a “positive agenda” on cooperation. The railway project started in 2008 with an EU financial contribution as part of the TEN-T, Trans-European Transport Networks plan. According to the Turkish government program in 2007, the project amounted to €646 million ($772 million).

When the project concluded, it will directly connect Turkey to the TEN-T rail network through Bulgaria. “Transport clearly is an area of common interest for the EU and Turkey,” the EU commission said early Monday in a statement. EU accession talks began in 2005. To gain membership, Turkey has to successfully conclude negotiations with the EU in 35 policy chapters that involve reforms and the adoption of European standards. “In 2011, we successfully concluded technical discussions regarding Turkey-Europe networks, which are the negotiating chapter 21,” Arslan said earlier this year. “The chapter under the responsibility of our ministry is technically ready to be closed,” he added.

Turkey, US end mutual visa stoppage on 'limited basis'

Anadolu Agency, *28.11.2017*

Turkey is a nation that can contribute to efforts toward lasting peace and stability in the Middle East, Prime Minister Binali Yildirim said Monday.

"If there is one country that keeps the hopes of Syrian people alive, it is Turkey," Yildirim told a group of NGO representatives, scholars and journalists during a keynote address at London-based think tank the International Institute for Strategic Studies. Speaking at a panel titled "Turkey's perspectives on the Middle East: Is there a light at the end of the tunnel?"

He pointed out that peace talks in Astana, Kazakhstan launched in January this year were not competing with similar efforts in Geneva but were aimed at supporting a peaceful transition in Syria. "The Astana process is not an alternative to the Geneva process but a preparation for a sustainable and stable governance that would be based on the territorial integrity of Syria and in which all ethnic groups that have not had contact with terrorism [groups] would be represented." Yildirim said the parties involved in the Astana process -- an initiative by Turkey, Russia and Iran to look for a sustainable peace deal in Syria -- had come a long way in reducing tensions and achieving a ceasefire.

Urging the countries that comprise the coalition forces and especially the U.S. to take more responsibility from now on, Yildirim said he was sure that "in a not very long period of time, the Syria question will meet a solution and the struggle and pain experienced in the region will come to an end". Stressing that more than 3.5 million Syrians have been accommodated in Turkey after fleeing their country due to civil war, Yildirim said 250,000 Syrian children were born in Turkey and around 600,000 Syrian children are being educated at Turkish schools.

"Of course, it would be unthinkable for Turkey -- who shares a 911-kilometer-long border with Syria – to remain nonresponsive" to Syria becoming wreckage, he said. "We have welcomed millions of people who fled oppression and attacks."

Turning to the subject of terrorism, Yildirim said Turkey has rejected the entry of more than 50,000 foreign fighters from 54 different countries. He said around 3,000 Daesh members were arrested or jailed. "We have achieved great work in the fight against Daesh within the framework of [Operation] Euphrates Shield. We have neutralized 3,600 Daesh members on Syrian soil," Yildirim said. Yildirim underscored that Turkey and Iran have had good neighborly relations for centuries. "But we always say that religion and sects could never be countries' politics; they cannot be shaped by them," he added.

“We can think or believe differently. What we need to do is respect each other’s beliefs, thoughts and even interpretations. No matter what we are -- Christian, Muslim, Shia or Sunni -- we are all subjects created by Almighty God.” Pointing out that Turkey is a country capable of providing a balance between the U.S., the EU, NATO countries, Russia and Iran, Yildirim said it is a country that can contribute to building lasting peace in the region.

Regarding a question on various concerns over Turkey’s purchase of the S-400 missile defense system from Russia, he said “the answer is simple”. “We say to the U.S. that ‘PYD/YPG is a terrorist organization. Do not cooperate with them’, and they turn to us to say ‘This is not a choice; this is a necessity.’ I also say the S-400s are not a choice but a necessity.” Yildirim said a day of mourning was declared in Turkey following last week’s terror attack in Egypt which killed more than 300 people at a mosque. He said messages of condolences were sent to Egypt from Turkey’s President Recep Tayyip Erdogan and himself. “There has been no problem between Egyptian and Turkish people since the beginning…The problem is the ousting of a president who was elected in a democratic way with a coup. This happened in Egypt,” he said. Yildirim added that a similar coup was tried in Turkey, but “our nation did not permit it”.

