

Turkey sends new group of soldiers to Qatar

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A group of Turkish soldiers on Tuesday reached a military base in Qatar's capital Doha, according to Qatar's Defense Ministry.

The group reached the Al Udeid Air Base in southern Doha, the ministry said in a statement. The soldiers will join another group which previously arrived at Tariq bin Ziyad military base in the Gulf state. The move comes as part of a 2014 defense agreement between Doha and Ankara under which Turkey established a base in Qatar at the request of its government.

In April 2016, the two countries concluded a military deal which would see Turkish troops deployed to a military base in the Gulf state. The first group arrived in Qatar this June and conducted their first drill at Tariq bin Ziyad military base. With this new group, the countries will have more military drills aimed at strengthening the defense capabilities of both countries.

Turkish lira gains value against dollar

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Turkish lira gained value against the U.S. dollar shortly after the U.S. Embassy in Ankara announced full resumption of visa services for Turkish citizens.

The dollar/lira exchange rate dropped more than 1 percent to trade below 3.77 by around 6 p.m. local time (1500GMT), down from 3.8240 at Wednesday's close. On Oct. 8, the embassy had suspended non-immigrant visas to Turkish nationals following the arrest of a local employee working at the U.S. Consulate in Istanbul, prompting a tit-for-tat response from Ankara.

Metin Topuz, a long-standing consulate employee, was arrested over alleged ties to the Fetullah Terrorist Organization, the group behind last year's coup attempt in Turkey. In a statement posted on Twitter, the U.S. Embassy said the Turkish government had "adhered to the high-level assurances it provided to the United States" that no other local employees were under investigation. It added that Ankara had similarly abided by assurances that local staff "will not be detained or arrested for performing their official duties... and that Turkish authorities will inform the U.S. government in advance if the government of Turkey intends to detain or arrest any member of our local staff in the future.

"Based on adherence to these assurances, the Department of State is confident that the security posture has improved sufficiently to allow for the full resumption of visa services in Turkey," it said. On Nov. 4, the U.S. Embassy had announced it would process limited visa applications in Turkey, leading to the resumption of some visa services at Turkish missions in the U.S.

PM: Turkey, Saudi Arabia key nations for lasting peace

Hurriyet Daily News, 28.12.2017



Saudi Arabia and Turkey are key countries for lasting peace and stability in the region, Turkish Prime Minister Binali Yildirim said Wednesday.

Speaking to reporters in Riyadh, Yildirim said: "Cooperation between these two countries in every field is essential not only in terms of Turkey and Saudi Arabia, but also for regional and global peace. Yildirim's remarks followed his talks with Saudi King Salman bin Abdulaziz and Crown Prince and Defense Minister Mohammed bin Salman Al Saud. Yildirim and Salman discussed the importance of Jerusalem's status during a one-hour closed-door meeting.

The two also agreed that Muslim countries should take a common stance on protecting the rights of Palestinians. On Dec. 6, U.S. President Donald Trump announced his decision -- despite worldwide opposition -- to recognize Jerusalem as Israel's capital and relocate Washington's embassy from Tel Aviv to the holy city. Last week, the UN General Assembly passed by an overwhelming majority a resolution rejecting Trump's move. During his talks with Saudi officials, Yildirim said that they also discussed developing bilateral trade and joint defense industry projects.

Turkey and Saudi Arabia share common ground of around 90 percent in terms of stances and views on possible solutions, he added. Yildirim called his Saudi visit "short but quite fruitful". During his talks with King Salman and Mohammed bin Salman Al Saud, Yildirim said they focused on regional developments, including Palestine, Israel, Iraq, Syria, Yemen, and Libya. Expressing hope that his visit would have "productive" outcomes, Yildirim said the crown prince would soon visit Turkey.

Turkey's foreign policy in 2017

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Turkey's foreign policy saw turbulent times in 2017. Tense relations with some Balkan states, peace initiatives in Syria, an illegitimate independence referendum by northern Iraq's Kurdish Regional Government (KRG) and the fight against the Fetullah Terrorist Organization (FETO) took center stage.

Bans by Germany and Holland that prevented Turkish ministers there from holding public rallies to garner support ahead of an April 16 referendum in which Turkey adopted a presidential form of government-stoked tensions between Ankara and the two nations.

Turkey's relations with the U.S. also remained strained due to Washington's support of the PYD/PKK terrorist organization in Syria, its failure to extradite Fetullah Gulen and a visa crisis. Gulen and his Fetullah Terrorist Organization (FETO) orchestrated the July 15, 2016 coup attempt which martyred 250 and injured nearly 2,200. Another flashpoint event this year was an illegitimate referendum by the KRG in September which was rejected by Turkey and most regional and international actors. De-escalation zones established with the efforts of Turkey, Russia and Syria were also among the year's significant developments. The following are prominent developments in Turkey's foreign policy in 2017:

Jan. 21; Turkey's Foreign Ministry demanded clarification from EU authorities regarding a report including false, unfounded, biased and ignorant allegations about the July 15, 2016 defeated coup attempt. The report was prepared by officials from the EU member states. Jan. 26; Turkey rejected a ruling by the Greek Supreme Court against the extradition of eight former Turkish soldiers who fled to Greece hours after last year's defeated coup attempt in a stolen helicopter. Jan. 27; Turkey's Foreign Ministry hailed as 'an important judicial gain' the cancellation of a law in France that had made it an offense to publicly deny certain crimes not determined as genocide, including Armenian allegations on 1915 incidents. Jan. 28; British Prime Minister Theresa May was received by Turkish President Recep Tayyip Erdogan during her official visit to Ankara. Jan. 30; The Turkish Embassy in Tripoli reopened with reduced staff three years after its closure in 2014 due to security concerns.

Feb. 1; Turkey and Israel held a meeting in Ankara to normalize ties for the first time since 2010. Feb. 2; President Recep Tayyip Erdogan received German Chancellor Angela Merkel in Ankara during an official visit. Regarding the extradition of FETO members to Turkey, Merkel said: "We need evidence to take steps and precautions. The courts are evaluating this evidence. There are some court decisions in Germany that extradition cannot be done under some circumstances. Our ministers of justice will hold talks on these issues from now on." Feb. 3; Foreign Ministry Spokesman Huseyin Muftuoglu noted that a Greek military drill on Kos Island in the Aegean Sea was a clear violation of international law.



Feb. 17; Turkey declared that it would not recognize an illegitimate “referendum on constitutional changes” which was slated for Feb. 20 in Upper Karabakh, a region which is under Armenian occupation. Feb. 18; Foreign Ministry Spokesperson Huseyin Muftuoglu announced Turkey’s condemnation of an advisory motion of Belgium’s Chamber of Representatives adopted on Feb. 16 regarding “Freezing Assistance provided to Turkey under IPA II and Turkey’s EU Accession Negotiations”.

March 2; Turkey’s Foreign Ministry summoned German Ambassador Martin Erdmann over the cancellation of a meeting between Bekir Bozdag, then Turkey’s Justice Minister, and Turkish citizens in Germany. “This has become a systematic practice of the German deep state,” Foreign Minister Mevlut Cavusoglu said. March 4; Turkey’s Foreign Ministry said the 2016 Human Rights report on Turkey, which was released by the U.S. Department of State, included “unacceptable claims and inaccurate descriptions” and added: “It is noteworthy that the report does not mention at all the role of FETO in the July 15 coup attempt and the presence of FETO leaders in the U.S.” It also criticized the report’s description of the fight against the PKK terrorist organization as “a conflict between the government and PKK members”, saying this description was “totally unacceptable”. March 6; The venue for a meeting by Foreign Minister Mevlut Cavusoglu with the local Turkish community in the northern German city of Hamburg was changed as the Plaza Event Center building did not meet safety standards. March 7; Turkey’s EU Minister Omer Celik held a phone conversation with his German counterpart Michael Roth and said the cancellation of Turkish ministers’ rallies was “totally unacceptable” and a “systematic blocking of the Turkish government”. “We would like this situation to be fixed. We are a country that is strong enough to ensure the security of any German politician who wants to address German citizens in Turkey,” he added.

