

## Turkish industrial output rises in November

Anadolu Agency, 08.01.2018



Turkey's calendar-adjusted industrial production gained 7 percent in November 2017 compared to the same month in 2016.

Among three main sub-indexes, the manufacturing index rose the most with 7.1 percent during the same period. In November, the annual increase in the electricity, gas, steam and air conditioning supply index was 6.7 percent while the mining and quarrying index was up 5.9 percent. The term "calendar-adjusted" is used to refer to data without calendar and holiday-originated effects.

The seasonal- and calendar-adjusted production level was also up compared with the same figure for October 2017. "Industrial production increased by 0.3 percent compared with the previous month," TÜK said. On a monthly basis, when the sub-sectors of the seasonally and calendar-adjusted industrial sector were examined, the mining and quarrying index rose 3.2 percent in November while the manufacturing index remained unchanged. "Electricity, gas, steam and air conditioning supply index increased by 0.8 percent in November 2017 compared with the previous month," it added. According to a survey conducted by state-run Anadolu Agency's Finance Desk on Jan. 5, a group of 15 economists estimated the calendar-adjusted industrial production index to increase by 5.9 percent year-on-year.

# Turkish religious leader starts four-day visit to US

Hurriyet Daily News, 03.01.2018



The head of Turkey's religious affairs visited the country's Embassy and Georgetown University in the U.S capital on Wednesday .

On the first of his four-day U.S. visit, Ali Erbas met with Turkey's Ambassador to Washington, Serdar Kilic, at the ambassador's residence. Erbas, in a brief statement, gave information about his schedule, stating that he will have an exchange of ideas with both the Turkish community representatives and the leaders of the American Muslim community.

Following a meeting with Ambassador Kilic, Erbas also visited the Islamic Cultural Center in Georgetown University. He inspected the center, which has been renovating under the auspices of the Directorate of Religious Affairs. It was reported that the center, which will allow a large number of Muslim students to pray at the same time and to organize different cultural events, will be completed and put into service as soon as possible. Erbas, who will come together with representatives and opinion leaders of different religions on Thursday, is expected to give the Friday sermon at the Diyanet Center of America (DCA) in Maryland. The center, opened in late 2015 by Turkish President Recep Tayyip Erdogan, is run by Turkey's Directorate of Religious Affairs. It is Erbas' first visit to the U.S. as the President of Religious Affairs and he is accompanied by his wife, Seher Erbas and a delegation from religious affairs.

# FM Çavuşoğlu: Turkey to mediate between Baghdad and Arbil

Anadolu Agency, 10.01.2018



Baghdad and Arbil have requested Turkey's mediation after tensions between the central government and the Iraqi Kurdish Regional Government (KRG) soared over the latter's September 2017 independence referendum.

"There are mediation requests. We will go to Baghdad on Jan. 21. We will discuss this in addition to the bilateral topics," Çavuşoğlu told Turkey's state-run Anadolu Agency on Jan. 10. He said the referendum step pushed by KRG President Masoud Barzani was "wrong," adding that "both the Iraqi Kurdish government and its people have seen this reality."

"In the coming period, Baghdad and Arbil need to reach an agreement. The recent statement by Arbil that it will comply with the decisions of the Iraqi Constitutional Court is a positive step, but a clear consensus must be reached here," Çavuşoğlu said, adding that Ankara would "do its best to reach this end." "If you live in a country then you accept the laws of that country and its constitution," he added, noting that the Iraqi Kurds "received support from Turkey for using their constitutional rights." He said that the KRG has formally asked Turkey to contribute to "normalization" between Arbil and Baghdad.

"Our desire is to overcome these problems as soon as possible in the framework of Iraq's territorial integrity. After such normalization, after Arbil accepts this, we will not have a problem there [in the KRG]," the foreign minister added. In the immediate aftermath of the KRG's Sept. 25, 2017 referendum, in which voters overwhelmingly supported secession from Iraq, federal forces moved into parts of Iraq "disputed" between the central government and the KRG, including the oil-rich Kirkuk province. Baghdad, meanwhile, continues to demand the annulment of the referendum result.

# Merger and acquisition volume soars 41 percent in Turkey in 2017

Hurriyet Daily News, 08.01.2018



A total of 298 merger and acquisition (M&A) transactions were sealed in Turkey in 2017, with energy, manufacturing and technology being the hottest sectors.

The transaction volume, which was worth \$10.3 billion, saw a 41 percent year-on-year increase, the latest M&A report by Deloitte Turkey showed, Reuters reported. There will likely a significant rise in such transactions over this year, according to the report. The military coup attempt of July 2016 and subsequent state of emergency delivered a heavy blow to foreign interest in such transactions in 2016, pushing down the volume to one of the lowest in the last decade.

However, 2017 witnessed a considerable bounce-back. Deloitte Turkey Partner and Financial Consultancy Services Leader Ba ak Vardar said there was a recovery in the market despite various macroeconomic and political risks. "The transaction volume reached over \$10 billion mainly thanks to a number of large-scale foreign investments," Vardar said, predicting that the rebound in the sector would likely accelerate in 2018. Europeans made up the most active foreign investor group last year with a total of 36 transactions, according to the report. There was a decrease in investments from the Asia Pacific region and Gulf investments also remained at a limited level.