Turning to the economy, Yildirim said the Turkish lira is being tested but the economy is strong enough to deal with fluctuations. “Turkey has received 15 similar attacks in the past 10 years but managed to overcome [them] all,” he said. Yildirim earlier Monday met his British counterpart Theresa May and Foreign Secretary Boris Johnson. Yildirim was being accompanied on his official London visit by Turkey’s EU Minister Omer Celik, Interior Minister Suleyman Soylu, National Defense Minister Nurettin Canikli, ruling Justice and Development (AK) Party Deputy Chair Mehdi Eker and AK Party acting parliamentary group head Mustafa Elitas. Yildirim’s visit to London ended Monday night.

Turkish exports rise 9 percent in October

Hurriyet Daily News, *30.11.2017*

Turkish exports reached $13.9 billion in October, rising 9 percent year-on-year, the Turkish Statistical Institute (TurkStat) announced Thursday.

Turkey’s imports were also up in the same period, increasing by 25 percent to $21.3 billion, TurkStat said. The country’s foreign trade deficit totalled $7.3 billion in October, marking an increase of 73.9 percent compared with the same month last year. Exports to the EU, the country’s main trading partner, went up 11.4 percent to $6.9 billion, with Germany being the largest export market with $1.45 billion.

Germany was followed by the U.K with $890 million, U.S. with $771 million and Italy with $746 million. Most imports came from China ($2.11 billion) followed by Germany ($2.33 billion), Russia ($1.793 billion) and Italy ($1.79 billion). Turkey's exports in the first 10 months rose 10.3 percent, totalling $129 billion, according to the figures. Imports, on the other hand, stood at $190.2 billion, marking an increase of 16 percent in the same period. The foreign trade deficit also rose 32.1 percent year-on-year to $61.2 billion, TurkStat showed.

Turkey's VakifBank denies role in breaking US sanctions

Reuters, *01.12.2017*

Turkey's VakifBank on Friday denied involvement in breaking U.S. and UN sanctions on Iran.

In a statement, the state lender said it had "shown utmost care and diligence to act in accordance" with the law and international regulations. The trial of Mehmet Hakan Atilla, a former deputy general manager at Halkbank, has heard claims that VakifBank was involved in a sanctions-busting scheme run by Turkish businessman Riza Sarraf in 2012. Sarraf, who was arrested in the U.S. in March last year, is giving evidence for the prosecution against Atilla, as well as seven other defendants being tried in absentia.

"As [is] well known by the banking community, both international and domestic, VakifBank has never had any interest or involvement whatsoever in any of the processes mentioned in the pending lawsuit in the U.S.," VakifBank said in a statement, referring to the ongoing trial in New York. The statement added: "VakifBank has always acted in compliance with laws and related legislations and shown [the] utmost care and diligence to act in accordance with the laws and the related legislations, as well as the international rules and regulations."

Sarraf has pleaded guilty to seven charges against him and was continuing to give evidence Friday. Anadolu Agency website contains only a portion of the news stories offered to subscribers in the AA News Broadcasting System (HAS), and in summarized form. Please contact us for subscription options.

Turkey calls for free trade among Turkic countries

Hurriyet Daily News, *31.10.2017*

Turkic countries need to strengthen their economic ties by enabling free trade, Turkish economy minister said Thursday.

“Turkic countries are not rivals of each other. Trade must be free on a large scale among the Turkic Council countries,” Nihat Zeybekci said at a meeting of the Ministers of Economy of Turkic Council in Istanbul. The Cooperation Council of Turkic Speaking States, also known as Turkic Council, was establish in 2009 to promote cooperation among Turkic speaking states including Azerbaijan, Kazakhstan, Kyrgyzstan and Turkey.

Zeybekci underlined that free trade among the Council members would accelerate economic power. Turkic countries complement each other, and may have a strong place in global trade, economy and raw material and finished product markets by coming together, Zeybekci said. The minister said that the Turkic region and the global economy were going through a major transformation and these countries had to have a long-term road map to provide wealth for their citizens.

“If the Turkic world can cooperate in this time, then it would be the gamesetter and rule-maker in its region. As a first step, we should remove the trade obstacles that stand in our way,” Zeybekci added. Turkey’s total exports to three Turkic states -- Azerbaijan, Kazakhstan and Kyrgyzstan -- totalled $2.2 billion while imports from these countries stood at nearly $1.5 billion last year, according to the Turkish Statistical Institute. Zeybekci noted that the logistical ties between Turkic countries should be strengthened. The global exports of Turkic Council countries decreased by .2 percent to $190 billion in 2016 compared to 2014 when global energy prices started to decline, he said. The minister noted that only $5.5 billion, or 2.9 percent, of this figure corresponded to the volume of trade amongst the Council members themselves.

