

## Turkey's inflation rate remains in double digits in February

Anadolu Agency, 05.03.2018



Turkey's inflation rate failed to fall to single digits in February, as the year-on-year rate came in at 10.26 percent, down from 10.35 percent in the previous month.

On a monthly basis, consumer prices in February saw a change of 0.73 percent, higher than expectations, with food prices seeing a significant increase, data from the Turkish Statistics Institute (TÜ K) showed on March 5. The highest monthly increase was 2.57 percent in health, while food and non-alcoholic beverages prices rose 2.24 percent, recreation and culture prices rose 1.89 percent.

Furnishing and household equipment rose 1.23 percent, and hotels, cafes and restaurants rose 0.95 percent. The share of food prices in the overall basket was the highest with a 23.03 percent share, followed by transportation at 17.47 percent. The only monthly decrease was 4.09 percent in clothing and footwear, according to TÜ K data. The highest annual increase was 15.66 percent in furnishing and household equipment. Transportation with 13.19 percent, clothing and footwear with 11.77 percent, hotels, cafes and restaurants with 11.53 percent and education with 10.88 percent were the other main categories where high annual increases were realized.

Core inflation also remained high, recorded at 11.94 percent in February with a slight year-on-year decrease. Another report from TÜ K showed that producer price inflation accelerated to 13.71 percent February from 12.14 percent in January. On a monthly basis, producer prices climbed by 2.68 percent.

## Nearly 4.2 million women employed in Turkey in last decade: Labor Minister

Hurriyet Daily News, 07.03.2018



Women constitute half of new jobs created in Turkey in the last decade, thanks to the government's employment mobilization program, Jülide Sarıeroğlu said

Sarıeroğlu said Turkey had generated more than 8.6 million new jobs in the last decade. "Nearly 4.2 million women were employed during this period. This is a unique Turkish success story," she said, adding that she aims to increase this number further. The minister said the government had introduced an employment mobilization program in order to decrease unemployment in Turkey.

Sarıeroğlu also said the labour force participation rate for women was 33.8 percent in Turkey. "Our 2023 target is 41 percent. I believe we will exceed this target in 2023," she said.

## Moody's downgrades Turkey's sovereign ratings, citing risks

Hurriyet Daily News, 08.03.2018



Ratings agency Moody's has downgraded Turkey's sovereign ratings to Ba2 from Ba1, citing a continued loss of institutional strength and the increased risk of an external shock given its wide current account deficit.

The rating outlook has been changed to stable from negative. The Turkish Lira fell slightly to 3.8054 against the dollar by 05:03 GMT, having stood at 3.8035 at the close on March 7. "The government appears still to be focused on short-term measures, to the detriment of effective monetary policy and of fundamental economic reform," Moody's said in a statement late on March 7.

The downgrade of Turkey's rating was driven by two key developments, according to Moody's. First is the continued loss of institutional strength, further weakness in monetary policy, and delays in implementing core structural economic reforms. Second is the increased risk of an external shock based on Turkey's wide current account deficits and higher external debt. The reason for changing the outlook to stable derives from the country's economic and fiscal strengths, mostly based on Turkey's large and dynamic economy and favorable government debt metrics, Moody's said. Moody's, which cut Turkey's credit rating to junk status in 2016, cut its outlook to negative from stable in March last year. It changed the outlook to stable in the latest downgrade.

"Potential upward movement in Turkey's issuer rating is constrained by its high external vulnerability. Upward rating pressure could materialize in the event of structural reductions in these vulnerabilities, i.e. a significant and sustained narrowing of the current account deficit or an elongation of the banking and corporate sector's external debt structure. Also important would be material improvements in Turkey's institutional environment or productivity. Reductions in political risk emanating either from the geopolitical or domestic political environment, while credit positive, would not necessarily result in upward rating actions in the absence of sustainable improvements in external vulnerability," the rating agency said. "Turkey's sovereign rating would likely be downgraded if there is a material increase in the probability and proximity of a balance of payments crisis relative to what is implied by the current Ba2 rating. Such an event would likely be precipitated by a reduction in foreign exchange reserves or prolonged capital outflows. Sustained lower growth and a related worsening in the government's fiscal strength could also precipitate downward rating pressure, as could a further erosion of institutional strength and policy predictability," it added.

