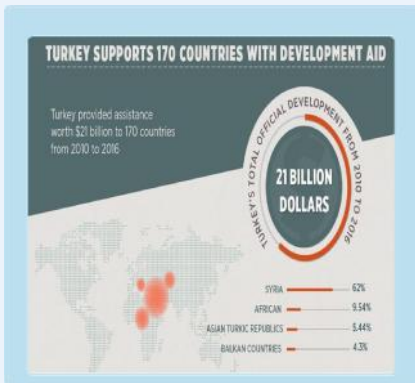


## Turkey supports 170 countries with development aid

Anadolu Agency, 16.12.2017



Turkey provided official development assistance (ODA) worth \$21 billion to 170 countries from 2010 to 2016, according to data from Turkey's state development aid agency.

The Turkish Cooperation and Coordination Agency (TIKA) said 62 percent of Turkey's ODA was provided to Syria, while Africa, the central Asian Turkic republics, and Balkan countries received 9.54 percent, 5.44 percent and 4.3 percent, respectively. In that same period, Turkey provided \$13.66 billion of ODA -- including \$5.85 billion in the last year alone -- to civilians in the civil war-torn nation of Syria.

In central Asia, in 2010-2016 Turkey gave ODA to Kyrgyzstan (\$603.4 million), Kazakhstan (\$281 million), Azerbaijan (\$157 million), Turkmenistan (\$79.4 million), Uzbekistan (\$47.4 million), and Tajikistan (24 million). During these six years, Turkey also supported Somalia, Afghanistan, Egypt, Palestine, Tunisia, and Iraq with around \$2.5 billion. The countries that received most of Turkey's bilateral official development assistance in 2016 were Syria, Somalia, Palestine, Afghanistan, Bosnia-Herzegovina, Kyrgyzstan, Macedonia, Kazakhstan, Azerbaijan, and Niger.

Last year, Turkey also donated funds to regional development agencies (\$203 million), the United Nations (\$35 million), and the World Bank (\$12 million). ODA is defined as government aid designed to promote the economic development and welfare of developing countries. Focusing on development cooperation, TIKA -- established by Turkey in 1992 -- works in more than 170 countries. Turkey's official development aid reached nearly \$6.5 billion in 2016, jumping from just \$85 million in 2002.

# Turkish stocks close at over 111,000 points

Hurriyet Daily News, 21.12.2017



Turkey's benchmark stock index went up 0.74 percent to close at 111,271.95 points on Thursday, the highest close of six weeks.

Borsa Istanbul's BIST 100 index rose 817.28 points from Wednesday's close with a 5.9-billion-Turkish lira (\$1.54 billion) trading volume. The banking and holding sector indices increased by 0.58 and 1.41 percent, respectively. Among all sectors, the wholesale and retail trade indices performed the best -- rising 3.29 percent -- while the wood, paper, printing index fell the most with a 1.52 percent decline.

Conglomerate Tekfen Holding (TKFEN) -- involved in oil, power generation, construction and infrastructure -- was the top gainer on Thursday as its shares rose by 8.58 percent. The stocks of private lender Sekerbank (SKBNK) suffered the biggest drop of the day, going down 6.01 percent. Thursday's top shares with the highest trade volume in the BIST 100 were national flag carrier Turkish Airlines (THYAO), state lender Halkbank (HALKB), iron and steel producer Karabuk Kardemir (KRDMD), oil refinery Tupras (TUPRS) and private lender Garanti (GARAN).

The U.S. dollar/Turkish lira exchange rate decreased slightly to 3.8230 as of 5 p.m. local time (1400GMT) Thursday, slipping from 3.8290 at Wednesday's close. The average USD/TRY was 3.89 last month and 3.64 in the period of Jan.-Nov. this year. One euro traded for 4.5410 liras by local market close, showing an increase compared with Wednesday's closing EUR/TRY exchange rate at 4.5370. The BIST Gold Exchange index closed the day down 0.06 percent, while the price of gold per kilogram was 155,700 Turkish liras (\$40,722) as of 4.30 p.m. local time (1330GMT), down from the previous closing price of 156,000 Turkish liras (\$40,738). The price of Brent oil fell to \$64.33 per barrel as of 6.05 p.m. local time (1505GMT) Thursday, compared with Wednesday's close at \$64.56.

## Foreign investment in Turkey reaches \$8.3B Jan.-Oct.

Hurriyet Daily News, 11.09.2017



Turkish Turkey received almost \$8.3 billion in foreign direct investment (FDI) in the first 10 months of the year, a drop of nearly 17 percent year-on-year, the Economy Ministry said Thursday.

The financial intermediation sector attracted the highest amount of overseas capital with over \$1.4 billion, followed by the manufacturing sector with \$983 million from January to October, according to a ministry statement. The electricity/gas/water supply and transport/storage/communications sectors received \$928 million and \$770 million net inflow, respectively.