“We even witnessed that as six Turkic states, counting Uzbekistan and Turkmenistan which are not members of the Turkic Council, our total global export volume decreased by 26.5 percent to $205 billion in 2016, down from $279.1 billion in 2014,” he said, adding Turkmenistan and Uzbekistan needed to join the Council. Zeybekci called for deepening relations between the member countries by way of increasing mutual investments. Turkey has already renewed the mutual promotion and protection of investments agreements with Azerbaijan and Turkmenistan, and would like to do the same with other Turkic states, he said.

Turkey looks forward to 2018 customs union deal update

Anadolu Agency, *30.11.2017*

Turkey hopes an update to the customs union deal will be on the agenda of the first European Council meeting due in the spring of 2018, Economy Minister Nihat Zeybekci said.

“Majority of EU member countries, 25 or 26, have the opinion that updating customs union deal is firstly in favor of the EU then Turkey. “They are supporting Turkey so that this positive platform will not get spoiled.” Regarding the U.K.’s Brexit, Zeybekci said the U.K was Turkey’s second biggest trading partner after Germany. “We are approaching the trade volume target of $20 billion,” he said.

Zeybekci said both countries have carried out joint studies regarding Brexit process. He said there was a framework to deal with the post Brexit situation and Turkish technical teams had carried out their work in this regard swiftly. “Official negotiations was started on Nov. 9. Both sides have carried out studies to prevent any gap that may occur after Brexit,” he added.

Turkish banking sector to stay resilient: Central Bank

Anadolu Agency, *30.11.2017*

The Turkish banking sector will remain resilient against global risks since it has a strong capital base, stable asset quality and adequate level of liquid assets, the Central Bank said on Nov. 30 in its latest financial stability report.

“Despite the positive outlook in the global economy and financial markets, risks related to the upcoming period remain intact,” the bank said in its November report. “The developments in the monetary policies of advanced countries, global geopolitical risks and political developments in the Euro Area are among the possible factors of fragility for the financial system,” it added.

It noted that the recovery in the global economy continued since its previous Financial Stability Report was released in May. “In Turkey, thanks to the macro prudential policies that have been implemented in tandem with public financial incentives and support, credit growth has exhibited a stronger outlook than in previous years and economic activity has accelerated,” it explained.

The bank’s report said strong outlook in economic activity continued in the third quarter. Turkey’s economy grew 5.2 percent in the first quarter of this year and 5.1 percent in the second quarter, compared with the same periods in 2016, according to the Turkish Statistical Institute (TÜİK). Profitability of firms increased, liquidity indicators improved and balance sheets remained robust on the back of a strong growth performance of the second quarter of 2017, the bank said. “The banking sector preserves its strong liquidity position against possible shocks,” it said.

The report showed the banks’ liquid assets in gold and foreign exchange that they held in the Central Bank under the framework of the Reserve Options Mechanism facility had recently increased. “Despite the recent increase in credit growth, strong growth in deposits offers banks an additional protection for their liquidity positions and supports credit supply,” it said. The bank noted that asset quality of the banking sector is strong. “With the revitalization of the credit channel and the pick-up in economic activity, the decreasing amount of additions to Non-Performing Loans [NPLs] and write-offs as well as the rising amount of receiving compared to the previous report period contributed to the preservation of asset quality.” It added the banking sector sustains its strong capital structure. Profitability developments also support the equity and capital adequacy levels in the banking sector, it also said.

EBRD finances residential energy improvements in Poland

Anadolu Agency, *29.11.2017*

European Bank for Reconstruction and Development (EBRD) will provide a loan of up to PLN 100 million (€23.6 million equivalent) to Euro Bank S.A. (Euro Bank) to finance investments to improve the energy and resource efficiency of residential buildings in Poland, the bank announced on Monday.

According to the announcement, the loan will be used for investments by local homeowners for housing associations and private sector providers to reduce the high energy and water consumption in Poland’s residential sector.