## Turkey's Central Bank holds rates, weighing inflation

Hurriyet Daily News, 07.03.2018



Turkey's Central Bank kept interest rates steady on March 7, saying it would keep policy tight until price pressures eased, signaling its intention to rein in inflation.

Year-on-year inflation has cooled from the 14-year peak of 12.98 percent it reached in November 2017. But at 10.26 percent in February it remains one the main imbalances in Turkey economy, well above the Bank's target of 5 percent. The Central Bank last hiked rates in December 2017, its first tightening in eight months.

Its monetary policy committee said in a statement that inflation and inflation expectations “continue to pose risks on pricing behavior,” with underlying indicators displaying “inertia.” It also said recent data indicated economic activity remained robust and domestic demand was continuing to expand. For a second straight meeting, the Bank left all four of its policy-setting rates unchanged, as predicted by economists. Nomura International economist nan Demir said overheating pressures and the susceptibility of the Turkish Lira to global and Turkey-specific shocks meant “the risks are skewed towards higher rates.”

“However, we do not expect the Bank to act unless the currency comes under severe pressure,” Demir said in a note to clients, as quoted by Reuters. The lira was little changed at 3.8010 from 3.7987 immediately before the Central Bank’s announcement. The Bank kept its late liquidity window, the highest of the instruments it uses to set policy, at 12.75 percent. The overnight lending rate stayed at 9.25 percent and the overnight borrowing rate at 7.25 percent. Turkey’s economy has rebounded strongly from a downturn that followed an attempted coup in 2016, helped by a series of government stimulus measures. It grew by 11.1 percent year-on-year in the third quarter, its fastest expansion in six years.

## Domestic, global reasons behind Putin’s nuclear remarks

Anadolu Agency, 09.03.2018



Domestic and international considerations are behind Russian president’s remark that Moscow has developed several advanced weapons, including intercontinental underwater drones and nuclear-powered cruise missiles, according to Turkish analysts.

Vladimir Putin’s statements made on March 1 had caught the attention of the world and were mostly criticized by western leaders and nuclear analysts. But Istanbul-based MEF University’s Political Science and International Relations Department Dean Prof. Mustafa Kibaroglu said:

“It is not a coincidence that Putin’s statements about the development of new nuclear-powered long-range missiles, which could leave the most advanced counter-missile air defense systems useless, were announced a short while before the elections. “It aims to influence the Russian public opinion as well.” He added the statements had not been made for domestic audience only. It is also to draw the world’s attention to Russia’s nuclear power. “Russia’s annexation of Crimea, the veiled military operations in eastern Ukraine, military maneuvers and political statements threatening the Baltic states, have made Russia’s relations with the West very strained,” Kibaroglu told Anadolu Agency. “Recently Pentagon set out its ‘Nuclear Posture Review 2018’ under President Trump’s directive. The targets set out in the document speaks of usage of nuclear weapons even in low-level conflicts.

“It would also weaken the nuclear disarmament regime embodied with the ‘Treaty on the Non-Proliferation of Nuclear Weapons’ [NPT], as well as push more and more countries to develop these kinds of weapons,” he said. “The nuclear arms race began essentially between the U.S. and the Soviet Union in the 1950s, and got accelerated till the middle of 1970s. Later on, they understood that their arms could have destroyed each other and the whole world several times. “Along with the high cost of producing these weapons, there were multiple challenges created by storing it in safe environments. As a result, a number of treaties have been signed between the two superpowers to reduce the number of nuclear weapons in their arsenal. “Anybody who knows the impact of the nuclear weapon, would not want to take the risk of usage of it. Eventually, the threat or political will of the country possessing nuclear weapon should be taken seriously. Whether it’s a nuclear weapon or a firearm, if a weapon was produced, there is a possibility that one day it might be used.