March 10; The Foreign Ministry announced that Italian citizen Houde Emma Kharat, 7, who was kidnapped by her father and taken to Syria’s Aleppo province, was brought to Turkey and she had left for her country. March 11; Turkey’s Foreign Ministry summoned the Charge d’Affaires of the Netherlands in Ankara after the cancellation of Foreign Minister Mevlut Cavusoglu’s flight permit for his airplane by the Dutch government. He had been planning to attend a meeting with Turkish citizens in Rotterdam. “Everyone should know that we will give the necessary response, in the clearest way, to those who took this step,” Cavusoglu said regarding the incident. In response, the Foreign Ministry suggested that “the Dutch ambassador, who is on leave abroad, [should] not return for a while”. March 12; Foreign Minister Mevlut Cavusoglu met with European authorities following the Dutch government’s decision to block him from meeting with Turkish citizens and preventing them from entering the consulate. “We will definitely take more steps. The Netherlands will apologize to Turkey. As long as they do not, we will continue to take steps,” Cavusoglu said. Many countries and international institutions and organizations reacted strongly to the Dutch government’s attitude towards Turkish ministers. March 13; Turkey’s Foreign Ministry issued two notes over the Dutch government’s behavior towards Turkish ministers and ill-treatment of Turkish citizens who were exercising their right to peacefully assemble. March 14; Turkey’s Foreign Ministry said statements by EU High Representative Federica Mogherini and EU Commissioner Johannes Hahn regarding developments between the Netherlands and Turkey are “short-sighted and have no value for our country”.

March 16; Turkey took the issue to the UN with a note stating that the Netherlands' actions towards Turkey's Family and Social Affairs Minister Fatma Betül Sayan Kaya and the diplomatic committee accompanying her were in violation of the Vienna Convention, which lays out rules to ensure that diplomats can carry out their duties without fear of coercion or harassment by the host country. March 18; The Foreign Ministry commented on a rally by PKK sympathizers that was allowed to be held in Frankfurt, saying: "A terrorist organization is allowed to march, chanting against the referendum to be held in Turkey, while many obstacles were put forward in order to prevent Turkish parliamentarians from meeting Turkish citizens. This constitutes the most serious example of double standards." March 19; Turkey's Foreign Ministry reacted to Kirkuk province's application to raise the Kurdish Regional Government's flag alongside Iraq's flag at government institutions, saying: "These moves risk eroding Kirkuk's multicultural identity, which is embodied by the social, cultural and economic wealth of Iraq". March 21; Turkey, in a letter sent to the UN Security Council, described the International Criminal Court's instruction to release UN Judge Sefa Akay, who was arrested within the scope of a FETO investigation, as interrupting Turkey's independent judiciary and exceeding its mission and said the demand was "null and void". The German Charge d'Affaires in Ankara was summoned to the Foreign Ministry following remarks by the Federal Intelligence Service (BND) that Germany had yet to be convinced of the Fetullah Terrorist Organization's involvement in last July's failed coup.

March 22; Foreign Minister Mevlut Cavusoglu gave a file to U.S. Attorney General Jeff Sessions covering new documents related to FETO. March 23; The Foreign Ministry expressed its discomfort to the Russian charge d'affaires in Ankara after photos showing members of the PYD/PKK terrorist group and Russian soldiers together appeared on social media. March 25; Turkey's Foreign Ministry summoned the Swiss charge d'affaires in Ankara over a rally held in Bern by sympathizers of the PKK terrorist organization targeting Turkish President Recep Tayyip Erdogan. March 28; The Foreign Ministry said that raising flags of the KRG on government buildings in Kirkuk worries Turkey. March 29; The U.S. Embassy in Ankara issued a statement regarding a call made by the U.S. Consulate General in Istanbul on July 21, 2017, to FETO fugitive Adil Oksuz. The embassy declared that the Consulate General in Istanbul cancelled the visa of Oksuz, who is known as "imam of the air forces". March 30; U.S. Secretary of State Rex Tillerson stated that the U.S. is a reliable ally of Turkey during his visit to Ankara. "We look forward to approaching these challenges together, and the Trump administration will continue to build ties with this long-standing ally and our friend."

April 4; Turkey condemned the Kirkuk Provincial Council's unilateral decision to participate in a referendum on Kurdish regional independence which it took in a session boycotted by Turkmen and Arab members. April 16; The Foreign Ministry stated that the activities of observer committees and first findings reports of the Organization for Security and Co-operation in Europe (OSCE) and the Office for Democratic Institutions and Human Rights (ODIHR) regarding the April 16 constitutional referendum in Turkey were not acceptable. April 24; "The misinformation and false definitions contained in U.S. President [Donald] Trump's written statement on April 24, 2017, regarding the 1915 events are derived from the information pollution created over the years by some Armenian circles in the U.S. by means of propaganda methods," the Foreign Ministry said regarding Trump's remarks to mark the annual commemoration of the 1915 events, echoing his predecessors by using the Armenian term while referring to the tragedy.



April 25; The Foreign Ministry strongly condemned a decision by the Parliamentary Assembly of the Council of Europe (PACE) on re-opening monitoring procedures on Turkey. April 27; The Foreign Ministry condemned and rejected a resolution adopted on April 25, 2017, by the Chamber of Deputies of the Parliament of the Czech Republic on the events of 1915 regarding Armenians.

May 4; The Greek judiciary rejected once again a request for the extradition of eight putschists who participated in the July 15 coup attempt. Turkey's Foreign Ministry said the decision was politically motivated. May 11; The Foreign Ministry deplored the acceptance of asylum applications by Germany of former military officers who are affiliated with FETO, the perpetrator of the July 15 failed coup attempt. May 15; Turkey turned down a request by German lawmakers to visit their troops in Incirlik, stating that it is not suitable for the time being. May 22; The Foreign Ministry summoned U.S. ambassador to Turkey John Bass to protest "aggressive and unprofessional actions" by American security personnel towards the foreign minister's protective detail during President Recep Tayyip Erdogan's visit to Washington. May 25 Turkey rejected a resolution passed by the Foreign Affairs Committee of the U.S. House of Representatives regarding incidents that took place in front of the Turkish ambassador's residence during a visit by President Erdogan to Washington.

June 9; The Foreign Ministry warned that the KRG's decision to hold an "independence referendum" on Sept. 25, 2017 "will be a grave mistake". June 15; Turkey summoned the U.S. ambassador in Ankara, John Bass, to the Foreign Office after American authorities issued arrest warrants for President Recep Tayyip Erdogan's bodyguards and stated that the decision was unacceptable.

July 6; The Foreign Ministry said a report adopted by the European Parliament calling on EU member states to suspend Turkey's accession talks was "null and void". July 14; It was declared that Turkish missions abroad have hosted more than 12,000 formal talks on the Fetullah Terrorist Organization (FETO), including more than 400 with presidents or prime ministers, as part of an information campaign by Turkey to communicate its stance against FETO to the international community. July 15; Commemorative ceremonies were held during the week by 226 representatives in 136 countries to mark July 15 Democracy and National Solidarity Day. Ambassadors and consul generals held a total of 216 meetings with local press representatives. Local media organs published 47 articles written by Turkish ambassadors, and 34 commemorative advertisements paying tribute to July 15 martyrs and veterans were published in newspapers with high circulations in different countries. Sixty-nine exhibitions consisting of photographs compiled by Anadolu Agency under the auspices of embassies and consulates were opened.