“The loan is being provided under the Polish Residential Energy Efficiency Financing Facility (PolREFF), a framework which offers loans for environmentally-friendly investments,” according to the statement. As residential properties consume 53 percent more energy per square meter than the EU average, improvements in this area will also support the country’s efforts to reach its CO_2 emission targets. Since the beginning of its operations in Poland in 1991, the EBRD has invested almost €8.5 billion in more than 380 projects in the country.

Total investments in Norway to decline 6.7% in 2017

Anadolu Agency, *23.11.2017*

Total investments within the oil, gas, manufacturing, mining, quarrying and in electricity supplies in 2017 are estimated to show a 6.7 percent decline compared to 2016, according to Statistics Norway (SSB) on Thursday.

SSB noted that the latest investment estimates from companies show a decline for 2017, while figures for 2018 indicate an increase. The decline for 2017 is due to lower investments in the oil and gas industry. “The overall decline is however dampened by strong growth within electricity supply,” SSB said.

The estimates for 2017 show that total investments are expected to amount to NOK 205 billion ($25.16 billion), a decline that is mainly due to a marked decrease within oil and gas.

EU unemployment rate down to 7.4 percent in October

Anadolu Agency, *30.11.2017*

The unemployment rate in the European Union stood at 7.4 percent in October, down from 7.5 percent in September.

In October 2016, the rate was 8.3 percent, Eurostat said. The eurozone unemployment rate fell to 8.8 percent in October, from 8.9 percent in September. A year ago, the rate was 9.8 percent. "This is the lowest rate recorded in the euro area since January 2009," the statement released by Eurostat read. "Eurostat estimates that 18.243 million men and women in the EU28, of whom 14.344 million [are] in the euro area, were unemployed in October 2017.

"Compared with September 2017, the number of persons unemployed decreased by 111,000 in the EU28 and by 88,000 in the euro area," Eurostat added. Among the member states, the highest unemployment rates in October this year were recorded in Greece (20.6 percent in August 2017) and Spain (16.7 percent). The lowest unemployment rates were observed in the Czech Republic (2.7 percent), Malta (3.5 percent) and Germany (3.6 percent). The euro area consists of 19 EU member states using the single currency.

European Union ratifies 2018 budget

Anadolu Agency, *30.11.2017*

The European Union on Thursday adopted its 2018 budget, amounting to €160.1 billion ($189.7 billion) in commitments - an increase of 0.2 percent compared to 2017.

The EU said total payments amount to €144.7 billion, rising 14.1 percent from last year. "Payments increase significantly because the implementation of the 2014-2020 programs is expected to reach full speed in 2018," the EU said. The biggest portion of the budget €11.2 billion will be allocated to the EU's research and innovation programs; this is an increase of 8.4 percent compared to 2017.

The bloc, meanwhile, said Turkey's pre-accession funds have been cut by €105 million ($124.4 million). Thursday's statement also said an additional €70 million ($83 million) would be held in reserve until Turkey makes "measurable sufficient improvements" to meet EU concerns on democracy, the rule of law, human rights and press freedom. According to Turkey's EU ministry, the total allocation for the country under the pre-accession funds for seven years between 2014-2020 amounts to nearly €4.45 billion ($5.27 billion). About €636.4 million ($754 million) of the total amount was allocated for 2017.

Congo, Uganda sign cross-border oil deal

Reuters, *30.11.2017*

Uganda and the Democratic Republic of Congo (DRC) have agreed to explore for oil on their border, the DRC government said Thursday.

The deal was signed in Uganda at the weekend by Ugandan Energy Minister Irene Muloni and the DRC's Hydrocarbons Minister Aime Ngoy Mukena, Mukena's ministry said in a statement. In 2006, Uganda discovered oil and gas deposits in around Lake Albert on its border with the Democratic Republic of Congo. It estimated around 6.5 billion barrels of oil lay below the border region.

Production is due to start in 2020 and export pipeline is being developed to ship the oil to terminals on Tanzania's Indian Ocean coast. "All planned drilling locations onshore and offshore are on the Ugandan border," Muloni said, adding that revenues from cross-border fields would be shared between the countries.

South Africa to outline 'decisive' policy in 2018 after debt rating cut

CNBC, *25.11.2017*

South Africa will use its annual budget next year to outline "decisive" policy to strengthen its fiscal framework, the finance ministry said on Saturday after S&P Global Ratings cut its local currency debt to "junk" status.