Among last year's biggest foreign investments were the acquisitions of Petrol Ofisi by the Netherlands-based Vitol from Austria's OMV and of majority stakes in Garanti Bank by Spain's BBVA and in MersinPort by IFM Investors. The foreign transaction volume rose to \$5.5 billion last year, a 45 percent year-on-year increase from 2016. Despite the year-on-year rise, 2017 still saw the second lowest number of foreign transactions of the last decade after 2016.

## World Bank projects near seven percent economic growth in Turkey

Anadolu Agency, 03.01.2018



Aided by fiscal and monetary policies that led to “a much stronger-than-expected rebound,” Turkey’s economic growth projection for 2017 was revised up to 6.7 percent from 4 percent, state-run Anadolu Agency reported.

“The significant rebound in Turkey’s growth last year—to 6.7 percent, from 3.2 percent in 2016—was supported by fiscal stimulus aimed at expediting recovery from the economic repercussions of the 2016 failed coup attempt,” according to the bank’s Global Economic Prospects report. Export growth also increased due to higher demand from the European Union (EU) and Turkey’s currency depreciation in 2016.

In addition, strong growth of the working-age population supports a positive outlook for the country’s potential growth. The World Bank warned that rising disagreements among some countries with the EU could deter international investors and lead to an end to EU accession for Turkey. “Growth in Turkey is projected as moderate to around 3.5 percent in 2018, as the impact of the 2017 fiscal measures fades,” the report said. The World Bank expects Turkey’s economy to expand 4 percent in 2019 and 2020.

## Eurozone unemployment falls to 9-year low as recovery strengthens

Agence France, 09.01.2018



Europe’s economic recovery is deepening, data showed on Jan. 9, with eurozone unemployment falling to its lowest level since January 2009.

The EU’s official statistics agency said that the jobless rate in the single currency area fell to 8.7 percent in November, hitting analyst predictions and down from 8.8 percent in October. Unemployment for the EU as a whole in November was 7.3 percent -- the lowest since October 2008, Eurostat said. The positive data come after the European Central Bank (ECB) announced.

It was starting to wind down the massive support it has given the 19-member currency zone to help it through the crises of recent years, in view of the solid economy. But the ECB remains concerned about the muted levels of inflation in the eurozone despite the positive jobs picture, which should typically boost prices with Europeans more ready to spend. Eurozone inflation is still stubbornly low -- slowing to 1.4 in December compared with the ECB's target of 2.0 percent -- which has forced bank chief Mario Draghi to reassure investors the era of cheap money was not completely over. Eurostat said that the unemployment rate fell for all the EU's member states compared to a year before, with the biggest drops seen in Greece and Portugal, two of the biggest victims of the eurozone debt crisis.

But unemployment remained high in Greece on 20.5 percent in September, the last month for which figures were available, Spain at 16.7 percent, and Italy at 11.0 percent, ahead of March elections. German unemployment remained super-low with 3.6 percent in November, as well as the Netherlands, with 4.4 percent. At the worst of the debt crisis in 2013, unemployment reached a record 12.1 percent. Since then, the economic situation has slowly improved, but unemployment remains much higher than the average rate before the crisis, when it was 7.5 percent.

## Turkey will not risk actively disrupting Greek Cyprus' energy plan

Cyprus Mail, 07.01.2018



**Any attempt on the part of Turkey to foment a fait accompli in Greek Cyprus' maritime area would be irrational and Ankara would not take such a risk, according to Dimitris Vitsas, Greece's Alternate Minister of National Defence.**

**In an interview with the Greek Cyprus News Agency, Vitsas also said he does not expect Ankara "to risk a defeat", when asked about the possible emergence of a Turkish drillship in the area, and Athens reaction to such a move. Speaking about efforts for a Greek Cyprus settlement, the Greek government official said the Turkish side must realise that stagnation does not lead anywhere.**

Vitsas is on a visit to Cyprus island and is expected to attend on Tuesday a ceremony for the handover of remains belonging to Greek nationals who died in August 1964 while on board the patrol boat "Phaethon". The alternate minister said that those who perished on "Phaethon" were also a reminder of the duty that awaited to be fulfilled regarding a Greek Cyprus settlement, that will respect the territorial integrity of the Republic of Cyprus, adhere to human rights, as well as UN and EU principles.

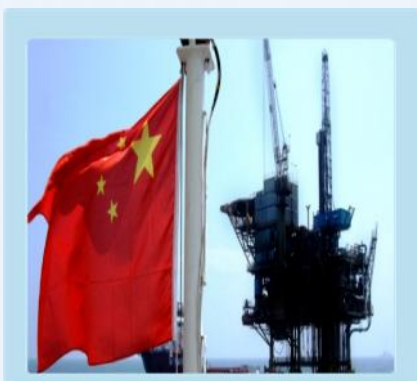
Vitsas said that despite the time which has passed since the 1974 Turkish invasion, no fait accompli in the northern part of the island had been accepted by the international community. This, he says, was due to the continuous efforts of the governments of Greece and Cyprus, who insisted the problem was created because of Turkey's invasion and subsequent occupation. He also said Greece stands by the decisions and actions of the Republic of Cyprus and noted that both countries act as beacons of stability in a volatile region. According to Vitsas, this might act as a catalyst for a final and viable solution of the Cyprus problem.