A total of 4,437 new foreign-backed companies were established in Turkey in the same period, including 583 in October. The number of companies funded by international capital operating in the country reached 50,649 by the end of September. Sixty-two percent of companies in Turkey that benefit from foreign funds or involvement are linked to Near and Middle Eastern countries. In October foreign direct investment stood at \$800 million, a drop of 10 percent compared to the same month last year.

## Turkey provides \$12B for wind energy in 11 years

Anadolu Agency, 22.12.2017



Turkish wind energy sector attracted \$12.3 billion over the past 11 years, according to Turkish Wind Energy Association (TUREB) data.

Installed capacity in the country was around 146 megawatts in 2007 and has now reached a capacity of approximately 6,500 megawatts. By the end of the year with the help of 1 gigawatt (GW) from the Turkish Renewable Energy Resource Zone Project (YEKA) along with finalized wind energy tenders of around 3 GW, Turkey's investment will reach around \$5 billion in 2017 alone.



Among the cities in Turkey, Izmir on the Aegean coast ranked first with 1,333 MW of total installed capacity. Balıkesir located in the Marmara region followed in second place with 1,069 MW, and Manisa also in the Aegean region ranked third with 650 MW of capacity. In Turkey, 158 wind energy companies are actively operational with 6,500 MW of installed capacity, and 32 projects with 808 MW of installed capacity are under construction. According to recent data, Turkey generates 8 percent of its electricity from wind energy.

In an interview with Anadolu Agency, TUREB President Mustafa Serdar Ataseven said that Turkey boosted both wind energy installed capacity and attracted a substantial amount of foreign and local investments during the last five years. Moreover, he explained that with the addition of 2,130 MW of capacity, which will be finalized by the end of the year, a significant contribution to Turkey's wind market will be realized. "After finalizing the tenders and YEKA project, Turkey's wind capacity will grow by around 4 GW in roughly a three to four-year construction period," he said. However, he warned that for the sustainability of Turkey's expanding wind energy market, the country should avail of private investment to meet its growing demand. Despite the investments and tenders, there will be an investment and capacity gap between 2018 and 2019, he said.

"In order to meet investors' demands, investors that have environmental impact assessment reports and electricity generation licenses should be provided with more electricity capacity to grow their investments and installed capacity," he explained. 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. 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. Turkey has 11GW of wind power stock available and has a national target of 20 GW of installed capacity by 2023. The country's total energy target for 2023 is 100 GW of capacity.

# Turkish consumer confidence index falls in December

Hurriyet DailyNews, 21.12.2017



Turkey's monthly consumer confidence index dropped slightly in December.

The index declined to 65.1 in December from 65.2 in November, the Turkish Statistical Institute said in a report. This index is seen as a vital gauge of the overall health of the economy, indicating people's sentiments about spending money, which in turn gives clues about economic vitality. Among all sub-indices, Turkey's general economic situation index was the best performer, increasing by 0.5 percentage point to 87.5 in December.

"This increase resulted from the decrease of consumers expecting a worse general economic situation in the next 12 months compared to the previous month," the report said. Turkey's financial situation expectation of household index also saw a monthly increase of 0.3 percentage point, reaching 84.8 in December. The number of people unemployed expectation index -- a gauge of sentiment about the health of the labor market -- was down 0.5 percentage point and stood at 70.6 in the month.

The probability of saving index -- indicating people's expectation of earning enough money to save - - showing the sharpest decline, down 2.9 percentage points to hit 17.5 in December. "This decrease stemmed from the decrease of consumers who expressed probability of saving for the next 12 months period," TurkStat stated.

## Turkey's İşbank secures \$400 million loan from China

Anadolu Agency, 11.12.2017



Turkey's İşbank announced on Dec. 21 that it has secured a \$400 million loan agreement with the Export-Import Bank of China.

The three-year loan will be used for financing imports from China, according to a statement. Turkey's private lender Ziraat Bank also signed a \$600-million agreement with the China Development Bank last week. Turkish Deputy Prime Minister Mehmet Şimşek sought Chinese investment for infrastructure projects in Turkey during an official visit to Beijing last week.

Şimşek held meetings with representatives from People's Bank of China, the Industrial and Commercial Bank of China and the Bank of China. "We would like to expand cooperation in all areas," said his Chinese counterpart Wang Yang during the visit.

## Turkey welcomes UN resolution on Jerusalem

Hurriyet Daily News, 22.12.2017



Turkish officials have welcomed the UN General Assembly's clear-cut rejection of a U.S. decision on Jerusalem's status on Dec. 21.

President Recep Tayyip Erdoğan said he welcomed the decision "with great pleasure". Erdoğan wrote on Twitter: "We welcome with great pleasure the UN General Assembly's overwhelming support for a historic resolution on Al-Quds Al-Sharif." "We expect the Trump administration to rescind without further delay its unfortunate decision, whose illegality has been clearly established by UNGA," Erdoğan wrote.