S&P announced the downgrade on Friday, citing a further deterioration in the country's economic outlook and public finances. Moody's, meanwhile, placed South Africa on review for a downgrade. "The 2018 Budget will outline decisive and specific policy measures to strengthen the fiscal framework," the finance ministry said, without giving more detail.

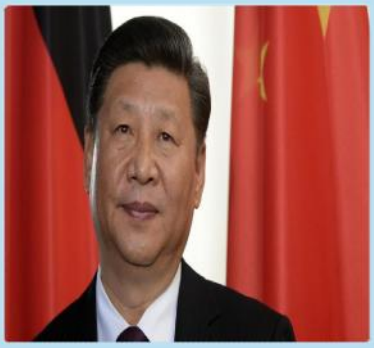
The downgrade by S&P comes after Finance Minister Malusi Gigaba shocked markets on Oct. 25 by flagging sharply weaker growth expectations, a wider budget deficit and rising government debt. The government has since appointed a judicial commission of inquiry into the causes of a 50 billion rand ($3.6 billion) revenue shortfall and to investigate a possible erosion into the nation's revenue collection capability. Economic growth has slowed to near zero in recent years and business and consumer sentiment have plumbed multi-decade lows as political uncertainty weighs on the economy.

Infighting within the ruling African National Congress ahead of a conference in December to elect a successor to President Jacob Zuma as party chief has also sapped investor confidence. "Restoring business and consumer confidence, and catalyzing inclusive growth is the top priority of government," the finance ministry said. South African businesses have been in talks with government more than a year to try to avoid credit ratings downgrades, but when Zuma in March replaced finance minister Pravin Gordhan with Gigaba, S&P and Fitch cut its ratings a notch within a week. Nedbank, one of the nation's largest lenders, on Saturday warned that the latest move by S&P will make it more expensive for government and the private sector to raise funding.

"The February budget statement is South Africa's last chance to demonstrate the structural reforms and fiscal consolidation that are required to improve economic growth prospects and prevent Moody's from also downgrading the local currency debt to below investment grade," Chief Executive Mike Brown said. A Moody's downgrade would trigger the exit of South Africa's local currency debt from important global bond indices, Brown added.

China's increasing weight in the Middle East

Anadolu Agency, *27.11.2017*



Oil supply security is playing a larger role in China's policy decisions to sustain economic growth. Over the past 25 years, China has expanded its energy relations and commercial footprint in the Middle East and has become an important newcomer in regional dynamics.

The fall in oil prices since mid-2014 is seen as a boon for China's economy and has resulted in the halving of the country's import bill within one year. However, the heightened instability and lack of security in the Middle East remains a constant concern for Chinese rulers.

With an annual GDP growth rate of 10 percent for over a decade, China's energy demand, particularly for oil, has changed dramatically accounting for 60 percent of global energy demand growth from 2003 to 2013. While China consumed 6.4 million barrels a day in 2004, its daily oil demand surged to 10.4 million b/d in 2014 and reached 11.67 million b/d in July 2017.

In May 2014, President of China Xi Jinping used the phrase "new normal" to describe China's new economic growth model. Within the framework of the "new normal", Xi called for an energy revolution to reduce China's over-dependence on fossil fuels for sustainable economic growth. This model aimed at bringing slower aggregate growth over the long term with comprehensive reforms to continue to promote economic development. Nonetheless, BP's Energy Outlook 2017 for China predicts that the country's oil dependence will rise from the current rate of 61 percent to 79 percent in 2035. In the report, it has foreseen that by 2035, China's global share of oil consumption will increase from 18 percent to 20 percent, surpassing the U.S.' share to become the world's largest consumer.

To meet this new program's commitment to reduce overall dependence on oil consumption, China's demand for crude could grow at a slower pace but, nevertheless, demand for oil will continue to grow before it reaches its peak volume in the coming decades. Therefore, Middle Eastern producers will meet China's large crude demand share both in the short to medium-term, and this inevitably will lead to greater engagement in the region. Seeking out markets for uninterrupted oil flow for sustained economic growth is of utmost importance to China's policymakers. Given the vast reserves of oil that Middle Eastern producers hold, the region has become a magnet for major suppliers to China. Shifts in geopolitical energy dynamics have not only prompted China's rulers to increase their presence in the region but also Gulf producers progressively seek to capitalize on China's increasing global power.