Referring to Nicosia's energy designs, the Greek official said that exploiting natural resources was the "inalienable and non-negotiable right" of a sovereign country, that is a member of the EU and the UN. "Cyprus exercises this right by creating a safety net, consisting of the world's big oil and gas companies that take part in this endeavour," he says, adding his belief that the Turkish leadership was sensible enough not to turn against all of them. The right to exploit underwater resources was first and foremost a diplomatic issue and one that had to do with alignment of interests, Vitsas said.

"I think the Turkish leadership shows bravado by demonstrating its military presence, but I consider it to be irrational on its part to put practical obstacles and attempt a fait accompli in the maritime area of the Republic of Cyprus," he said. Asked about the reaction of Athens in the event Turkey sends its newly-acquired drillship in the region, Vitsas said he hoped Turkey was sensible enough not to do something that entailed a very high cost and no positive outcome for the country. "It won't risk a defeat" he estimated. Vitsas also notes that Nicosia's activities in the exclusive economic zone of Cyprus were in accordance with international law and "Turkey would be the only one to lose from a possible gamble". This is something Ankara should consider twice, under today's circumstances, he added. Referring to the repatriation of the remains of the Greek soldiers, Vitsas says with this move, the state fulfilled its duty towards those who sacrificed themselves during a battle in August 1964, when the Turkish air force bombed Tylliria, in the northwest of Cyprus.

## Iran sanctions will help China's Petro-Yuan

Oil & Price, 08.01.2018



**U.S. President Trump may try to re-impose sanctions on Iran, a dramatic step that could heighten tensions between the two countries. Some believe the move could contribute to a much broader global economic power shift from the U.S. to China.**

The connection between the issues may not be obvious at first glance, but by seeking to isolate Iran from the international market, Iran could look elsewhere. Because the global oil trade is conducted in greenbacks, the U.S Treasury was able to restrict Iran's ability to access the global financial system in the past.



That made it extremely difficult for Iran to sell its oil prior to the thaw in relations in 2015, which kept millions of barrels of daily oil production on the sidelines. This time around, however, the U.S. will likely go it alone. The Trump administration won't have the backing of the international community in its campaign to resurrect sanctions against Iran, which will make isolation much more difficult. A few months ago, Goldman Sachs predicted that unilateral sanctions from the U.S. could affect a few hundred thousand barrels per day from Iran, but without help from the rest of the world, the effort would not curtail nearly the same amount of oil as the last time around.

Moreover, some analysts argue that the Washington crackdown could merely push Iran to begin selling oil under contracts denominated in yuan rather than dollars. "Potential consequent reactivation of sanctions may cause Iran to export oil using the Chinese Yuan denominated contract, which launches on 18 January," Bjarne Schieldrop, Chief Commodities Analyst at SEB, said in a statement. "This may spark a move away from the present long-established U.S. Dollar (USD) denominated oil trading regime." For a while, China has worked to launch a yuan-denominated oil futures contract—a move that would symbolize, as well as contribute to, the ascendance of the Chinese economy as a rival to long-held U.S. hegemony. Reports suggest China is planning to allow trading in the oil futures contract on the Shanghai Futures Exchange on January 18.

The increased threat of renewed U.S. banking/USD sanctions on Iran alone is likely to boost Iran's interest in the new Yuan oil contract," said Bjarne Schieldrop of SEB. "China will benefit considerably from such developments." Schieldrop argues that the more that the oil trade is conducted in yuan, the more the Chinese currency will be recognized as a major, or even a central, global currency. "While the USD will not be replaced overnight as the world's reserve currency nor as the one most commonly used for crude oil trading, it will be negative for the greenback, which will cease to be the crude oil market's only ruling currency," Schieldrop added.

The implications aren't just a concern for national security types sitting in Washington. The weakening of the dollar could result in higher oil prices. "A potentially significantly weaker dollar would mean a much higher Brent crude oil price in nominal terms making today's longer-term nominal prices a bargain," Schieldrop said. China has had some false starts in its quest to launch its yuan-denominated futures contract, but the official launch appears to be only days away. The contract will only be powerful to the extent that it becomes highly liquid and widely traded, which will only be achieved when more of the global oil trade is conducted in the currency. Meanwhile, Russia recently announced that it would sell \$1 billion worth of yuan-denominated bonds in 2018—another move that will bolster the rise of the yuan as a top global currency.

But investors are unlikely to jump full on into the petro-yuan just yet; capital controls in China will deter some interest. Any transition from the U.S. dollar to the yuan will take years. But milestones such as an oil futures contract are one of the many building blocks needed to push the greenback off of its perch. Washington could unwittingly accelerate the changeover. President Trump has sought to "make America great again," but his effort to isolate Iran could have the side effect of pushing OPEC's third-largest exporter onto the Chinese currency—giving a boost to China's rise.



# Russia-China real gold standard means end of US dollar dominance

RT, 09.01.2018



The BRICS countries are considering starting an internal gold trading platform, according to Russian officials. When this happens, the global economy will be significantly reshaped, and the West will lose its dominance, predicts a precious metals expert.