He added: “On behalf of myself and the Turkish people, I extend my gratitude to everyone who has been supportive of the cause of Palestine and Al-Quds Al-Sharif.” The UN on Dec. 21 overwhelmingly adopted a resolution on Jerusalem, calling on the U.S. to withdraw its recognition of the city as Israel’s capital, despite threats by the U.S. President Donald Trump to cut aid to those countries who voted against the move. A total of 128 members voted in favor of the resolution, nine countries voted against and 35 others abstained.

In a statement, Prime Minister Binali Yıldırım said the UN resolution “created a new opportunity for peace efforts” in the region. “[The UN resolution on Jerusalem] has once again announced to the whole world that those who are right are powerful [in reality] not those who are powerful.” Yıldırım said Turkey would continue to side with “its Palestinian brothers, humanity, Jerusalem, justice and those who are oppressed”. Turkey’s parliament also welcomed the decision. Speaking to reporters following the voting, Foreign Minister Mevlüt Çavuşoğlu said: “Today, the General Assembly clearly rejected the U.S. decision on Jerusalem. There was solidarity for Palestine and Jerusalem’s status in the General Assembly.”

He said Turkey would continue to support Palestine. “We [Turkey] will work harder for acceptance of a Palestinian state with 1967 borders and with East Jerusalem as its capital.” The Turkish Foreign Ministry issued a statement shortly after the vote, which read: “Despite the U.S.’s unethical oppression and threats, the international community has shown that it remains committed to UN resolutions and international law on Jerusalem, and this result clearly revealed the unlawfulness of the U.S. administration’s unfortunate decision. “Thus, the veto that the U.S. used in the Security Council on December 18 lost its validity and meaning,” it added. “As at the UN Security Council, the predominant majority of the international community has rejected the U.S. decision, which does not fit into human conscience.” Deputy parliament speaker, Ahmet Aydın announced the UN’s resolution to lawmakers during the 2018 budget debate.

“We have seen one more time that the world is bigger than five,” said Aydın , a reference to the UN Security Council’s five permanent members. He described the UN decision on the U.S. move as “a historic step” “The decision shows us that all states were equal. The decision is very important for forming the world order,” he said. Presidential spokesperson Ibrahim Kalın tweeted that the UN vote was “historic” for Jerusalem, Palestine and international justice. The vote is “ignoring the U.S. decision,” wrote Deputy Prime Minister Bekir Bozdağ on social media. “Although it is non-binding, it will be very effective as it defines legitimacy against threat and blackmailing,” EU Minister Ömer Çelik tweeted.

He described the UN decision as “a turning point”. “It is such a happy and historic day for Jerusalem. It is a day when all who defend legitimacy win,” Çelik added. In addition, Turkey’s opposition leaders also hailed the UN General Assembly’s clear-cut rejection. “The Middle East, where blood and tears prevail, cannot tolerate any more tension,” Kemal Kılıçdaroğlu, the leader of the main opposition People’s Republican Party (CHP), said on Twitter. “The decision of the UN General Assembly on Jerusalem is an important step for tranquility in the Middle East and world peace,” he wrote. Nationalist Movement Party (MHP) leader Devlet Bahçeli said the countries voting for the resolution has “actually spoiled the U.S.’s game that they have played on our first Qibla,” referring the praying direction of the Muslims.

“Emailed threats sent by U.S. Permanent Representative [to the UN Nikki Haley] to UN member states and Trump’s [attempt at] blackmail by threatening to cut off financial aid to the countries that vote for the resolution have been left without a response. “The threats have backfired and exploded in the U.S.’s lap,” said Bahçeli. “I congratulate 128 honorable countries serving peace -- peace and stability. Of course, I congratulate our politicians and diplomats that have brought the Jerusalem cause to the world agenda and find wide support,” he added.

## Turkey-Moldova trade ties ‘soar in 15 years’

Hurriyet Daily News, 20.12.2017



The volume of trade between Turkey and Moldova rose by nine times in the last 15 years, Turkish Deputy Prime Minister Hakan Cavu o lu said on Dec. 19 in the Moldovan capital Chisinau.

He met Moldovan Economy Minister Octavian Calmic at the Joint Economic Commission meeting in Chisinau. Speaking at a joint news conference after the meeting, Cavu o lu said bilateral trade volume with Moldova was at \$45 million in the first years of the new millennium, but reached \$419 million in 2015. “Our goal is to reach a volume of \$1 billion in a short period of time,” he said.

Çavu o lu said the Gagauz Turks in Moldova served as a bridge between Turkey and Moldova. The minister added that the culture Turks and Gagauz people share should turn into future projects that will foster investment, employment and welfare. Calmic said the two countries signed a free-trade agreement last year and it had a positive impact on relations. He also said the Turkish Cooperation and Coordination Agency’s (T KA) investments in Moldova contributed to bilateral relations, adding that Turkish businessmen made investments in the Autonomous Territorial Unit of Gagauzia. “We welcome Turkey’s support to Moldova and we thank you,” Calmic added. Later, Cavu o lu also met Moldovan President Igor Dodon.