August 6; "Turkey has officially become the sectoral dialogue partner of ASEAN," Foreign Minister Mevlut Cavusoglu announced. August 16 ; Foreign Affairs Minister Mevlut Cavusoglu said Turkey expects the KRG to step back from its referendum decision.



September 14; The Foreign Ministry released a statement saying “we would like to stress that the KRG should keep in mind that continued insistence on carrying out this referendum despite all the friendly advice to the contrary shall have a cost”. September 15; Referring to a Belgian court ruling which said 36 people and institutions, including alleged European leaders of the PKK terrorist organization, could not be judged in the framework of fighting terrorism, Turkey’s Foreign Ministry said the decision “reveals once again the fact that Belgium is a weak link in countering terrorism in Europe and in the world”. September 25; Foreign Minister Mevlut Cavusoglu called the KRG’s illegitimate referendum “null and void” in terms of its consequences. EU Minister Omer Celik said: “The referendum decision is already a disaster. To include Kirkuk in the poll is another suggestion from [KRG leader Masoud] Barzani to turn Iraq into another bloodbath.”

October 3; Foreign Minister Mevlut Cavusoglu expressed confidence in a return to normal relations with northern Iraq’s Kurdish Regional Government (KRG) should it correct its “mistake” of holding an illegitimate independence referendum, adding it was not too late and the administration of President Masoud Barzani could take a step back. October 8; The U.S. Embassy in Ankara suspended processing of non-immigrant visa applications at its all missions in Turkey. October 9; Turkey’s Foreign Ministry summoned the U.S. Embassy Charge d’Affaires in Ankara, Philip Kosnett, to have the embassy reverse the move on suspending visa applications in Turkey. October 11; Ahmet Muhtar Gun, deputy undersecretary at the Foreign Ministry, met with outgoing U.S. Ambassador John Bass to overcome the visa dispute between the two countries. October 16; The Foreign Ministry warned the KRG once again, saying: “Those who were instrumental in helping the PKK -- which may attempt to disrupt peace and harmony in Kirkuk -- find refuge in this region will also be held accountable by us.” October 18; U.S. delegation met with Turkish officials in the capital Ankara for the first time in a bid to resolve a visa row affecting bilateral relations. October 24; Foreign Minister Mevlut Cavusoglu said since last year’s defeated coup attempt in Turkey, 995 Turkish citizens have applied for asylum in Greece. October 25; EU Minister Omer Celik said the approaches to cut or suspend negotiations with Turkey did not find support at the EU summit. October 27; The Foreign Ministry issued a written statement on the decision by the parliament of the regional government of Catalonia in Spain to declare independence: “We hope that the regional government of Catalonia will not insist on this unilateral decision, which has no constitutional legitimacy and could lead to tension and escalation. We believe that this issue will be resolved based on democracy and the rule of law.”

November 15; The Foreign Ministry said Turkey officially demanded information from U.S. authorities about jailed Turkish businessman Riza Sarraf but received no reply. November 16; Stating that another note was sent to the U.S. after not receiving a response to the first one, Foreign Minister Mevlut Cavusoglu said: “The Turkish Embassy in Washington received a reply from both the U.S. Department of Justice and the State Department saying Sarraf had been moved to some other place and was safe and in good health”. November 30; Foreign Minister Mevlut Cavusoglu said: “U.S. President [Donald] Trump told our president [Recep Tayyip Erdogan] over the phone that ‘from now on, no arms will be given to the YPG [PKK/PYD]’ “.

December 6; Turkey condemned the U.S. administration's recognition of Jerusalem as "Israel's capital city". "We call upon the U.S. administration to reconsider this faulty decision which may result in highly negative outcomes and to avoid uncalculated steps that will harm the multicultural identity and historical status of Jerusalem," the Foreign Ministry said in a statement. December 9; Turkey regretted the deaths of four Palestinians when Israeli security forces intervened against Palestinians who were protesting the U.S. move to recognize Jerusalem as Israel's capital. It also condemned Israel's excessive use of force. December 11; The issue of Jerusalem should be resolved by 'direct contacts' between Israel and Palestine, Russian President Vladimir Putin said during his visit to the Turkish capital Ankara. December 13; The Organization of Islamic Cooperation (OIC) issued a declaration recognizing East Jerusalem as the capital of Palestine after an extraordinary summit held in Istanbul. "We will never allow the U.S. [to have] a role in the future peace process," Palestinian President Mahmoud Abbas told a special meeting of the OIC in Istanbul. The Foreign Ministry said U.S. National Security Advisor Herbert Raymond McMaster's remarks targeting Turkey at a meeting organized by a think tank in Washington, D.C. are baseless and unacceptable. December 14; Stating there are "no problems" regarding Turkey's S-400 missile defense system deal with Russia, Foreign Minister Mevlut Cavusoglu said: "During the recent visit of [Russian President Vladimir] Putin, only an agreement on financing was made. The additional details need to be discussed and finalized in writing. Our experts are working on it, and it may be signed this week."

December 17; Ankara criticized a call by Austria's new government for a halt to Turkey's EU accession negotiations, saying it shows a discriminatory attitude that ignores Turkey's rights. "The unfortunate and shortsighted statements regarding Turkey in the program of the new government of Austria confirm that concerns are justified about the political movement, which takes discrimination and alienation as its basis," said a Foreign Ministry statement, referring to the coalition between conservatives and the far-right. December 18; Turkey's Foreign Ministry condemned the assassination of the mayor of Misrata in Libya, Mohammed Eshtawi. "We strongly condemn this heinous assassination targeting the stability of Misrata and of Libya," it said in a statement. Turkey regretted the U.S. veto of a UN Security Council resolution that rejects the establishment of diplomatic facilities in the contested city of Jerusalem with one opposing vote against 14 supporting votes. "It is unacceptable that the UN Security Council is left non-functional in a contradictory manner to the will of the international community for such an issue that will have implications on regional peace and stability," a Foreign Ministry statement said. December 21 ; "We expect strong support from the world in today's #Palestine vote at the UN General Assembly," Foreign Minister Mevlut Cavusoglu wrote on Twitter, referring to a vote condemning the widely criticized U.S. decision to recognize Jerusalem as Israel's capital. His remarks came a day after President Donald Trump's threat to cut aid to countries that vote for the UN resolution. Turkey summoned a United Arab Emirates diplomat, Hawla Ali Al-Shamsi, over a recent post retweeted by the country's foreign minister on social media targeting Fahreddin Pasha, the Ottoman governor of Medina from 1916-1919.

Turkish Foreign Minister Mevlut Cavusoglu criticized U.S. President Donald Trump's threat to cut aid to UN member countries who vote for a resolution that rejects the establishment of diplomatic facilities in the contested city of Jerusalem, saying it is "unethical to think the votes and dignity of member states are for sale" at a UN General Assembly Emergency Special Session. A Foreign Ministry statement welcomed the UN General Assembly's adoption of a resolution on Jerusalem with an overwhelming majority. It 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." December 22; The Foreign Ministry welcomed the adoption, at the eighth Astana meeting attended by representatives from Russia, Turkey and Iran -- the guarantor states that brokered a cease-fire in Syria in December 2016 -- of a regulation on the creation of a working group with a view to ensuring the mutual release of detainees/abductees by the conflicting parties as part of confidence-building measures.