As China's reliance on oil increases, the prior distant and passive role that Beijing played in the region has also changed over time. Other than securing oil for its needs, China has multiple reasons to enhance its position in the Middle East ranging from increased trade to arms transfer to geopolitical benefits and other monetary advantages. Although China holds one of the largest oil reserves in Asia, domestic production has not been sufficient to meet the upsurge in demand and therefore, approximately two-thirds of China's oil supply has come from the Middle East, including Saudi Arabia, Iran and Iraq.

Ties between Saudi Arabia and China further strengthened since 2001, after the 9/11 attack. With Saudi Arabia's desire to diversify its global alliances, trade between the parties increased tenfold from 2002 to 2012, reaching US$74 billion. The confluence of interests between the governments gave rise to ever-stronger bilateral relations to such an extent that cooperation was extended to China's involvement in Saudi's infrastructure market. Considering that Saudi Arabia has been a top crude supplier to China over the last decade with over a million barrels per day, Saudi Aramco's participation in a joint venture in China to process Saudi crude in the Fujian Province signals that the relationship will continue to evolve to an even stronger partnership over the long term.

Oil supplies from Iraq and Iran have also increased over the past decade. Despite Chinese oil companies' reluctance to invest in upstream projects in the region, with the encouragement of state institutions, the number of contracts signed in Iraq and Iran to develop large oil fields has increased. The National Petroleum Corporation of China (CNPC) has become one of the largest upstream investors in the postwar oil industry in Iraq. Chinese oil companies own over 20 percent of Iraq's current upstream sector. In 2013, China and Iraq signed a contract to double the export of crude oil.

China has also been taking on a larger role in Iran's upstream sector in recent years while Iran was the fourth largest oil supplier for China over the last decade. Despite the reduction in China's crude imports in recent years due to sanctions on Iran, both CNPC and Chinese oil and gas company, Sinopec, have invested in the upstream sector in Iran. While China imported 555 thousand b/d in 2011, in 2013, imports overall dropped to 400 thousand b/d, as a sign of China's commitment to the United Nations-mandated sanctions against Iran. As China's commercial and diplomatic engagements with the Middle East deepened, policy makers started to consider China's increasing oil dependence as a vulnerability. With the help of China's increasing technological, managerial and financial capacities, Beijing has been pursuing a more active foreign policy in the Middle East and is seeking to increase its influence over the Middle Eastern oil market. As a result, the geopolitical environment the region has increasingly become of interest to China's rulers. This, in turn, pushed policymakers to further strengthen China's presence in the region to keep political and security complexities at arm's length.

China's debt is growing at a faster pace despite years of efforts to contain it

Reuters, *26.10.2017*

For years China's top officials have touted their ambitious policy priority to wean the world's second-largest economy off high levels of debt, but there is not much to show for it.

Reuter's analysis shows the debt pile at Chinese firms has been climbing, with levels at the end of September growing at the fastest pace in four years. The build-up has continued even as policymakers roll out a series of measures to end the explosive growth of debt, including persuading state firms and local governments to prune borrowing and tighter rules and monitoring of banks' short-term borrowing.

By some estimates, China's overall debt is now as much as three times the size of its economy. Without a comprehensive strategy to tackle the overhang, there is a growing risk China will have a banking crisis or sharply slower growth or both, the International Monetary Fund said last year. China's central bank governor, Zhou Xiaochuan, made global headlines with a warning last month of the risks of a "Minsky moment", referring to a sudden collapse in asset prices after long periods of growth, sparked by debt or currency pressures.

On the sidelines of a key, twice-a-decade Communist Party Congress in October, Zhou referred to relatively high corporate debt and the fast pace of growth in household lending. While also pledging to fend off such risks, Zhou has acknowledged it will take some time to bring debt down to more manageable levels. Reuters analysis of 2,146 China listed firms showed their total debt at the end of September jumped 23 percent from a year ago, the highest pace of growth since 2013. The analysis covered three-fifths of the country's listed firms, but excluded financials, which have seen the brunt of government de-risking and deleveraging efforts so far. The analysis revealed that debt in the real estate sector multiplied the most over last five years, followed by industrials.

Chinese manufacturing posts weakest reading in five month in private survey

CNBC, *30.11.2017*

A private survey that focuses on small and medium-sized firms in China showed that manufacturing activity picked up at a slower pace in November.