# Iran under pressure by Russia to accept a small share of the Caspian

Radia Farda, 17.12.2017



Iran's foreign ministry has sharply contradicted recent claims by Russian Foreign Minister Sergei Lavrov, that an agreement on the legal status of the Caspian Sea is "practically ready".

Bahram Qassemi, the spokesman of Islamic Republic's foreign ministry announced on December 15, that not only the status issue has not been resolved, but reaching an agreement was not even on the agenda of littoral states' meeting held in Moscow on December 4-5. The issue of maritime borders and access to Caspian's vast fossil fuel deposits is a thorny issue for Iran.

Russia and the other former Soviet states have agreed among each other to give Iran a tiny part of the inland sea. The issue of maritime borders and access to Caspian's vast fossil fuel deposits is a thorny issue for Iran. Russia and the other former Soviet states have agreed among each other to give Iran a tiny part of the inland sea. Earlier, Russian Foreign Minister, Sergei Lavrov had insisted that after more than twenty years of talks, an agreement on the legal status of the Caspian was "practically ready" for signing when the presidents of the littoral states attend a summit next year in Kazakhstan.

Lavrov met in Moscow with the foreign ministers of Azerbaijan, Iran, Kazakhstan, and Turkmenistan on December 4-5. After the meeting ended, Lavrov told reporters: "I am pleased to tell you that we have found solutions to all outstanding key issues linked with this document. The text of the convention is practically ready." It is worth noting that Lavrov faced reporters alone, in what was supposed to be a joint press conference by all foreign ministers. Lavrov's comments triggered a wave of angry reactions in Tehran. Iran's deputy foreign minister for Asia, Pacific and Commonwealth affairs, Ebrahim Rahimpour bitterly rejected Lavrov's claims, "Suggesting that Iran's share in Caspian Sea has been finalized is a false and unfounded remark, misleading public opinion". Echoing Rahimpour's response, Qassemi emphasized that ministers' discussions on the Legal Status of Caspian Sea Convention were only over the generalities and principles. Meanwhile, Qassemi reiterated that discussing demarcation and delimitation of Caspian Sea will take years to be finalized.

Bahram Qassemi also reiterated that no document had been signed at the Moscow summit though it had been agreed that certain legal measures be taken after internal coordination and holding several bilateral expert meetings; "eventually, effort will be made to implement the Convention of the Caspian Sea Legal Regime after the final text is signed at a forthcoming meeting of the Presidents of the five Caspian Sea countries, the date of which will be agreed on later." However, the details of discussions on the Legal Status of Caspian Sea Convention in Moscow are yet to be disclosed.



Since the downfall of the Soviet Union in 1991, the littoral states of Caspian Sea, Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan have repeatedly discussed the legal status of the world's largest lake or full-fledged sea. Though the discussions have not been fruitful so far, Russia, Kazakhstan and Azerbaijan have been successful in reaching bilateral and trilateral agreements, dividing the sea bed among themselves. Russia and Azerbaijan and Azerbaijan and Kazakhstan have already divided the seabed of the Caspian Sea according to the Russian proposed formula of the Modified Median Line which divides the seabed on the basis of the length of coasts and leaves the superjacent waters as common. Using this formula will leave Iran with less than 13 percent of the Caspian Sea, says Bahman Aghaei Diba, an expert in international law of the sea.

Immediately after the collapse of Soviet Union, Iran expected to receive a 50% share of Caspian Sea. Tehran argued that based on an old agreement with Moscow, the sea should be equally divided between Iran, on one side and the newly created republics of Azerbaijan, Kazakhstan, Russia and Turkmenistan on the other. However, apparently, Iran has recently reduced its demand to 20% of Caspian Sea while the other littoral states are not prepared to give away more than 12% share of the sea to Tehran. Iran's retreat in the face of Russian pressure has angered many in the country, who see the Islamic Republic as unable to defend what they believe is the country's historic rights. US Energy Information Administration, EIA estimates that there were 48 billion barrels of oil and 292 trillion cubic feet (Tcf) of natural gas in proved and probable reserves within the basins that make up the Caspian Sea and Surrounding area in 2012. Offshore fields account for 41% of total Caspian crude oil and lease condensate (19.6 billion barrels) and 36% of natural gas (106 Tcf). In general, most of the offshore oil reserves are in the northern part of the Caspian Sea, while most of the offshore natural gas reserves are in the southern part of the Caspian Sea.