Turkish FM denies existence of Turkey-Iran-Qatar 'axis'

Anadolu Agency, 27.12.2017



Turkish Foreign Minister Mevlut Cavusoglu, speaking from Khartoum on Tuesday, dismissed the possibility of any cooperation deals being signed between Turkey, Iran and Qatar.

Cavusoglu spoke in Sudan as part of Turkish President Recep Tayyip Erdogan's ongoing visit to the region. At a press conference held with his Sudanese counterpart, Ibrahim Ghandour, Cavusoglu spoke about Turkey's Middle East policy. Asked about prospects for regional cooperation between Ankara, Tehran and Doha, he said: "There is no Turkey-Iran-Qatar axis."

Turkey does not discriminate between fellow Muslim countries, Cavusoglu said, adding that Ankara had been one of the most vocal critics of Iran's policy vis-à-vis Syria and Iraq. "Now we have very warm ties with Sudan. Does that mean there is a Turkey-Sudan 'axis'?" he asked. Turkey's main concern, he said, is to promote unity across the Islamic world, "not to sow sedition between Muslim countries as others have done". Ghandour, for his part, reiterated his country's keenness to maintain Red Sea security, stressing Sudan's readiness to cooperate with different states of the region in this regard.

He went on to point out that Turkey and Sudan had signed an agreement on Monday pertaining to Red Sea security, which, he asserted, could pave the way for stepped-up military cooperation with Ankara. “Further military arrangements with Turkey are highly likely,” he said. “We have just signed a military agreement that could lead to greater military cooperation with Turkey in regards to the Red Sea.” Ghandour also revealed that Sudan had temporarily leased Sudan’s Suakin Island to Turkish investors. Located on Sudan’s Red Sea coast, Suakin Island is home to numerous Ottoman-era monuments.

During Erdogan’s three-day visit to Sudan, which wrapped up Tuesday, the two countries signed 21 cooperation agreements covering the fields of agriculture, petroleum, industry, health, education and mining, along with military, political and diplomatic relations.

Sudan says deal with Turkey not threat to Arab nations

Hurriyet Daily News, 28.12.2017



Sudan said late Wednesday that a recent deal with Turkey does not harm the security of Arab countries.

The Sudanese embassy in Riyadh released about the agreements signed during Turkish President two-day visit to Sudan this week. The statement came following claims in a Saudi Arabian daily newspaper Okaz, which wrote Khartoum gave the port city Suakin, or Sawakin, to Ankara. During Erdogan’s visit, a number of bilateral agreements were signed between the two countries to strengthen ties in such fields as science, technology, industry, agricultural production, forestry, education, tourism, trade, economy.

Sudan also agreed to hand over Suakin Island temporarily to Turkey for rebuilding. Suakin, one of the oldest seaports in Africa, was used by African Muslims who set out for pilgrimage to the holy city of Mecca in Saudi Arabia. Ottomans used the port city to secure Hejaz province -- present-day western Saudi Arabia -- from attackers using the Red Sea front. Riyadh embassy press officer Al-Mutez Ahmed Ibrahim denied the claims by Okaz paper, saying those claims were an insult to the Sudanese authority and its right to develop ties with other countries.

“Suakin belongs to Sudan, nowhere else,” he said. The officer also said his country had peaceful relations with other nations without harming Arab security. Sudanese Foreign Minister Ibrahim Ghandour also said Tuesday, at a joint press conference with his Turkish counterpart Mevlut Cavusoglu, that his country had temporarily leased Sudan’s Suakin Island to Turkish investors. Ghandour, underlined his country’s keenness to maintain Red Sea security, stressing Sudan’s readiness to cooperate with different states of the region in this regard.

Israelis seek compensation after Saudi chess snub

Agence France, 26.12.2017



The Israel Chess Federation said Dec. 26 it is seeking compensation from the organizers of a tournament in Saudi Arabia, after the Gulf state refused to issue visas for its players.

The King Salman World Rapid and Blitz Championships is the first international chess competition held in Saudi Arabia, perceived as a display of the conservative kingdom's growing openness to the West. The regulations of the organizers, the World Chess Federation (FIDE), stipulate that no player should be refused the opportunity to participate.

But players from three states -- Iran, Qatar, and Israel, had initially not received visas. On Dec. 25, FIDE announced it had "secured visas for Qatar and Iran," with officials from the world chess body failing to reach an agreement with the Saudis to allow the Israelis to enter the kingdom for the games. Fatimah Baeshen, a spokeswoman for the Saudi embassy in Washington, indicated on Twitter that the Israelis were refused visas because the kingdom does not have diplomatic ties with their country. "The Kingdom has allowed the participation of all citizens. The exception is whereby KSA [the Kingdom of Saudi Arabia] has historically not had diplomatic ties with a specific country-- thus has maintained its policy," she wrote.

The Israel Chess Federation accused Saudi Arabia of misleading FIDE to enable hosting the tournament, which begins on Dec. 26."All their previous statements were to the contrary," spokesman Lior Aizenberg said. Aizenberg said the Israelis were seeking financial compensation from FIDE for the seven players who "were professionally and financially damaged" by the saga. In addition, they wanted assurances that FIDE would never repeat such conduct, and "every country hosting an international event will commit to hosting Israeli chess players, even if it's an Arab state." Finally, the Israel Chess Federation was demanding FIDE competitions set to take place in Saudi over the next two years "be immediately canceled," Aizenberg said in a statement.

FIDE did not respond to requests for comment. Israel and Saudi Arabia have no official relations. The presence of Israelis in Saudi Arabia would have been highly unusual, and comes as officials from the Jewish state increasingly hint at covert ties with the Sunni-ruled kingdom.

Shell's operations seen boosted by U.S. tax overhaul

Reuters, 27.12.2017



Royal Dutch Shell Plc said it expects recently enacted U.S. tax reform legislation to have a “favorable” impact on its operations. The change in U.S. tax legislation, which is a reduction to 21 percent from 35 percent, will affect Shell’s fourth-quarter 2017 results but added the “analysis of the actual impact is not yet complete.”

The Anglo-Dutch company said it expects to provide details of the impact of the tax reform, which is effective from Jan. 1, in its fourth-quarter 2017 results. However, Shell said it would have incurred a charge to earnings of \$2.0 to 2.5 billion.

On the basis of its third-quarter statements. On Dec. 22, U.S. President Donald Trump signed the \$1.5 trillion tax overhaul into law, cutting tax rates for businesses and offering some temporary cuts for some individuals and families.

Berlin offers new model for Turkey, EU

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An EU agreement with Britain on relations after Brexit could serve as a model for ties with other countries that want to be as close as possible to the bloc but are not yet ready to join, such as Ukraine and Turkey.

Britain secured the go ahead from Brussels to start talks on its future relationship with the EU earlier this month, with London saying it aspires to a closer relationship as a former member than that of any other third country. In an interview with the Westdeutsche Allgemeine Zeitung published on Dec. 26, German Foreign Minister Sigmar Gabriel said.

Such a deal could offer a solution to the puzzle of how the bloc of 27 can manage its ties with two other large non-members. “I can’t imagine Turkey or Ukraine becoming EU members in the next few years,” Gabriel said. “If we get a smart agreement with Britain regulating relations with Europe after Brexit, that could be a model for other countries - Ukraine and also Turkey,” he also said. Turkey already has a customs union with the EU which allows the trade of most goods without tariffs.