“No one can guarantee that populist leaders such as Kim Yong Un, Trump and Putin will not enter an adventure that could involve the use of nuclear weapons.” Putin’s remarks on nukes. On March 1, Putin addressed the Russian parliament, declaring that Moscow had developed several advanced weapons, including intercontinental underwater drones and nuclear-powered cruise missiles. But added that Russia does not violate arms treaties and does not plan to attack anyone. “There can be two reasons that can make us use nuclear weapons: an attack against us with nuclear weapons or an attack on Russia with conventional weapons. “But the second case is only if it threatens the existence of the Russian state,” Putin said.

“Russia may potentially use nuclear weapons only in the event of an impending nuclear attack, or if there is a threat to the country’s existence,” he said in an interview with the NBC broadcaster on March 3. Putin also said he had offered to collaborate on the joint improvement of missile defenses with the U.S. but it had been rebuffed, so he had to act in Russia’s best interests. American President Donald Trump, German Chancellor Angela Merkel and French President Emmanuel Macron have expressed concerns during phone calls over the Russian leader’s statement on nuclear weapons development, the White House said in a statement on March 2. “The leaders shared their serious concerns over Putin’s recent statements on nuclear weapons development, which they agreed detract from productive discussion of a range of issues between Russia and the West,” the White House said.

‘One-sided’ advantage unacceptable. Prof. Mesut Hakki Casin, head of Istanbul’s Istinye University International Relations Department, said: “As I understood, Mr. Putin actually says that ‘U.S. wants to get one-sided military advantage and dictate it to Russia, we can’t accept that’. “Secondly, he says ‘we don’t bluff’. Thirdly, the U.S. and NATO missile shield project is useless and impractical. Putin adds they will fail to surround Russia. “Lastly, he urges: ‘We don’t threaten anyone and we aren’t prepared to attack anyone’,” he said. Casin said deterrence was the most important concept of the Cold War era. “The Organization for Security and Cooperation in Europe [OSCE] resolutions seem to have taken sides away from a nuclear war. According to a Russian proverb, ‘if there is a gun on the wall, it can explode, be careful’. “With the end of the Cold War, the number of weapons dropped. Nowadays, Russia and the U.S. each have around 9,000 active nuclear weapons. About 1,500 of them have intercontinental distances.

“Therefore, even in case if these two countries would no more develop any single nuclear weapon for decades, the threat caused by the presence of existing weapons will be felt for a longer period of time. Moreover, China, U.K., France, India, Pakistan and the North Korea also possess these weapons,” he added. There are approximately 15,000 estimated nuclear warheads in nine countries. While Russia has over 7,000 warheads, the U.S. has about 7,000; France 300, China 270, U.K. 215, Pakistan 120, India 110, Israel 80 and North Korea 10. Moreover, the United States and Russia maintain roughly 1,800 of their nuclear weapons on high-alert status -- ready to be launched within minutes of a warning. Officially, there are five nuclear-weapon states in the world: China, France, Russia, the United Kingdom and the United States. These are officially recognized as possessing such weapons by the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). This treaty acknowledges and legitimizes their arsenals, but they are not supposed to build or maintain them forever. Indeed, they have committed to eliminate them.

There are also four other countries that have nuclear weapons: Pakistan, India, Israel and North Korea. These countries did not sign the treaty, and together possess an estimated 340 nuclear weapons. But it is Russia and the U.S. that have by far the most in the world, dominating all other countries by collectively sharing 88 percent of the world’s arsenal of stockpiled nukes. According to the UN website, the NPT is a landmark international treaty whose objective is to prevent the spread of nuclear weapons and weapons technology, to promote cooperation in the peaceful uses of nuclear energy and to further the goal of achieving nuclear disarmament and general and complete disarmament. The treaty represents the only binding commitment in a multilateral treaty to the goal of disarmament by nuclear-weapon states. Opened for signature in 1968, the treaty entered into force in 1970. On 11 May, 1995, the treaty was extended indefinitely. A total of 191 states have joined the treaty, including the five nuclear-weapon states. More countries have ratified the NPT than any other arms limitation and disarmament agreement, a testament to the Treaty’s significance.