In addition, the U.S. Geological Survey (USGS) estimates another 20 billion barrels of oil and 243 Tcf of natural gas in as yet undiscovered, technically recoverable resources. Much of this is located in the South Caspian Basin, where territorial disputes over offshore waters hinder exploration. EIA estimates that the Caspian Sea region produced an average of 2.6 million barrels per day of crude oil and lease condensate in 2012, around 3.4% of the total world supply. Over the past decade, Kazakhstan's onshore oil fields, particularly the Tengiz field, were the biggest contributor to the region's production. As Azerbaijan developed the Azeri-Chirag-Guneshli (ACG) field group between 2006 and 2008, its offshore production began accounting for an increasing part of total Caspian production. Other significant sources of Caspian oil include production in Turkmenistan near the coast and in Russia's North Caucasus region.

## Uzbekistan seeks to enhance trade relations with Turkey

Anadolu Agency, 18.12.2017



Uzbekistan is seeking opportunities that will increase trade relations with Turkey, the country's foreign trade minister said on Monday.

Khodjaev Jamshid Abduhakimovich's remarks came during a meeting with the Turkish Cooperation and Coordination Agency (TIKA) President Serdar Cam, who is currently in the Uzbek capital Tashkent. Recalling Uzbek President Shavkat Mirziyoyev's official visit to Ankara last October after a nearly 20-year pause, Abduhakimovich said there is a lot of work to further enhance business relations.

He said the current trade volume between the two countries is \$1.2 billion and that it falls behind the potential. "We want to increase the trade volume between Uzbekistan and Turkey to \$5 billion." For his part, Cam said TICA is always willing to improve relations with Uzbekistan. "We, as TICA, always stand with you, and we are very happy to share all the opportunities with you," he said. As part of his talks in the country, Cam also visited Uzbekistan's State Committee for Investments. He will later visit the ministries of foreign, labor and health.

## Saudi Arabia to spend big as economy shrinks

Anadolu Agency, 20.12.2017



Saudi Arabia said on Dec. 19 its economy contracted for the first time in eight years due to painful austerity measures as it announced record spending to stimulate growth.

The OPEC kingpin said gross domestic product for 2017 shrank by 0.5 percent due to a drop in crude production in line with an agreement with major oil producers aimed at boosting prices. Oil sector GDP fell 2 percent in 2017, the ministry said. The last time the Saudi economy contracted was in 2009, when GDP fell 2.1 percent after the global financial crisis sent oil prices crashing. Riyadh also posted a higher-than-expected budget deficit in 2017.

And forecast another shortfall next year for the fifth year in a row due to the drop in oil revenues. It unveiled plans to spend more than ever in 2018 in a bid to stimulate the sluggish economic, saying it expects GDP to grow by 2.7 percent. The kingdom has set aside 978 billion riyals (\$260.8 billion) for expenditure, up 10 percent on this year, said the finance ministry. “The 2018 expansionary budget includes a number of new development projects,” said powerful Crown Prince Mohammed bin Salman, who oversees economic affairs. “About 50 percent of the new budget will be financed from non-oil sources,” he said, quoted by the official Saudi Press Agency.

The contraction comes as the world’s top oil exporter tries to cope with persistent budget deficits that began in 2014 when crude prices plummeted. In the past four years, Riyadh posted a total of \$258 billion of budget deficits, drew on \$240 billion of its reserves and borrowed around \$100 billion. King Salman said the country would “continue to decrease its dependence on oil to reach just 50 percent” of total revenues. The finance ministry estimated a deficit of \$52 billion for 2018. It said the deficit for 2017 came in at \$61.3 billion, or 9.2 percent of GDP, and higher than the expected \$53 billion. The shortfall is still 25 percent lower than the \$82 billion posted in the previous year. King Salman told the cabinet that Saudi Arabia expects to continue posting deficits through to 2023. Revenues in 2018 were estimated to be 783 billion riyals (\$208.8 billion), up 13 percent on the previous year’s projections. Actual revenues for the current fiscal year rose by a healthy 34 percent compared with 2016 to \$185.6 billion due a sharp increase in both oil and non-oil revenues.

## Iraq to use drones to protect oil pipelines from 2018

Reuters, 20.12.2017



**Iraq plans to use drones to monitor and protect its oil export and production pipelines from the first quarter of 2018.**

**Oil Minister Jabar al-Luaibi has asked the ministry to seek out professional security companies that can supply Iraq with drones and sophisticated camera systems to protect its pipelines, spokesman Asim Jihad said. Luaibi last week announced plans to build a network of pipelines which will carry crude oil and refined products across all its territory, as an alternative to expensive and hazardous transport by tanker trucks.**

The use of drones to monitor pipelines is common in advanced energy producing countries but a new step for Iraq which has seen attacks from insurgents on pipelines since the 2003 U.S.-led invasion which toppled Saddam Hussein. “We will use drones and advanced surveillance systems to protect oil pipelines from any attacks or deliberate sabotage acts. The minister ordered the use of the drone system as of the first quarter of the coming year,” Jihad told reporters.