One possibility would be to offer Ankara a “new, closer form of the customs union,” Gabriel said, although he also said such a project would have to “wait for changes in Turkey’s political environment.” Both Turkey and Ukraine want to be full members of the EU, but the bloc is hesitant to include the two. If full membership isn’t an option, Gabriel said, “we have to think about alternative forms of closer cooperation.” Ties between Ankara and Berlin have been strained since the July 15, 2016, failed coup attempt, widely believed to have been masterminded by followers of the U.S.-based Islamic preacher Fethullah Gülen, as Turkish politicians criticized their

German counterparts for failing to show strong solidarity with the government against the thwarted coup. Tension rose between the two NATO allies when President Recep Tayyip Erdoğan wished to address Turkish citizens in the European powerhouse ahead of the April 16 constitutional referendum.

Ankara also criticizes Berlin for turning a blind eye to outlawed groups like the Fethullahist Terrorist Organization (FETÖ), along with the outlawed Kurdistan Workers’ Party (PKK) and some outlawed leftist groups. The EU’s insistence on Turkey to change its anti-terror law to benefit a lingering visa-free travel deal is also a source of the tensions between Ankara and Berlin.

Berlin, in return, has been calling on Turkey to free German citizens under arrest in the country. Around a dozen German citizens have been arrested on suspicion of aiding and abetting terrorist organizations, according to Turkey’s state-run Anadolu Agency. Despite repeated calls by German politicians for the release of these suspects, the Turkish government said it was ruling out exercising any political influence on the judiciary and called to wait for the courts’ decisions. Most recently, German journalist Mevlüt Çavuşoğlu was released from jail last week after nearly eight months, prompting Gabriel to voice hope for the improvement of the bilateral relations between the two NATO allies. Another decision by Turkish authorities that was welcomed by Berlin was the allowance of pilgrim David Britsch to return to Germany.

“Decisions such as these give hope that we can rebuild trust step by step and relax the bilateral relationship,” Gabriel said in a statement released late on Dec. 21. Gabriel said he had agreed with his Turkish counterpart Mevlüt Çavuşoğlu to continue talks given the “difficult issues” that still had to be resolved. “Following recent rulings in Turkey, six persons have now been released from prisons or allowed to leave,” Gabriel said. The releases came nearly two weeks after German federal prosecutors dropped an investigation against a dozen imams who were suspected of spying in Germany on behalf of the Turkish government.

Ethiopia calls for Turkish investments, says envoy

Hurriyet Daily News, 27.12.2017



Relations between Turkey and Ethiopia can be described as excellent, the envoy from the East African country said.

Ayalew Gobezie, Ethiopia's ambassador to Turkey, told Anadolu Agency that the Turkish government "does not exploit Africa but supports the African people". In an exclusive interview in the Turkish capital Ankara, Gobezie thanked President Recep Tayyip Erdogan and the Turkish government for supporting stronger ties between the two countries.

"The Turkish government has principles for its diplomatic relations: win-win, not to exploit but to support the African people and African development. We also share this perspective," he said. Gobezie underlined the deep roots of ties between Turkey and Ethiopia, which go all the way back to the Ottoman Empire. "In 1912 the first Ottoman-Turkish Consulate in Ethiopia was opened in the town of Harar," Gobezie said, adding that the Republic of Turkey's first embassy in Sub-Saharan Africa opened in 1926 -- just three years after Turkey's foundation -- also in Ethiopia.

"The Ethiopian government opened its embassy in Ankara in 1933. There is a long-standing relationship," he explained. "Turkey and Ethiopia have had bilateral relations more than 100 years. Today the relations between our two countries can be described as excellent, both politically and economically." Turkey and Ethiopia are key economic partners in many areas. Trade cooperation between the two countries is on the rise. Turkish firms continue to invest in various sectors in the country. "A Turkish company is building a 386-kilometer [250 mile] railway with a \$1.7 billion budget, which will be hopefully completed in the next two years," he said. "In addition, Turkish companies' investments are worth a total of nearly \$3 billion. More than 100 Turkish companies are doing business here, and they have created more than 10,000 jobs," Gobezie said. "Our trade volume is also growing and has now reached almost \$450 million. Our aim to boost it to \$1 billion in the next five years," he added.

"There is an integrated approach by the government of Turkey and Turkish businessmen to bring development to Ethiopia. President Erdogan has visited Ethiopia three times since 2005. His last visit was in 2015. He is currently in Africa again, visiting Sudan, Chad and Tunisia," said the ambassador. "We want to improve our economic diplomacy through companies and businesspeople. We invite Turkish investors and entrepreneurs to come and invest in Ethiopia. We have industry parks ready for them. It's easy and profitable to do business in our country." They can invest in the manufacturing sector, for example -- textile, garment and construction are the leading sectors," Gobezie said.



Gobezie also addressed the issue of schools previously run by the Fetullah Terrorist Organization (FETO), the group behind last year's defeated coup in Turkey. Turkey established the Maarif Foundation last year to take over the administration of overseas schools linked to FETO. It also establishes schools and education centers abroad. To date around 30 African countries have handed over FETO schools to Maarif or closed them at Ankara's request. "Governments are working to hand over those schools in a legal process," said Gobezie.

"Our government officially promised to transfer FETO schools to Turkey's Maarif Foundation. It is in process, I believe it will be done in 2018. We are also as an embassy pushing to solve this issue." FETO and its U.S.-based leader Fetullah Gulen orchestrated the defeated coup of July 15, 2016, which left 250 people martyred and nearly 2,200 injured. Ankara accuses FETO of being behind a long-running campaign to overthrow the state through the infiltration of Turkish institutions, particularly the military, police and judiciary. FETO also has a considerable presence outside Turkey, including private educational institutions that serve as a revenue stream for the terrorist group.

Gobezie also praised Erdogan and Turkey for their leading role in the recent UN vote rejecting the U.S. recognizing Jerusalem as Israel's capital. "These kinds of conflicts should be solved with peaceful resolutions. We are part of the 128 countries who voted favor of the Jerusalem resolution at the UN," he said. Gobezie also said the local community was pleased with projects in Ethiopia by Turkey's state development aid agency, the Turkish Cooperation and Coordination Agency (TIKA). "Three years ago TIKA launched a restoration project on the tomb of King Najashi and the Al-Najashi Mosque, which is the first mosque in the country. The mosque and the tomb are located 800 kilometers from the capital," he said.

"TIKA's other restoration project is on the old Ottoman Consulate building in the walled city of Harar in eastern Ethiopia. "The agency also helps and supports local authorities to restore almost 70 mosques in Harar Jugol, the fortified historic town which is registered by UNESCO. Harar is said to be the fourth-holiest city of Islam, with 82 mosques, three of them dating from the 10th century." TIKA opened its first office in Africa in Ethiopia in 2005. Six years ago Ethiopia launched a \$4.8 billion mega hydroelectric dam project on the Nile near its border with Sudan. "We want to solve this dilemma peacefully and technically, engineers should involve the issue. Ethiopia would [like to] continue to cooperate with Sudan and Egypt. "We don't want to hurt our Egyptian brothers. But we want them to understand us as well," he said.

The ambassador also praised Anadolu Agency. "Anadolu Agency brings us true news, I always follow you. It's the main source for us for African news, and even for world news," he said. We benefit from Anadolu. Your office in our capital Addis Ababa helps improve our close relationship." Anadolu Agency plans to open new offices in Nigeria and Sudan in 2018, and is also scheduled to reopen its office in Senegal. Ethiopia, the capital of African Union, is located in East Africa, with a population of 100 million. It is one of the world's fastest-growing economies, with growth of 8.5 percent this year, according to the IMF.