In 2016, 24,338 tons of physical gold were traded, which was 43 percent more than in 2015, according to Claudio Grass, of Precious Metal Advisory Switzerland. We have to put the BRICS initiative into a broader context. It is just part of a geopolitical tectonic shift which started decades ago.

We have seen a constant outflow of physical gold from the West to the East. At the same time, the West has lost the economic war, and as a consequence, the focus now turns to the financial system. China dominates the world economy and has displaced the US as the world's most formidable economic powerhouse," he told RT. The creation of a new gold standard by BRICS is also a step to end the US dollar's domination of the global economy "As Beijing and Moscow understand that America used the dollar to control the world, by implementing a new kind of 'Gold standard 2.0' they want to distance themselves from this control. Furthermore, the vast majority of the people in Asia sees gold as superior, or 'real' money, something the West has forgotten, because of all the paper wealth (credit) they have accumulated," said Grass.

The expert notes the BRICS countries account for 40 percent of the world's population and around 23 percent of the world's domestic product. "In combination with the announcement of pricing oil in yuan, using a gold-backed futures contract in Shanghai, the establishment of the Asian Infrastructure Investment Bank and the New Development Bank, China is setting up an alternative to the post-Bretton Woods establishment. This is certainly a game changer," said Grass.

Physically backed precious metals market spells the end of paper gold trade. The level of trust between BRICS countries can help them establish intragroup gold trading, which would be 100 percent physically backed. "This will present a viable challenger that could over time lead to a break up of the current system since the West will likely still trade paper gold in the meantime," Grass said. According to London gold clearing statistics for 2016, the total trading volume in the London Over-the-Counter (OTC) gold market is estimated at the equivalent of 1.5 million tons of gold. The volume of 100oz gold futures on New York's COMEX reached 57.5 million contracts during 2016 or 179,000 tonnes of gold, the analyst notes.

“If we now take into consideration that only approximately 180,000 tons of gold have actually been mined up to today the scam is just gigantic and obviously unsustainable. The paper scams in London and New York will either blow up when the paper price of gold drops to zero or when just a fraction of investors insists upon receiving physical gold in return,” Grass said. The expert believes that with paper gold trading, the established gold exchanges could cease to exist sooner or later. “They will likely become obsolete and lose their importance over time. Although one cannot predict exactly how fast this will happen, the trend is clear: OTC and COMEX are working toward their own destruction,” he said.

Gold prices could explode if trading were backed by physical precious metals. “It will definitely lead to higher prices for physical gold. Imagine if you could buy on COMEX and OTC gold at a much lower price and still have the option to sell it in Asia for a much higher price; this would kill the old paper scams immediately. Therefore, I would guess that both could come up with new restrictions that only cash settlements will be allowed to avoid this. We know for example that even today 99.96 percent of COMEX gold futures are settled in cash,” Grass wrote.

The analyst recollected the Heartland Theory of Halford Mackinder, a British geostrategist at the beginning of the 20th century who influenced the likes of Kissinger and Brzezinski. Following the theory, we will soon face a war between physical gold and the US dollar. “As per my understanding, we are moving into the final phase, the battle between currencies – one that will be backed by a hard asset which was real money since time immemorial until 1971 and the other one, backed by promises that future generations will pay through debt, inflation and ever-rising taxation,” he said. “I would like to conclude with a final thought from my friend Jayant Bandari: the combination of negative yields, massive political risks around the world, and any attempt to move away from traditional currencies will be positive for gold and will take it to the next level. Investing is very much linked with geopolitics - once you understand the big picture, it becomes apparent what you should invest in,” Grass told RT.

## EU extends restrictive measures against North Korea

Anadolu Agency, 08.01.2018



The EU on Monday extended its restrictive measures against the ongoing nuclear and ballistic missile-related activities of North Korea.

The EU Council said in a statement it had included 16 individuals and an entity, the Ministry of the People’s Armed Forces (MPAF), to a list of those subject to an asset freeze and travel restrictions. Currently, 79 persons and 54 entities, listed by the UN, are subject to restrictive measures against the DPRK, according to the statement. The statement added that other sanctions and additional measures will be adopted in the coming weeks.

The EU maintains North Korea's nuclear and ballistic missile-related activities represent a serious threat to international peace.

## 9% of EU cannot afford to heat homes in 2016: Eurostat

Anadolu Agency, 05.01.2018



In a 2016 survey, 9 percent of the EU population said they could not afford to heat their homes sufficiently, Eurostat announced on Thursday.

The EU Statistics on Income and Living Conditions Survey showed that the percentage unable to heat their homes peaked in 2012 at 11 percent. According to the statistics institute, this share has continuously fallen over the years, and in 2013 it registered at 10.7 percent, 10.2 percent in 2014 and 9.4 percent in 2015. The situation in the member states varies, the European institute noted.

Adding that the largest share of people who claim to be unable to heat their home was recorded in Bulgaria with 39 percent. Bulgaria was followed by Lithuania and Greece with 29 percent each, the Greek Cypriot administration with 24 percent and Portugal with 22 percent. At the other end of the scale, less than 2 percent of the population face this problem in Luxembourg and Finland, Eurostat statistics showed.