## European Central Bank holds interest rates steady

Daily News, 08.03.2018



The European Central Bank has decided to keep interest rates unchanged. The ECB held interest rates on the main refinancing operations unchanged at 0.00 percent, according to a statement from the bank after Governing Council on Thursday.

Interest rates on the marginal lending facility and on the deposit facility will remain steady at their current level of 0.25 percent and -0.40 percent, respectively, the ECB said. “The Governing Council expects the key ECB interest rates to remain at their present levels for an extended period of time.

Well past the horizon of the net asset purchases,” the statement read. The ECB added that monthly net asset purchases of €30 billion were intended to run until the end of September, or beyond, if necessary. “The Eurosystem will reinvest the principal payments from maturing securities purchased under the asset purchase program for an extended period of time after the end of its net asset purchases, and in any case for as long as necessary,” it said.

## Germany’s Angela Merkel gets fourth term after social democrats approve coalition

NPR, 04.03.2018



Members of Germany’s center-left Social Democrats have endorsed a deal to form a governing coalition with the party of German Chancellor Angela Merkel, paving the way for Merkel to lead Germany for four more years.

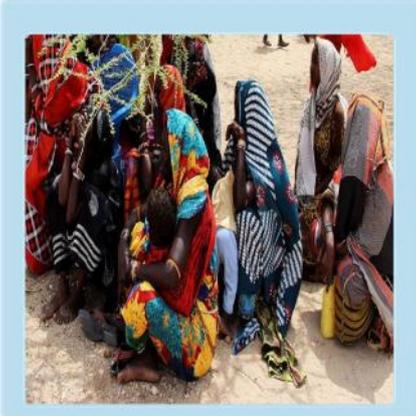
The deal ends more than five months of political uncertainty after September elections left Merkel’s governing coalition weakened. Just over 66 percent of more than 360,000 Social Democrat party members who voted by a mail-in ballot endorsed a deal struck last month by party leaders to form a new coalition with Merkel’s center-right Christian Democrats.

The Social Democrats have more than 463,000 members. “This wasn’t an easy decision for the SPD,” acting party chairman Olaf Scholz said Sunday in Berlin, Deutsche Welle reports. “In the discussion [about the deal], we’ve come closer together. That gives us the strength for the process of renewal we are embarking upon.” NPR’s Soraya Sarhaddi Nelson in Berlin says that many rank-and-file members of the SPD “remain uncomfortable about partnering with the conservatives because they blame their last joint coalition for the voter backlash last September that left them with historically low returns.

“But growing German frustration since then over the lack of a new government and concerns that new elections could lead to even worse results for the SPD led most of the party’s critics to back down.” Merkel has already led Germany for more than 12 years. The deal will form her third grand coalition during her time as chancellor, according to DW. “I congratulate [the SPD] on this clear result and look forward to further cooperation for the benefit of our country,” Merkel said in a translated Twitter statement. German lawmakers are expected to re-elect Merkel as chancellor on March 14.

# Africa marks International Women's Day

Anadolu Agency, 09.03.2018



African countries on Thursday marked the International Women's Day with a pledge to reduce gender inequality by allowing women to participate more in politics and other fields.

“Each district (in Uganda) has a seat reserved for a woman representative in parliament,” President Yoweri Museveni said in a televised address on the occasion of the International women's Day in Mityana district, Central Uganda. Museveni, who has been ruling Uganda since 1986, said his government has fought discrimination against women by passing laws which empower them.

“Women are the base of society but for unknown reasons the traditional society marginalized women,” he said amid cheers from the crowd. In most traditional African societies, women used to be considered as mere house wives and had lesser rights compared to men. However, perceptions have changed over time and women can now compete with men in seeking formal employment or other opportunities. Uganda, Rwanda and South Africa, have one of the highest numbers of women representatives in parliament on the continent. In Kenya, human rights organizations condemned sexual and gender based violence and other crimes committed against women in the post-election period. “Say no to sexual and gender-based violence in electoral conflict situations,” The Kenyan National Commission on Human Rights said in a statement.