Eastern Mediterranean may be scene of first conflict of 2018

AI Monitor, 26.12.2017



The eastern Mediterranean is expected to witness the first conflict of 2018, as developments at the end of 2017 are signaling worsening relationships between Turkey and the Greek Cypriot-Greece-Israel-Egypt bloc. Territorial disputes over natural gas and newly discovered hydrocarbon reserves in the eastern Mediterranean basin are the reason.

Up until a few years ago, the hope was that these hydrocarbon reserves would offer a real opportunity for a peaceful settlement of the Cyprus conflict. But these optimistic hopes vanished with both Turks and Greek.

In 2004, the European Union had declared the Greek Cypriots the sole entity representing the island of Cyprus and accepted it as an EU member. Feeling that its hand has been strengthened following the EU decision, the Greek Cypriots claimed the right of natural resources exploration in the Exclusive Economic Zone (EEZ) around Cyprus. Turkey, however, has been insisting that the Greek Cypriot administration in Nicosia cannot unilaterally “adopt laws regarding the exploitation of natural resources on behalf of the entire island,” as it doesn’t represent the Turkish Cypriots. Also, there is a separate disputed EEZ between Turkey and Greece in the eastern Mediterranean — another point of tension in the conflict.

Ankara reacted strongly to the Greek Cypriots’ natural gas drilling efforts in July. The Turkish army dispatched a frigate in the eastern Mediterranean to “monitor a drilling ship that is believed to have begun searching for oil and gas off ethnically divided Cyprus despite Turkey’s objections,” The Associated Press reported. On Nov. 20, Egyptian President Abdel Fattah al-Sisi visited Greek Cypriot for a trilateral meeting in Nicosia to discuss hydrocarbon resources in the region. In addition to Egypt’s president, Greek Prime Minister Alexis Tsipras also participated in the meeting, which was hosted by Greek Cypriot President Nicos Anastasiades. The Turkish Foreign Ministry, on the other hand, declared the outcome of the trilateral meeting to be “null and void.”

However, despite Turkey’s opposition, drillship Saipem 12000 sailed to carry out exploration and drilling operations on behalf of French TOTAL and Italian ENI companies in the Calypso region between March 1 and Dec. 26 in accordance with an agreement reached during the trilateral summit. Moreover, Italy, Greece, Greek Cypriot and Israel had already agreed on the construction of a gas pipeline from newly discovered fields. The project — dubbed “East-Med” — will cost some \$6 billion. An over 2,000-kilometer-long (1,243-mile-long) pipeline will channel offshore reserves in the Levantine basin to Greece and Italy.



The East-Med project could be interpreted as an effort to form a regional alliance between Greek Cypriot and Greece to confront Turkey in the eastern Mediterranean. The Greek Cypriots and Greece also signed a separate agreement with Israel to channel natural gas reserves in the Mediterranean basin via an undersea pipeline. Italy's participation in this project didn't come as a surprise, as Italy has already been exploring natural gas in the Mediterranean on behalf of the Greeks. The undersea pipeline is expected to channel natural gas from Israel's Leviathan Basin and Greece's 12th plot — also called Aphrodite — to Crete, and then to Europe via Greece. On Dec. 5, the energy ministers of Greece, Greek Cypriot and Israel and the Italian ambassador to Greek Cypriot signed an accord in Nicosia on the construction of the East-Med pipeline. The participation of EU representatives in the ceremony indicated Brussels' support for the project.

In 2017, the Greek Cypriots, Israel and Greece conducted three joint exercises in March, June and November. At the beginning of November 2017, Greece and Egypt held their first joint naval exercise for the first time in quite a while. In response, Ankara initiated its own moves and issued a navigational telex to reserve an area for military exercises. The area covers the disputed sixth, seventh, eighth and ninth blocs that the Greek Cypriots had declared as their EEZ. Ankara's declaration came at a time when Saipem 12000 arrived in the Mediterranean. Also, the Turkish army has kept some of its forces in the eastern Mediterranean following NATO's Standing Maritime Task Force exercise, which was conducted Nov. 7-16. The Turkish navy's TCG Gediz and TCG Barbaros frigates; the TCG Kalkan, TCG Mizrak, TCG Bora and TCG Meltem gunboats; the TCG Akar fuel tanker; and four underwater commando teams are still in the sixth bloc.

In 2018, Turkey will have its first brand-new drilling vessel, the Deepsea Metro II. According to navigation data, the ship left Norway's Hoylandsbygda port some two weeks ago and is currently sailing west of Portugal. It is expected to arrive in Turkey on Dec. 31. The critical question now is whether the Turkish navy will be providing military escorts for the new drilling vessel. If the Deepsea Metro II is to be escorted by a Turkish navy fleet while sailing to the sixth bloc, then the affair is bound to heat up. In the meantime, the Nicosia administration also announced that drilling operations in its EEZ would begin Dec. 30 and that Saipem 12000 would join the operations as well.

Now the question is whether Turkey's Deepsea Metro II and Saipem 12000 and naval fleets escorting them will confront each other in the disputed sixth bloc. One should also consider domestic developments in relevant countries when trying to measure the extent of a possible crisis. A possible hydrocarbon crisis is an excellent domestic political issue that all governments can use to consolidate their nationalist support base. In sum — and in comparison to 2017 — one will witness more eventful scenes in the eastern Mediterranean in 2018. The only actor that could mediate between Ankara and Nicosia is not Washington but Moscow, the new shining star of the Middle East.

UK minister warns of impact of Trump's planned UN cuts

Anadolu Agency, 28.12.2017



The planned cuts to UN funding by U.S. President Donald Trump would have a “marked effect” on health and aid programs for women refugees and the poorest people of the world, according to a British Cabinet minister.

Alistair Burt, Britain’s minister for international development and the Middle East, told the Huffington Post in a story posted Wednesday that any loss of cash would have a major impact on UN programs. The U.S. administration said it would reduce its funding of the UN by \$285 million for the coming fiscal year, its envoy to the UN announced on Sunday.

The announcement came shortly after UN member nations voted overwhelmingly to reject Trump’s decision to recognize Jerusalem as the capital of Israel -- a move that drew condemnation and protests from across the Arab and Muslim world. The full 193-member UN General Assembly met last week for a rare emergency special session regarding Trump’s decision. Burt said he was aware the relationship between the UN and the U.S. “has been a fraught one”. “It’s true that any loss of funding, particularly in health or education, has a marked effect,” he said.

“We are very conscious of some concerns in the American administration about health funding. “Concerns which we don’t share and where we are very determined to make sure there is no adverse effect if funding is cut by the United States on some of the programs, particularly to women and those in need as a result.” “But we hope the United States can resolve their issues with the UN, because the U.S. presence is of huge importance to us all,” he added.

Ahead of last week’s UN vote, Trump threatened that he would withhold billions of dollars in aid to countries that voted in favor of the resolution rejecting the U.S. move. “They take hundreds of millions of dollars and even billions of dollars, and then they vote against us. Well, we’re watching those votes. Let them vote against us. We’ll save a lot. We don’t care,” said Trump. Nikki Haley, the U.S. ambassador to the UN, had also threatened UN members over the vote, saying there would be consequences and she would be “taking names” of countries who voted in favor of the resolution. Jerusalem’s status has long been considered a final status issue to be determined by Israeli-Palestinian peace negotiations, and Trump’s decision is widely seen as undercutting that longstanding understanding. East Jerusalem, which Palestinians are seeking to make the capital of their state, has been under Israeli occupation since 1967.

US, Russia agree to peacefully solve North Korea crisis

Anadolu Agency, 28.12.2017



The U.S. and Russia have agreed to work together to diplomatically resolve the issue of North Korea's ballistic and nuclear missile programs.