## World Bank predicts 2.5% economic growth for Nigeria on rising oil prices

Naija247News, 10.01.2018



The World Bank forecasts that Nigeria's economic growth will edge up to at least 2.5 per cent this year, as the country benefits from improved commodity prices, investments and trade.

According to the World Bank's January 2018 Global Economic Prospect report launched yesterday in Washington DC, Nigeria's Gross Domestic Product (GDP) is expected to grow by 2.8 per cent in 2019 and 2020. The World Bank forecast that global economic growth will go up to 3.1 per cent in the year 2018.



According to the bank, growth in Sub-Saharan Africa is projected to continue to rise to 3.2 per cent in 2018 and to 3.5 per cent in 2019, on the back of firming commodity prices and gradually strengthening domestic demand. However, the report showed that growth would remain below pre-crisis averages, partly reflecting a struggle in larger economies to boost private investment. “South Africa is forecast to tick up to 1.1 per cent growth in 2018 from 0.8 per cent in 2017. The recovery is expected to solidify, as improving business sentiment supports a modest rise in investment.

“However, policy uncertainty was likely to remain and could slow needed structural reforms. “Nigeria is anticipated to accelerate to a 2.5 per cent rate this year from one per cent growth in the year just ended. An upward revision to Nigeria’s forecast is based on expectation that oil production will continue to recover and that reforms will lift non-oil sector growth. “Growth in Angola is expected to increase to 1.6 per cent in 2018, as a successful political transition improves the possibility of reforms that ameliorate the business environment,” it stated. According to the report, Côte d’Ivoire is forecast to expand by 7.2 per cent in 2018, Senegal by 6.9 per cent; Ethiopia by 8.2 per cent, Tanzania by 6.8 per cent, and Kenya by 5.5 per cent as inflation eases.

The World Bank said that the regional outlook for Sub Saharan Africa was subject to external and domestic risks. It showed that any unexpected activity in the United States and Euro Zone could have a negative impact on the region. Also, an abrupt slowdown in China could generate adverse spillovers to the region through lower-than-expected commodity prices. “On the domestic front, excessive external borrowing without forward-looking budget management could worsen debt dynamics and hurt growth in many countries. “A steeper-than-anticipated tightening of global financing conditions could also lead to a reversal in capital flows to the region. Protracted political and policy uncertainty could further hurt confidence and deter investment in some countries.

“Rising government debt levels highlight the importance of fiscal adjustment to contain fiscal deficits and maintain financial stability. “Structural policies including education, health, labour market, governance, and business climate reforms could help bolster potential growth,” it stated. The World Bank called on policy makers around the world to focus on human investments to increase their countries’ productivity, and move closer to the goals of ending extreme poverty and boosting shared prosperity.

# Bangladesh looks to China for investment in power hub

Xinhuanet, 07.01.2018



Bangladesh is looking to China for help to build a 12-billion-U.S. dollar major power hub at Payra, 204 km south of capital Dhaka, Bangladeshi State Minister for Power, Energy and Mineral Resources Nasrul Hamid said.

In an exclusive interview with Xinhua recently, Hamid said the Bangladeshi government plans to develop the power hub which has a combined electricity generation capacity of about 9,000MW. “We’re thinking of generating at least 9,000 MW of power from here, investing 10-12 billion U.S. dollars in this area.

China can be one of the big investors to make finance of this construction and take the advantage of this huge infrastructure.” In March 2016, Bangladesh signed an engineering, procurement and construction (EPC) contract with the consortium of two Chinese firms for the installation of some 1.56-billion-U.S. dollar coal-fired power plant in the Payra Power Hub. The Chinese consortium has already started constructing the country’s first eco-friendly power plant with ultra modern clean coal technology at the electricity hub.

Officials of the consortium of the Chinese firms – China Energy Engineering Group Northeast No. 1 Electric Power Construction Co., Ltd. (NPEC) and China National Energy Engineering & Construction Co., Ltd. (CECC )-- and the Bangladesh-China Power Company Limited (BCPCL), a joint venture of China National Machinery Import and Export Corporation (CMC) and Bangladesh’s North-West Power Generation Company Limited (NWPGCL), had then signed the agreement on behalf of their respective sides. The 1,320 MW Thermal Power Plant Project (1st phase will be eco-friendly with clean coal technology and have two units which are expected to be commissioned in April and October, 2019 respectively.

Hamid, while recently visiting the plant construction site, told Xinhua that “This is the first time I am visiting Payra. Actually the main concern of coming over here is to see how the Chinese good friends of ours are doing the construction.” He said there are several companies which are working with Bangladesh here. “Actually we have the government nominated company Northwest Power Plant which is actually the 50 percent shareholder with the Chinese company CMC.” He expressed his thanks and appreciation to China, saying, “Chinese companies were helping to build this power plant. This is a 1,320 MW power plant. Other power plants will be constructed over here.”

“Also different (Chinese) companies are working with government side by side. So it’s wonderful that Chinese workers are also working here. Main engineers already work here. And quality seem to be very world class.” He said, “I invite all other Chinese companies who already missing the train should be aboard in the train and come to Bangladesh for investment.” The first plant of the electricity hub which is being built on a 397-hectare piece of land is part of the Prime Minister Sheikh Hasina government’s plan to set up a series of coal-fired power projects to generate 40,000 MW electricity by 2030. Officials say the consortium has a schematic plan for implementing another mega project of the same capacity and technology, 100 MW solar and 50 MW wind power plants at the same location.