The only international crude pipeline now in operation in Iraq links the northern, semi-autonomous Kurdish region to Turkey's Mediterranean coast. The country had more pipelines in the past --to Turkey, Syria, Lebanon and Saudi Arabia -- but they were shut down or destroyed as a result of wars and conflicts. OPEC's second-largest oil producer, after Saudi Arabia, Iraq depends on oil sales for about 95 percent of its government income. The country exported about 3.5 million barrels per day on average in November. Luaibi will be visiting Algeria in mid-January and meeting with his counterpart and state-run Algerian energy company Sonatrach, which has expressed interest in investing in Iraq, Jihad also said.

## Presidents of Russia and Serbia to discuss bilateral cooperation, international agenda

Tass, 19.12.2017



Russian President Vladimir Putin will hold talks with Serbia's President Aleksandar Vucic in Moscow on Tuesday.

Vucic is on a working visit in Russia until December 20. As the press service of the Kremlin reported earlier, the leaders will discuss the development of the Russian-Serbian strategic partnership in the political, trade-economic and cultural areas, as well as current issues on the international and regional agenda. A number of bilateral documents are planned to be signed, as well as statements for the media. In early December, Vucic said in an interview with TASS,

That during his visit to Moscow agreements on cooperation in agriculture, innovations, agreements on creation of scientific parks, on arms purchases will be signed. In particular, Serbia is going to purchase from Russia at least six military transport helicopters, as well as air defense systems, he said.

As Vucic said in the interview with TASS, the parties will discuss the current intentional agenda, in particular the situation in Catalonia, and in this light the problems of Kosovo and Metohija, as well as Bosnia and Herzegovina. It is expected that Putin and Vucic will also touch upon cooperation in international organizations, such as the UN, UNESCO, Interpol. Vucic also said that during his talks with the Russian leader, he would confirm Belgrade's military neutrality and refusal to join NATO. He also stressed the principled position of Serbia not to join the anti-Russian sanctions, despite the strongest pressure of the West.

Among the key topics of the economic agenda are the construction of the Turkish Stream pipeline and Serbia's plans to buy more gas from Russia. In May, when attending the One Belt, One Road Forum in Beijing, Vucic said that Serbia plans to triple the purchase of Russian gas - from 2 billion cubic meters to 6-7 billion cubic meters. In his turn, Russian Energy Minister Alexander Novak said that Hungary and Serbia show interest in the Turkish gas pipeline project, and if procurement guarantees are received, signing the agreement on the second thread of this gas pipeline will become relevant. The Turkish Stream project envisages the construction of a gas pipeline across the Black Sea to the European part of Turkey and farther to the border with Greece. The pipeline's offshore section is expected to equal about 910 km and its overland segment on the Turkish territory 180 km. The project is estimated at 11.4 bln euro. Gas deliveries via the first stretch of the gas pipeline are designed wholly to meet the requirements of the growing Turkish market. The second stretch is planned to deliver gas to the countries of Southern and South-Eastern Europe

President Vucic told TASS that Serbia is going to purchase from Russia at least six military transport helicopters, as well as air defense systems. The relevant negotiations are now under way between Serbian industry experts and representatives of Rosoboronexport. The Serbian leader also expresses gratitude to his Russian counterpart for six MiG-29 fighters provided in the framework of military-technical assistance.

## Russia finalizes S-400 missile system deal with Turkey

Hurriyet Daily News, 22.12.2017



Russia said on Dec. 21 that it had completed negotiations with Turkey for the sale of an S-400 air defense missile system, with delivery scheduled for late 2019.

“Practically speaking, the contract is entering the phase of realization,” said Vladimir Kozhin, a presidential aide who oversees matters of military cooperation. “All parameters, all technologies, the entire deal has been agreed,” said Kozhin. “All aspects have been resolved over the past few days. The contract will consist of two parts financially:

Part of it will be paid by Turkey and part through a credit provided by Russia,” said the Russian presidential aide. “The first deliveries are likely to begin at the end of 2019, beginning of 2020,” Kozhin was reported as saying by Russian news agencies. Russia's President Vladimir Putin and his President Recep Tayyip Erdo an had discussed the deal during Putin's visit to Ankara last week. The agreement to purchase the latest Russian surface-to-air missile defense batteries is Turkey's most significant deal with a non-NATO military supplier, and comes amid strained relations between Ankara and several Western countries. The deal has been valued at about \$2 billion according to reports.

Turkey's decision to buy the Russian system has raised eyebrows of other NATO members, with the Pentagon saying previously that "generally it's a good idea" to buy equipment that is interoperable with the military alliance's other systems. Besides Turkey, Russia is also in talks to sell the system to Saudi Arabia, with Kozhin saying on Dec. 21 that both sides were aiming to finalize the remaining issues on that contract before the end of the year.

## Japan's central bank leaves its monetary policy unchanged

CNBC, 20.12.2017



The Bank of Japan said Thursday it is holding its monetary policy steady, as inflation is still far from the targeted 2 percent despite a growing economy.