U.S. Secretary of State Rex Tillerson and Russian Foreign Minister Sergey Lavrov reached the agreement during a phone call Tuesday, said spokesperson Heather Nauert. "The two discussed concerns related to the DPRK's destabilizing nuclear program and emphasized that neither the United States nor Russia accepts the DPRK as a nuclear power," she said, referencing the Democratic People's Republic of Korea, the North's official name.

The move follows mixed signals from Washington on how President Donald Trump plans to fulfill his promise to "take care of" the North. Earlier this month, Tillerson offered unconditional talks with Pyongyang but quickly backtracked and realigned with Washington's policy of allowing sanctions to bite, insisting that good behavior must come before dialogue. He reiterated at the time that the U.S. was considering "all options" to defend itself but said "we do not seek, nor do we want, war with North Korea. The United States will use all necessary measures to defend itself against North Korean aggression, but our hope remains that diplomacy will produce a resolution."

North Korea has test-fired 15 missiles so far in 2017 and conducted its sixth underground nuclear test in September. Nauert said Tillerson and Lavrov also discussed the situation in Syria, agreeing on the importance of the Geneva process in achieving a peaceful resolution. She added that Washington also raised concerns over the increasing violence in eastern Ukraine.

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

Reuters, 23.12.2017



U.S. consumer spending accelerated in November amid an increase in demand for recreational goods and utilities, but the strong pace of consumption is unlikely to be sustained as savings dropped to their lowest level in more than nine years.

The Commerce Department said on Friday consumer spending, which accounts for more than two-thirds of U.S. economic activity, rose 0.6 percent last month after a downwardly revised 0.2 percent increase in October. Economists polled by Reuters had forecast consumer spending increasing 0.5 percent in November.

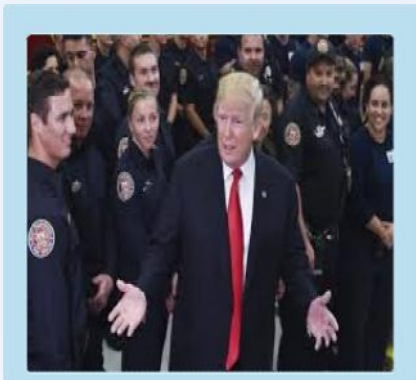
Spending on nondurable goods surged 1.2 percent and outlays on services rose 0.6 percent. Spending on long-lasting goods was unchanged. When adjusted for inflation, consumer spending increased 0.4 percent in November after being unchanged the prior month. The report added to bullish data on the labor market, manufacturing and housing in painting a strong picture of the economy as the year winds down. The government reported on Thursday that the economy grew at a 3.2 percent annualized rate in the third quarter. Growth estimates for the October-December quarter are currently as high as a 3.3 percent pace.

Consumer spending could get a lift from sweeping individual income tax cuts approved by the U.S. Congress this week. The income tax cuts are, however, skewed toward higher-income households, which economists say have a low propensity to consume. Monthly inflation remained benign in November. The Federal Reserve's preferred inflation measure, the personal consumption expenditures (PCE) price index excluding food and energy, rose 0.1 percent in November after gaining 0.2 percent in October. The so-called core PCE increased 1.5 percent in the 12 months through November, picking up from 1.4 percent in October.

The core PCE has undershot the Fed's 2 percent target since mid-2012. Inflation could determine the pace at which the Fed raises interest rates next year. The U.S. central bank increased borrowing costs three times this year and has forecast three rate hikes in 2018. Personal income rose 0.3 percent last month after advancing 0.4 percent in October. Wages increased 0.4 percent last month. With spending outpacing income, savings fell to \$426.2 billion in November, the lowest level since August 2008, from \$466.9 billion in the prior month. The saving rate dropped to 2.9 percent, the lowest since November 2007, from 3.2 percent in October.

White House looks to make internal changes amid worries of a tough year ahead

Washington Post, 28.12.2017



While President Trump spent the past week at his Mar-a-Lago Club golfing, tweeting, relaxing with family and talking to old friends White House officials have been in quiet talks about revamping the West Wing operation.

The discussions come at a critical time for the administration. The president ended his first turbulent year in office with a major legislative victory the Republican tax plan but also suffered an embarrassing setback when the Republican candidate he endorsed in Alabama's Senate race suffered an upset loss following allegations of sexual misconduct.

The unexpected defeat in the deep-red state narrowed the Republicans' already tissue-thin majority in the Senate and underscored the challenges the White House faces as Republicans head into the 2018 midterm elections with a president facing approval ratings in the 30s. The proposed changes, to be largely overseen by White House chief of staff John F. Kelly, mark another effort by the retired four-star general to further streamline and professionalize the White House operation to ensure the chaos of the administration's inaugural year does not follow it into 2018. The plan is to have Johnny DeStefano — a White House aide and Washington insider who worked for John A. Boehner (R-Ohio) when he was House Speaker — temporarily oversee four West Wing operations: the Office of Intergovernmental Affairs, the Office of Political Affairs, the Office of Presidential Personnel and the Office of Public Liaison, a White House official confirmed Thursday.

DeStefano is likely to soon get help with this broad portfolio, which was first reported by Axios, with additional staffers coming in to run the offices but still possibly reporting to him, several people with knowledge of the move said. "Under President Trump's leadership, we worked together as a team to deliver for the American people and we look forward to building off this momentum in 2018," White House press secretary Sarah Huckabee Sanders said in a statement. The White House is working to hire a top political strategist who would probably oversee Bill Stepien, the political director. Stepien has come under growing criticism that he is not up to task of overseeing the White House's political shop after a string of missteps in Alabama's Senate race. Trump first endorsed Sen. Luther Strange (R-Ala.), who lost his party's primary, and then endorsed Roy Moore, a controversial former judge accused of sexual misconduct toward young women, who lost the general election — all of which proved embarrassing for the president.



Even Stepien's allies privately say he is in a difficult situation, arguing he is a smart man who is not fully empowered to run his shop unilaterally. In recent weeks, the president has heard from a growing number of outside advisers, confidants and members of Congress, warning that the White House is poorly positioned to handle the tough 2018 political landscape. In a particularly tense meeting in the Oval Office last week that spilled into public view, Corey Lewandowski — a political consultant who served as Trump's first 2016 campaign manager — vented his concern that the president was being ill served by everyone from his political operation to the Republican National Committee. And this week in Palm Beach, Trump has been minimally staffed, especially around Christmas — a period during which he called outside friends and advisers, receiving another round of warnings about the upcoming political cycle.

The president has been informed by aides and friends that if he loses the House in 2018, not only would Democrats almost certainly begin impeachment proceedings against him but his entire legislative agenda would be imperiled, making any 2020 reelection bid far more challenging. How nervous Trump is about the upcoming year is unclear. Several friends who have seen him at Mar-a-Lago in recent days described him as relaxed and smiling, cocooned in his manicured villa and seeming without a political worry. Rep. Mark Meadows (R-N.C.), the chairman of the conservative House Freedom Caucus, said he is concerned about his party's 2018 prospects. "I'm a numbers guy — we could lose as many as 15 to 18 seats in the House," he said. "There are a lot of people who are suggesting a lot more than that."

But, Meadows added, he believes the president is looking in earnest to improve his political operation. "We certainly support the president's effort to put forth a real political team to make sure the message is out there," Meadows said. One challenge is the West Wing does not have a shortlist of candidates to help with the political operation — a function, in part, of Kelly's lack of deep political roots. Administration officials also said they were simply in the early stages of the process. Marc Short, the director of legislative affairs, had informally suggested Ward Baker for the spot, according to two people with knowledge of the pitch. But Baker, a longtime Republican operative, has his detractors within the White House. He did not respond to requests for comment.