The Caixin/Markit manufacturing Purchasing Managers' Index came in at 50.8 for last month — the lowest level in five months, Caixin and IHS Markit said in a joint press release. Economists in a Reuters poll had expected the index to read 50.9 for November, lower than 51.0 the previous month. A reading above 50 indicates expansion, while a reading below that signals contraction.

"For the most part, the manufacturing sector remained stable in November, although some signs of weakness emerged," said Zhengsheng Zhong, director of macroeconomic analysis at CEBM Group, a subsidiary of Caixin. "In the fourth quarter, the economy is likely to maintain the stability observed since the start of the second half of the year. Economic growth in 2017 is expected to be higher than last year, but it may come under downward pressure in 2018," Zhong added. Caixin/Markit's release followed the Thursday report of the country's official manufacturing PMI, which came in at 51.8 — exceeding expectations despite a crackdown on pollution and a cooling property market.

The Chinese economy has largely performed better than expected this year, boosted by government infrastructure spending, a resilient property market and strength in exports. That helped the country's gross domestic product to grow close to 7 percent in the first nine months of 2017. But growth in the world's second-largest economy is expected to slow as efforts to clamp down on risky debt get underway and as the property market cools.

Yellen: Recovery 'increasingly broad based' in both US, worldwide

Reuters, *09.11.2017*

A strengthening U.S. economy will warrant continued interest rate increases, Fed chair Janet Yellen said on Nov. 29 in remarks prepared for delivery to Congress, but she did not comment on the timing of when the next one might occur.

"The economic expansion is increasingly broad based across sectors as well as across much of the global economy," Yellen said in remarks released ahead of her appearance later on Nov. 29 morning before the Joint Economic Committee. With weak inflation likely to prove "transitory," she said "we continue to expect that gradual increases in the federal funds rate will be appropriate."

She did not in her prepared remarks comment on a possible December rate increase, expected by investors. Minutes of the most recent Fed meeting said "many participants" felt a rate increase would likely be warranted "in the near term." In what may be one of her last public appearances before leaving the Fed chair, Yellen said the economy's momentum continues. Job growth averaging 170,000 positions per month is enough to continue to absorb new and sidelined workers into the economy, and growth ticked up to a 3 percent annual rate over the last two quarters. On a day after the stock market hit new records, Yellen said that while asset values were "high by historical standards, overall vulnerabilities in the financial sector appear moderate."

US personal income rose 0.4% in Oct, vs 0.3% increase expected

Reuters, *30.11.2017*

U.S. consumer spending slowed in October as the hurricane-related boost to motor vehicle purchases faded, but a sustained increase in underlying price pressures suggested that a recent disinflationary trend had probably run its course.

Other data on Thursday showed a second straight weekly drop in first-time applications for unemployment benefits, pointing to a further tightening in labor market conditions that could soon generate faster wage growth and drive inflation higher. The reports strengthened expectations that the Federal Reserve will raise interest rates next month.

The U.S. central bank has increased borrowing costs twice this year. The Commerce Department said consumer spending, which accounts for more than two-thirds of U.S. economic activity, rose 0.3 percent last month after surging 0.9 percent in September. Spending in September recorded its largest gain since August 2009 and was buoyed by some drivers in Texas and Florida replacing automobiles destroyed when hurricanes Harvey and Irma slammed the states in late August and early September. Last month's increase in consumer spending was in line with economists' expectations. Spending on long-lasting goods like autos fell 0.1 percent last month after surging 2.9 percent in September. Spending on nondurable goods such as prescription drugs and recreational items rose 0.2 percent.

Outlays on services increased 0.3 percent amid a rise in airline tickets for foreign travel and communication services. Though overall inflation subsided as disruptions to the supply chain following the hurricanes eased, underlying price pressures increased again at a steady clip in October. The Federal Reserve's preferred inflation measure, the personal consumption expenditures (PCE) price index excluding food and energy, rose 0.2 percent in October after a similar gain in September. The so-called core PCE increased 1.4 percent in the 12 months through October, matching September's rise.

The core PCE has undershot the Fed's 2 percent target for nearly 5-1/2 years. Fed Chair Janet Yellen told lawmakers on Wednesday that she believed the recent weak inflation readings likely reflected "transitory factors." Yellen acknowledged the low inflation rates "could reflect something more persistent." The dollar was little changed against a basket of currencies after the data, while prices for U.S. Treasuries fell. With underlying inflation rising last month, the so-called real consumer spending edged up 0.1 percent after increasing 0.5 percent in September. That will probably do little to change economists' expectations of solid consumer spending growth in the fourth quarter because September's strong gain put consumption on a higher growth trajectory.