At the end of its two-day policy meeting, the central bank said it is maintaining its short-term interest rate at minus 0.1 percent and the target for the 10-year government bond yield at zero percent. "Japan's economy is expanding moderately," the BOJ said in a statement. The decision to keep monetary policy unchanged was reached by a 8 to 1 vote, with board member Goushi Kataoka as the sole dissenting voice.

Kataoka argued that the likelihood of inflation reaching its 2 percent target is low and the central bank should commit to additional easing if progress to achieve the inflation target is delayed. But the BOJ said in its statement that inflation is "likely to continue on an uptrend" on the back of an improvement in the output gap and a rise in medium- to long-term inflation expectations. Japan's core consumer price index rose 0.8 percent in October from a year ago, following a 0.7 percent increase in September. Its economy, the third-largest in the world, beat estimates to grow at an annualized 2.5 percent in the three months to September.

Analysts were not surprised by the central bank's decision on Thursday, but had differing views on how long Japan will keep its loose monetary stance. A poll by Reuters found that most economists expect the central bank to withdraw stimulus from 2018. Marcel Thieliant, senior Japan economist from Capital Economics, said there were concerns about the sustainability of maintaining a loose monetary policy for a prolonged period. He said low rates may depress bank profits, weaken banks' capital ratios and reduce lending. Despite that, Thieliant said he expects Japan to leave policy unchanged at least until the end of 2019.

"We don't think that these concerns are valid and we think that weak price pressures will continue to dominate the outlook for monetary policy," he wrote in a note after the release of BOJ's latest monetary policy statement. BOJ Governor Haruhiko Kuroda will hold a news conference at 3:30 p.m. local time (0630 GMT) to explain the policy decision.

## N.Korea suspicious of US ‘dialogue offensive’

Anadolu Agency, 19.12.2017



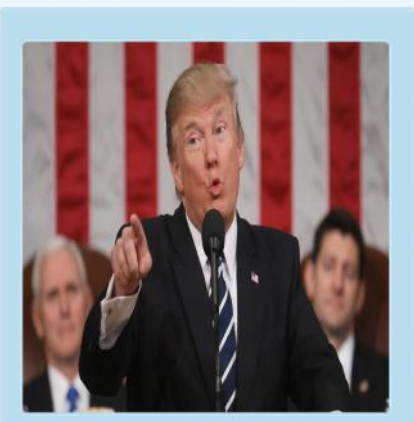
China’s North Korea “will not budge” away from developing nuclear weapons as Pyongyang’s state-run media criticized the United States for an insincere offer of dialogue Tuesday.

U.S. Secretary of State Rex Tillerson’s suggested at a forum last week that Washington would talk with Pyongyang even without preconditions like demanding the reclusive state’s willingness to denuclearize. The offer of dialogue without strings attached appeared to offer a way through an impasse that has lasted for years, during which North Korea’s rogue development of nukes has allowed it to threaten the U.S.

Tillerson then backtracked last Friday, insisting at a United Nations Security Council meeting that the North would have to “earn its way back to the table.” North Korea’s official Rodong Sinmun newspaper reported, “There is no change in our stance that we will not budge an inch in our march toward strengthening our nuclear force.” Its commentary accused Washington of “trying to shift responsibility for tensions on the Korean Peninsula.”

## Trump security policy to prioritize borders, economics

Anadolu Agency, 17.12.2017



President Donald Trump’s national security strategy will prioritize the U.S. border and economic interests in an “unprecedented” way, a senior Trump administration official with knowledge of the forthcoming plan said Sunday.

“There is an unprecedented focus on homeland security and on the border,” the official told reporters on condition of anonymity. “They were never mentioned in nearly as much detail and emphasis as they are now.” “The economic piece also gets much more attention, the insistence that economic security is national security,” he added. In addition to those two vital national security interests.



The plan will also emphasize “preserving peace through strength”, and “advancing American influence”, according to a second senior administration official. Trump will announce the Congressionally-mandated plan on Monday afternoon before it is formally posted. It is expected to consider Russia and China as “revisionist powers”, the Trump administration’s phrase for those seeking a change to the global order’s status quo.

“Russia’s invasion of Ukraine, Georgia... those activities sought to change the status quo in Europe, and generally not a positive direction, nor a peaceful direction. Essentially that’s what revisionism means,” the second official, who was speaking under the same ground rules, said. “Also with China’s building in the South China Sea they’re trying to change the status quo, usually with military means to move trends in their favor.” The official said Beijing would be referred to as a “strategic competitor” because it competed effectively in the political, economic, informational and military spheres “in ways probably not duplicated by our other competitors”.

Still, the official acknowledged that the U.S. did not rule out cooperation with China “in any way”, and needed Beijing’s help in halting North Korea’s ballistic missile and nuclear programs. In a major break from the Obama administration, Trump’s security strategy will no longer consider climate change to be a national security threat. The change was expected, but the official said climate and the environment “are discussed” in the new document.