## North Sea wind power hub to supply renewable energy to 80 million

Digital Journal, 06.01.2018



The North Sea Wind Power Hub, an artificial island in the North Sea that could supply renewable energy to 80 million people in Europe is set to open in 2027. The hub will send electricity via long-distance cables to six European countries.

The North Sea Wind Power Hub, an artificial island in the North Sea that could supply renewable energy to 80 million people in Europe is set to open in 2027. The hub will send electricity via long-distance cables to six European countries. According to the plans, a 2.3 square mile island will be created at the northeast end of the Dogger Bank.

A relatively shallow area in the North Sea with high wind readings. Thousands of wind turbines will be placed around the island, with short alternating-current links to the island . The island will be part of the North Sea Wind Power Hub project and will include an airport, harbor and converters to change wind-generated electricity from alternating current to direct current which would be transmitted over cables to the Netherlands, the United Kingdom, Belgium, Norway, Germany and Denmark.

The project’s backer is Dutch power grid operator TenneT. The company recently released a report claiming the island will be billions of euros cheaper than conventional windfarms and international power cables. Right now, costs estimates are projected to be over £1.3 billion (\$1.75 billion). Rob van der Hage, who manages TenneT’s offshore wind grid development programme, told the Guardian: ‘It’s crucial for industry to continue with the cost reduction path. The big challenge we are facing towards 2030 and 2050 is onshore wind is hampered by local opposition and nearshore is nearly full. It’s logical we are looking at areas further offshore.’ When asked about the engineering challenges behind building an island, Van der Hage said: “Is it difficult? In the Netherlands, when we see a piece of water we want to build islands or land. We’ve been doing that for centuries. That is not the biggest challenge.”

In June 2016, nine countries, including the Netherlands, Germany, Belgium, Luxemburg, France, Denmark, Ireland, Norway, and Sweden signed an agreement to build offshore wind parks with the primary purpose of reducing costs and making renewable energy more economically viable. At the North Seas Energy Forum in Brussels on March 23, 2017, TenneT Netherlands, TenneT Germany, and the Danish Energinet.dk signed a trilateral agreement to cooperate in the further development of the project, hoping that Norway, the United Kingdom, and Belgium would join them. Then, in September 2017, Dutch gas-grid operator Gasunie joined the consortium suggesting the plan add provisions to convert wind power to gas and use near offshore gas infrastructure for storage and transport, paving the way for a hydrogen economy.

The volumes of offshore wind energy required for the energy transition are so large that gas-based transmission and storage solutions shall be deployed in addition to electrical connections. The costs of energy transmission and long-term storage in gas form are considerably lower per unit of energy than if the energy is transmitted and stored in the form of electricity. While TenneT will probably shoulder the \$1.3 billion cost of building the hub at the heart of the project, they are not allowed to build any of the power generation capacity. That will be left to offshore windfarm developers such as Denmark's Ørsted and Germany's Innogy. However, to really get the project off the ground, it would be necessary to get other energy network operators, like the UK's National Grid, to help pay for the long-distance power cable. The next step in the project is coming this year in the shape of a roadmap published in the Netherlands. If all goes well, Van der Hage said the earliest the island could be operational is 2027, with the windfarms to follow. It is an ambitious project, yet it is feasible. TenneT thinks the project could handle windfarms with a capacity of 30GW, more than twice today's total installed offshore wind power across the whole of Europe. And something this size would be very enticing to investors.

## China to create several mega coal firms by 2020

China Org, 09.01.2018



China will form a number of ultra-large coal mining companies by the end of 2020 as part of its efforts to streamline the bloated sector and cut outdated capacity, according to the country's top economic regulator.

The National Development and Reform Commission said that through further mergers and acquisitions (M&As), the world's largest producer of coal plans to create several coal-mining conglomerates, each with an annual production capacity of more than 100 million metric tons by the end of 2020, to compete in the global market. The country will vigorously promote coal mining enterprises of different sizes.

Also enterprises regions, ownership, and coal types to carry out M&As to foster a batch of modernized coal enterprises by the end of 2020, said the NDRC and 11 other ministries and organizations. “Through these moves, the country will increase the scale of coal mining enterprises, reduce the number of small and inefficient coal mines and realize better integration of enterprises in the upper and downstream industries,” said Wu Lixin, deputy director of the strategic planning research department at the China Coal Research Institute. M&As between coal miners have been going on for some time, and this would be another step in the efforts to make the sector more efficient and profitable, Wu said.

During the first 10 months of 2017, profits of the coal mining and washing sector surged more than sixfold to 250.6 billion yuan (\$38.6 billion) due to high coal prices, according to the National Bureau of Statistics. By the end of 2017, the number of coal mines in China dropped to about 7,000 from 10,800 in 2015, said Jiang Zhimin, vice-president of the China National Coal Association. The production capacity of large coal miners accounted for more than 70 percent of the country’s total coal capacity during the first 10 months of 2017, he said, adding that around 43 percent of the country’s coal was produced by its top 10 coal miners during the same period.