Under the proposed new structure, Short, who has a close relationship with Kelly, will not report to DeStefano, while continuing to oversee his own operation. Short — who has national political experience from when he oversaw the political network of billionaire brothers Charles and David Koch — has taken on a heightened, if unofficial, political role behind the scenes. White House officials said other aides have similarly taken on more political responsibilities. Short declined to comment. "Policy is politics — his policy team probably gets an A," Meadows said. "His policy team has probably been more interactive and engaged in the Senate and the House than really what I saw during the Obama administration." The role of communications director in the Office of Public Liaison has been empty since earlier this month, when Kelly forced out Omarosa Manigault Newman — a former reality-television star who appeared on "The Apprentice," which Trump hosted. The White House is working to fill the post, probably with an internal candidate.

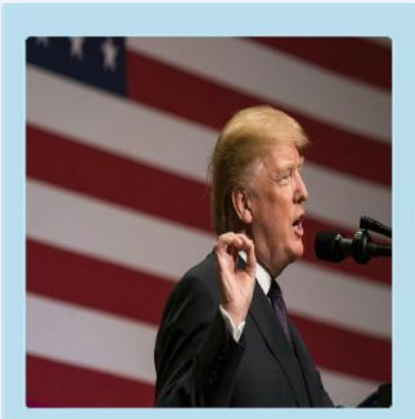


Another department likely to see some change is the Office of Cabinet Affairs, said two people with knowledge of the discussions. Inside the White House, there is frustration with the office and its head, William McGinley, amid a growing sense that Cabinet secretaries are not doing a good job promoting the president's agenda and that there is poor communication between the Cabinet office and the rest of the West Wing. A White House official said there were no plans to move McGinley out of his position. The disorganization surrounding coordination between agencies and the White House is something Kelly knows well from his time as homeland security secretary and something he hopes to remedy in the coming year. Several months ago, the president implemented meetings with his full Cabinet every two weeks in an effort to improve communication. White House officials also pointed to how the West Wing worked with the Treasury Department, the Commerce Department and other relevant agencies to help pass the Republican tax plan, as an example of how the administration's effort to advance its priorities has become more cohesive.

Kelly's restructuring also comes as the White House is expecting a slew of departures — some welcome, others less so — around the one-year mark of Trump's presidency. Deputy national security adviser Dina Powell recently informed the White House she plans to leave in early 2018. Powell is leaving the administration on good terms and may continue to help advise on Middle East policy from the outside. But other departures are more fraught. Secretary of State Rex Tillerson, who has clashed with the president and is widely disliked in the West Wing, is also expected to leave early next year, with the White House already readying a plan for his exit. Gary Cohn, director of the National Economic Council, could also soon depart. Once considered to be Trump's top choice to lead the Federal Reserve, he provoked the president's fury after he publicly criticized Trump in the wake of the Charlottesville white-supremacist rally that left one woman dead. Cohn was one of the public faces of the tax-bill effort, and following its successful passage earlier this month he made comments to colleagues that led them to believe his exit is imminent. Cohn, however, recently said at a public forum that he expects to be working in the White House three months from now and is focused on infrastructure, including overseeing a big meeting on the topic the first week of January.

Reagan would have supported Trump tax reform despite its flaws, says Reagan budget director

CNBC, 22.12.2017



The president who ushered in the nation's last major tax reform, Ronald Reagan, would have supported the current GOP tax bill despite its flaws, said Jim Miller.

“The reductions of marginal tax rates were much greater under Reagan, and the overall effects were very, very large. Of course, the economy is larger now than it was then, but this [Republican bill] is a very important initiative,” Miller told CNBC’s “Squawk Box” on Friday. The Republican tax bill that awaits President Donald Trump’s signature includes a federal corporate tax rate cut from 35 percent to 21 percent and an overhaul of individual tax brackets.

“It’s not a perfect bill. There are lots of problems in the tax package,” Miller acknowledged without elaborating, but he insisted “it’s major advance forward; it’s going to increase economic activity; and it’s going to be good for America.” “We will go from a ‘normal’ 2 percent that we’ve begun to accept, given what’s happened in the last decade, to a normal 3 percent and maybe even 4 [percent]. That is a tremendous difference,” he added.

There was a stark difference between the economic times surrounding Reagan’s bipartisan 1986 tax reform and Trump’s 2017 Republican-only tax overhaul. In 2017, the economy was running on two-straight quarters of 3 percent growth, against a backdrop of little inflation and three Fed rate hikes to a range of 1.25 percent to 1.50 percent.

By contrast, following the early 1980s with 2.7 percent average economic growth, soaring inflation and double-digit Fed interest rates, 1986 saw 3.5 percent growth, a fed funds rate of around 6 percent with 1.1 percent inflation. Conservative and liberal economists have long debated whether the deficit increases of the Reagan years were worth it to get greater economic growth. Those same arguments are raging nowadays about whether GOP tax reform under Trump will bring the kind of economic growth that’s worth the risk of increasing the federal budget deficit.

“In this tax package, about two-thirds of the savings are on the corporate or on the business side, one-third on the individual side,” Miller said. But he disputed the assertions of critics that the Republican bill won’t give many working Americans a tax cut, while lining the pockets of the rich and corporations. “The middle class will not only benefit from the cut that they will receive on their own personal income tax, but from the increased economic activity that will bring up wages, increase demand for labor and bring people who have just given up or out of the workforce back in the workforce,” Miller said.

Paul Ryan wants to cut entitlements to trim the deficit, but political reality stands in his way

CNBC, 23.12.2017



When House Speaker Paul Ryan banged his gavel down on a \$1.5 trillion tax cut, the prospect of looming revenue shortfalls didn't temper his joy a bit.

To the contrary, revenue shortfalls could make his other political goals easier to achieve. Less revenue means government can do less — and Ryan wants government to do less. That simple reality explains the head-snapping turnabout in Washington's deficit debate. Under President Barack Obama, amid the Great Recession, congressional Republicans assailed \$1 trillion deficits.

As a spending-induced threat to America's future. Under President Donald Trump, with the economy humming, they've slashed taxes, even though the Bipartisan Policy Center now warns that deficits may reach \$1 trillion in the next fiscal year. To Ryan-style Republicans, then and now represent entirely different circumstances. And yet they face serious risks to their majorities in 2018, just as Democrats did seven years ago after the passage of economic stimulus legislation and the Affordable Care Act.



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/>

A Policymaking Guide on Additive Manufacturing

Source : CSIS

Weblink : <https://www.csis.org/analysis/policymaking-guide-additive-manufacturing>

Actualising East: India in a Multipolar Asia

Source : Brookings

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

Upcoming Events

Corporate Taxation in The Digital Era

Date : 24 January 2018

Place : Brussels - Belgium

Website : <http://bruegel.org/events/corporate-taxation-in-the-digital-era/>

European Immigration Policies

Date : 29 January 2018

Place : Berlin - Germany

Website : <http://bruegel.org/events/european-immigration-policies/>

Europe's Immigration and Integration Challenges: Financial and Labour Market Dimensions

Date : 02 February 2018

Place : Rome - Italy

Website : <http://bruegel.org/events/europes-immigration-and-integration-challenges-financial-and-labour-market-dimensions/>



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

Date : 07 February 2018
Place : Brussels - Belgium
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 February 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 February 2018
Place : Brussels – Belgium
Website : <https://www.entsoe.eu/news-events/events/Pages/Events/GESC-2017-12-14-asp.aspx?EventWorkshopId=331>