Consumer spending grew at a 2.3 percent annualized rate in the third quarter, slowing from the April-June quarter’s brisk 3.3 percent pace. Spending is, however, coming at the expense of savings as income growth remains moderate. Personal income rose 0.4 percent last month after advancing by the same margin in September. Wages rose 0.3 percent last month. Savings increased to $457.3 billion in October from $429.9 billion in the prior month, which was the lowest level since August 2008.

The saving rate increased to 3.2 percent after falling to 3.0 percent in September, which was lowest since December 2007. There are expectations that wage growth will accelerate as the labor market tightens further. In a separate report on Thursday, the Labor Department said initial claims for state unemployment benefits slipped 2,000 to a seasonally adjusted 238,000 for the week ended Nov. 25. Last week marked the 143rd consecutive week that claims remained below the 300,000 threshold, which is associated with a strong labor market. That is the longest such stretch since 1970, when the labor market was smaller. The labor market is near full employment, with the jobless rate at a 17-year low of 4.1 percent.

US: North Korea will be utterly destroyed if war comes

Washington Post, *30.11.2017*

U.S. Ambassador to the UN, Nikki Haley on Wednesday said North Korea’s latest missile test brings Washington and Pyongyang “closer to war.”

“If war does come, it will be because of continued acts of aggression like we witnessed yesterday and if war comes, make no mistake, the North Korean regime will be utterly destroyed,” Haley said in an emergency session of the UN Security Council. Haley’s statement came a day after North Korea tested an advanced intercontinental ballistic missile which the country’s state-run KCNA news agency identified.

It said the missile is capable of detonating a nuclear strike on “the whole mainland of the U.S.” She also revealed that President Donald Trump called Chinese President Xi Jinping earlier that day to tell him the time has come for China to cut off crude oil supplies to North Korea. “We now turn to President Xi to also take that stand. We believe he has an opportunity to do the right thing for the benefit of all countries,” Haley said. As the largest supplier to North Korea, China has large scale oil trade with North Korea.

According to the U.S. Energy Information Agency, the North's imports amount to 5.5 million barrels of crude and 2.2 million barrels of refined oil products from China every year. "China must show leadership and follow through. China can do this on its own, or we can take the oil situation into our own hands," she noted. Haley, during her speech also called on the panel's member states to implement penalties established by the council earlier this year and to strengthen the sanctions on North Korea. "So today we call on all nations to cut off all ties with North Korea. In addition to fully implementing all U.N. sanctions, all countries should sever diplomatic relations with North Korea and limit scientific, commercial or military operation," she added.

US economic growth revised up to 3.3 percent in 3rd qtr

Anadolu Agency, *30.11.2017*

The American economy grew by 3.3% in the third quarter of 2017, according to the second estimate released by the U.S.' Department of Commerce on Wednesday. The market expectation for the revised growth rate was 3.2 percent.

The initial estimate for the third quarter growth rate was 3 percent. "The acceleration in real GDP in the third quarter reflected an acceleration in private inventory investment, a downturn in imports, and smaller decreases in state and local government spending," the Commerce Department's Bureau of Economic Analysis said in a statement.

The U.S. economy expanded by 3.1 percent in the second quarter of the year, and by 1.2 percent in the first quarter. Although the revised figure is the highest quarterly increase in gross domestic product (GDP) for the past three years, it is still below the 5.2 percent that was achieved in the third quarter of 2014. While the U.S. President Donald Trump promised to achieve an annualized growth rate of 3 percent, one of his key promises to deliver a tax reform is yet to pass the Congress.

A vote on the new tax plan, which aims to boost earnings of corporations and economic growth, is expected on the Senate floor on Thursday. The American economy is anticipated to post another growth rate of around 3 percent in the fourth quarter. "We expect another decent gain in the fourth quarter," Paul Ashworth, chief U.S. economist at London-based Capital Economics, said in a note. "The survey and early monthly evidence point to another decent gain in GDP in the fourth quarter of between 2.5 percent and 3.0 percent annualized," he added.

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

► *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 : 5-6 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