“However, there are still around 3,500 small coal mines with less than 300,000 tons of annual capacity,” Jiang added. The NDRC statement also said that the country would push for M&As between coal miners and electricity companies, coal-chemical enterprises as well as enterprises in the non-coal sectors, including iron and steel mills and transportation companies. This follows the merger last year of State-owned power generator China Guodian Corp and coal miner Shenhua Group Corp Ltd to create the world’s largest energy conglomerate. With total assets of 1.8 trillion yuan, the new company, China Energy Investment Corp, has become the world’s largest producer of coal, thermal power, renewable energy and coal chemicals.

## Macron begins China state visit at Silk Road gateway

The Jakarta Post, 08.01.2018



French President Emmanuel Macron on Monday launched a state visit to China in Xian -- the starting point of the ancient Silk Road in a nod to his counterpart’s famous trading route.

Macron will visit the northern city’s famous terracotta warriors along with his wife Brigitte before delivering a keynote speech on the future of Franco-Chinese relations. The 8,000-man clay army, crafted around 250 BC for the tomb of China’s first emperor Qin Shihuang, is a symbol of ancient Chinese artistic and military sophistication in a country that proclaims itself a 5,000-year-old civilisation.



Macron is beginning the three-day visit in Xian as a gesture to Chinese President Xi Jinping's colossal New Silk Road project, an ambitious initiative to connect Asia and Europe by road, rail and sea. The \$1 trillion infrastructure programme is billed as a modern revival of the ancient Silk Road that once carried fabric, spices, and a wealth of other goods in both directions. Known in China as "One Belt One Road", the plan is to see gleaming new road and rail networks built through Central Asia and beyond, and new maritime routes stretching through the Indian Ocean and Red Sea.

The project has elicited both interest and anxiety and France has so far been cautious on it. Observers say China is waiting for Macron to outline his views on the scheme, in his emerging role as a European leadership voice. Macron's first official visit to Asia marks a new stage for his diplomacy, which has so far been concentrated on Europe and Africa. He plans to seek a "strategic partnership" with Beijing on issues including terrorism and climate change, and make Xi an ally in implementing the Paris accord to fight climate change after the US pulled out of the deal. After Xian, Macron will travel on to Beijing along with his delegation which takes in some 60 business executives and institutions.

## UK's secretary of state for Northern Ireland resigns

Anadolu Agency, 08.01.2018



British Secretary of State for Northern Ireland James Brokenshire resigned from cabinet on Monday citing health issues and an upcoming major surgery.

In his resignation letter, the secretary of state said he would go under surgery to get a legion from his lung removed. Prime Minister Theresa May responded with a letter saying she was sorry to hear about the medical situation, and "very much" looked forward to working alongside him again when he was back to full health. The resignation comes on a day of cabinet reshuffle by May.

Brokenshire has served as the Northern Ireland secretary since July 2016 and been one of the key figures in negotiations between the two largest parties of the U.K. region, the Democratic Unionist Party and SinnFein since the election last March which was held after the collapse of the power-sharing government over a botched energy scheme. Brokenshire, who has been a close ally to the prime minister, also took a major part in Brexit negotiations with the EU and the Republic of Ireland over the post-Brexit Irish border – a key issue in the first phase of the talks.

Meanwhile, in a cabinet reshuffle, which political columnists described as a reboot, the immigration minister Brandon Lewis has been announced as the new Conservative Party Chairman, replacing Patrick McLoughlin. Karen Bradley, the culture secretary, has replaced Brokenshire as Northern Ireland Secretary. Health Secretary Jeremy Hunt's title has been updated as the Secretary of State for Health and Social Care. Sajid Javid's has been announced as Secretary of State for Housing, Communities and Local Government. He was previously just Secretary of State for Communities and Local Government. David Lidington has become the new Cabinet Office Minister in a move to replace Damian Green, who last month resigned after admitting to have misled investigations over allegations into pornographic photos on his computer. However, Lidington has not been given Green's first secretary of state title. David Gauke has replaced Lidington as Justice Secretary. James Cleverly has been appointed as Brandon Lewis's deputy, while three ministers Chris Skidmore, Andrew Jones and Marcus Jones are leaving their posts.

## US moves closer to diplomatic recognition of SDF areas in Syria

Aawsat, 07.01.2018



Washington is expected to soon take concrete steps towards diplomatically recognizing the eastern Euphrates region controlled by the Kurdish-Arab Syrian Democratic Forces, which amounts to an area of about 28,000 square kilometers, three times the size of Lebanon.

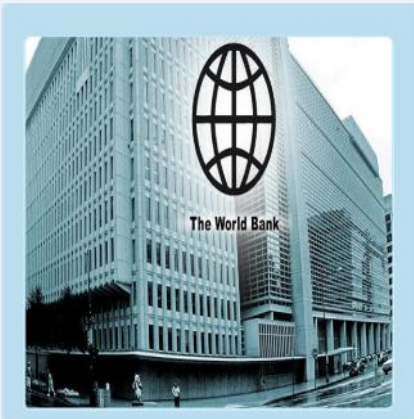
According to a senior Western official, the US administration is in the process of adopting a new strategy for Syria. The first “concrete sign” of a change in American position in Syria, was given by US Defense Secretary Jim Mattis when he said Washington would send “diplomats” to SDF-controlled areas to work alongside the military, the official told.