## US Senate approves \$1.5 trillion tax bill

Washington Post, 20.12.2017



Senate Majority Leader Mitch McConnell speaks at the press conference after the Senate vote of the tax reform bill. The Senate has passed the tax reform bill and it will return to the House of Representatives for final approval. The rewrite of the tax code provides dramatic tax breaks to corporations.

The U.S. Senate narrowly approved a sweeping tax overhaul early on Dec. 19, putting President Donald Trump on the brink of his first major legislative triumph nearly a year after he took office. Hours earlier, Trump’s \$1.5 trillion deficit-busting tax cuts cleared the House of Representatives.

However, a rare last-minute snag over parliamentary rules will force the lower chamber to vote on the updated package once again late on Dec. 19. World stock markets wavered just below recent record highs while U.S. Treasury yields held near multi-month peaks of last week as the final procedural throes of long-awaited U.S. tax reform played out in Washington. European stock markets nudged lower, with blue-chip indexes in Germany, France and Britain flat to a touch weaker on the day.



In Asia, MSCI's broadest index of Asia-Pacific shares outside Japan bobbed lower in a choppy session, while Japan's Nikkei index finished up 0.1 percent. MSCI's world equity index, which tracks shares in 47 countries, was little changed and holding just below record highs hit on Dec. 18. U.S. Treasury yields, which notched up their biggest one-day jump in almost three months on Dec. 19 as the tax bill moved towards passage, steadied at around 2.46 percent -- holding near the previous day's highs. The deepest rewrite of the tax code in three decades provides dramatic tax breaks to U.S. corporations, and families at all incomes levels will see their income tax drop starting next year, with the largest benefits going to the wealthy. The Republican legislation passed the Senate along strict party lines, 51 votes to 48, with all Democrats united in opposition.

The vote had appeared destined to a dramatic showdown, especially with Senator John McCain's absence due to cancer treatment meaning Republicans could afford only one defector. Vice President Mike Pence presided over the chamber in the event he needs to break a tie. But with senators Marco Rubio and Bob Corker backing off their threats to oppose the bill, it ultimately carried through, and Pence pronounced to loud cheers, "the Tax Cuts and Jobs Act is passed." In the House, 12 Republicans had joined all Democrats in opposition as the bill passed 227 to 203. "Today we are giving the people of this country their money back," said House Speaker Paul Ryan, who forcefully banged the gavel down as he proclaimed victory, as quoted by AFP on Dec. 20. Trump, who has pushed hard to get the measure across the finish line, tweeted his congratulations to Ryan and all other "great House Republicans who voted in favor of cutting your taxes!" The procedural snafu only became apparent afterward.

Senate Democrats said they demanded that three provisions in the bill -- including one allowing the use of savings accounts for home-schooling expenses -- be stripped out because they violate the Senate's so-called Byrd Rule, guidelines on the kinds of legislation that can pass the Senate with just a simple majority. Democrats seized on the hiccup as proof that Republicans were rushing to jam the tax cuts through Congress without enough study. "In the mad dash to provide tax breaks for their billionaire campaign contributors, our Republican colleagues forgot to comply with the rules of the Senate," senators Bernie Sanders and Ron Wyden said in a statement, as reported by AFP. Republican leaders unveiled their final version of the bill only late last week, and Trump has demanded it reach his desk by Christmas.

**\$1.5 trillion addition to national debt** The Republican plan is projected to add nearly \$1.5 trillion to the national debt over the coming decade, according to the Joint Committee on Taxation. But that figure drops to about \$1 trillion when economic growth is accounted for. Ryan stated that a median-income family of four earning \$73,000 annually would save \$2,059 in taxes next year. The Democratic opposition has denounced the measure as mostly benefiting companies and the wealthiest Americans -- including Trump himself -- and warns it risks blowing a hole in the national debt, which has surged past \$20 trillion.



## Announcements & Reports

### *Critical functions and public interest in banking services: Need for clarification?*

**Source** : Bruegel

**Weblink** : <http://bruegel.org/2017/12/critical-functions-and-public-interest-in-banking-services-need-for-clarification/>

### *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** : 03 January 2018

**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 January 2018

**Place** : Brussels

**Website** : <https://conference.entsoe.eu/>

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

**Date** : 07 January 2018

**Place** : Brussels

**Website** : <https://www.entsoe.eu/events/entsog-workshop-on-the-supply-potentials-and-renewable-gases-for-tyndp-2018#welcome>



## *Market EU Stakeholder Committee*

**Date** : 11 January 2018  
**Place** : Brussels - CEER  
**Website** : <https://www.entsoe.eu/news-events/events/Pages/Events/mesc-2017-12-11-asp.aspx?EventWorkshopId=330>

## *Grid Connection EU Stakeholder Committee*

**Date** : 14 January 2018  
**Place** : Brussels – Martin’s Brussels EU Hotel  
**Website** : <https://www.entsoe.eu/news-events/events/Pages/Events/GESC-2017-12-14-asp.aspx?EventWorkshopId=331>