Washington is also pushing for the empowerment of local councils in the post-ISIS era. US policy is leaning towards backing reconstruction initiatives, the strengthening of public services and infrastructure, training of government agencies, in addition to protecting SDF areas and the upkeep of military bases, later leading to diplomatic recognition. Meanwhile, the Russian-run Hmeimim airbase reported on Saturday evening that it was attacked by a “foreign body”, while rebel sources indicated that drones were used to bomb the base.

It is the second time al-Qaeda has targeted the base after previous reports said that seven planes were destroyed and a number of soldiers killed on a December 31 attack, a claim which Moscow denied. Hmeimim is a Syrian airbase currently operated by Russia, located south-east of the city of Latakia in Hmeimim, Latakia governorate.

# World Bank: Global economy should do well until 2020

Anadolu Agency, 11.01.2018



The momentum gained in the global economy with the synchronized upturn in most countries is expected to continue in the next few years, a senior World Bank official said.

In an interview with Anadolu Agency, World Bank Development Economics Prospects Group Director Ayhan Kose painted a positive outlook for the global economy, which seems to be enjoying a cyclical upturn after years of anemic growth. His remarks came a day after the publication of the World Bank's flagship report, "Global Economic Prospects,"

Where the growth forecast for this year was revised to 3.1 percent, up 0.2 percentage point from the previous estimate announced last June. "We think the single most important difference from the June report is better-than-expected [economic] activity in many parts of the world and how we upgraded our forecasts," Kose said. The highly synchronized acceleration brought upward revisions to growth expectations for major advanced and developing economies, including the United States, the Euro Area, Japan, China, Russia and Turkey. The forecast for the Euro Area was up by 0.7 points to 2.4 percent for last year and by 0.6 points to 2.1 percent for this year. "In the context of the Euro Area, there has been significant policy accommodation for an extended period of time. We think we are seeing the fruits of that," Kose said.

The forecasts for the United States were also upgraded, though not by as much. The U.S. economy is estimated to have grown by 2.3 percent in 2017, 0.2 points higher than previously expected, and 2018's forecast was revised up to 2.5 percent from 2.2 percent. The higher growth expectations for the U.S. reflected the increase in private investment and recently legislated corporate and income tax cuts, according to the GEP report. "We think this will help improve the growth in the short run and have spillovers to the rest of the world. It will also bring the U.S. tax code closer to international standards," Kose said. The World Bank also raised its forecast for China by 0.3 points to 6.8 percent in 2017 and expects 6.4 percent GDP expansion in 2018.

"This synchronized upturn we see around the world is a welcome development" Kose said. "We think the recovery is firming and the momentum is there that we would see the global economy doing well for the next two to three years." The Washington-based lender expects monetary policy normalization to continue in a gradual fashion.



“In the U.S., this year we expect three rate hikes. As the economy registers a robust growth and the Federal Reserve communicates its policies clearly, we think this would be a healthy development for other economies,” Kose said. The expectation of three rate hikes in 2018 matches the latest projections of the Federal Reserve. At their December meeting, Fed officials penciled in three 25-basis-point rate hikes for this year. Kose, however, cited a sudden increase in borrowing costs, which could be triggered by faster than expected normalization, as the number one risk. “Emerging markets need to be ready for the increase in borrowing costs given that there is momentum and a process is underway for the normalization of monetary policy” While the rise of protectionist sentiments and geopolitical tensions are also among the risks in the near term, the single most important risk is the weakness in potential growth in the medium and long term, Kose said. “It is going to be critical to undertake structural policies to improve human capital and physical capital and productivity.”



# Announcements & Reports

## *Precautionary recapitalisation: time for a review?*

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

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

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

## *Actualising East: India in a Multipolar Asia*

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

# Upcoming Events

## *Brexit and Regional Services Exports*

**Date** : 11 January 2018  
**Place** : London – United Kingdom  
**Website** : <https://www.chathamhouse.org/event/brexit-and-regional-services-exports>

## *India Rising? The Quest for Responsible Nuclear Status*

**Date** : 12 January 2018  
**Place** : London – United Kingdom  
**Website** : <https://www.chathamhouse.org/event/india-rising-quest-responsible-nuclear-status>

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

**Date** : 12 February 2018  
**Place** : Greek Cyprus  
**Website** : <https://www.entsoe.eu/news-events/events/Pages/Events/etip-snet-regional-workshop-southern-eastern-region.aspx?EventWorkshopId=327>

## *Project TERRE open stakeholder meeting*

**Date** : 15 February 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** : 17 February 2018  
**Place** : Brussels  
**Website** : <https://conference.entsoe.eu/>

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

**Date** : 19 February 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** : 22 February 2018  
**Place** : Brussels - CEER  
**Website** : <https://www.entsoe.eu/news-events/events/Pages/Events/mesc-2017-12-11.aspx.aspx?EventWorkshopId=330>

## *Grid Connection EU Stakeholder Committee*

**Date** : 24 February 2018  
**Place** : Brussels – Martin's Brussels EU Hotel  
**Website** : <https://www.entsoe.eu/news-events/events/Pages/Events/GESC-2017-12-14.aspx.aspx?EventWorkshopId=331>