“South Africa has made great strides since the advent of democracy (in 1994) to advance and affirm women as part of building a non-racial, non-sexist, prosperous and united country,” President Cyril Ramaphosa said in his International women's Day message. He urged South Africa to work together in improving the status of women in the economy by ensuring that they achieve gender parity. “Women must be equally represented in the workplace and must receive equal pay.” Ramaphosa also urged South Africans to tackle the economic and social factors that prevent young women from completing school and accessing further education. Meanwhile, Nigeria's first lady Aisha Buhari used the day to condemn perpetrators of abductions and various harmful practices against women and girls. For Nigeria, Buhari said, the day must be marked with a difference considering the sad incidence of the abduction of girls, especially the case of Chibok and Dapchi.

“As a mother, I share the sorrow and agony of the parents at this time, it is my sincere hope that efforts by government will soon lead to their release.” She said. Meanwhile, women in war-torn South Sudan have called on the government to take adequate steps in addressing the rights of women and bridge gender gap in the East African young nation. Zenaib Yassin, the chairperson of South Sudan Women Association, said the country's progress can only be achieved if gender equality is at the center of all development initiatives and secured at all levels in society. \* Magdalene Mukami in Nairobi, Parach Mach in Juba and Rafiu Ajakaye in Lagos contributed to this story.

## China to cut energy consumption per unit of GDP by 3 pct in 2018

Xinhuanet, 05.03.2018



China aims for a drop of at least 3 percent in energy consumption per unit of GDP and continued reductions in the release of major pollutants in 2018, said a government work report available to the media ahead of the annual parliamentary session Monday.

China's total energy consumption will be capped at 5 billion tonnes of coal equivalent by 2020, according to a government plan for the 2016-2020 period. This will translate into a 15-percent reduction of energy use per unit of GDP by 2020.

## China is “Quietly Reshaping the World”

Reuters, 04.03.2018



In mid-January at a forum in Shanghai, the Chinese government presented the latest additions to its global economic strategy known as the Belt and Road Initiative (BRI), the largest infrastructure project in the world.

The BRI consists of economic corridors roads, pipelines and maritime links connecting Asia with the Middle East, North Africa and Europe. Chinese spending on BRI infrastructure projects, including mines, ports and other mega-projects at home and in countries along each corridor, could reach \$8 trillion over the next 20 years.

With this massive investment China is “quietly reshaping the world,” in the words of Atlantic Monthly, in particular the lives of its closest neighbours. The BRI, which was launched in 2013, has so far funded a China-Pakistan Economic Corridor (CPEC) passing through the latter's Balochistan province, a new military base in Djibouti in the Horn of Africa, which opened in August last year, a high-speed China-Thailand railway line, and collaborative projects with 16 East and Central European countries. Chinese Foreign Minister Wang Yi announced in December that there were Belt and Road co-operation agreements with 80 countries and organizations, and that China had built 75 overseas economic and trade cooperation zones in 24 countries.



With so much money on the table, even rich countries are angling for a piece of the BRI action. The British government, for example, has declared the U.K. “a natural partner” for China, and the German government claims the country’s private sector is “willing to support BRI.” But not everyone is so enthusiastic. There is major opposition to the BRI in Pakistan’s Balochistan province, where ethnic Balochis are fighting a separatist insurgency against a Pakistani army accused of massive human rights violations. Balochistan is in fact crucial to the creation of the CPEC, which in turn is a major part of the BRI.

Gwadar Port in Balochistan, a BRI-funded project, will give China an important alternate route for oil imports from the Middle East. Pakistan and China are also building road and rail networks between Gwadar and Xinjiang, China’s largest province bordering Pakistan. “If [the BRI] is like a symphony involving and benefiting every country, then construction of the [CPEC] is the sweet melody of the symphony’s first movement,” said Minister Wang in 2015. Balochistan comprises 43% of Pakistan’s land area and holds most of its natural resources, including a rich supply of oil, natural gas, coal, copper, gold, silver, platinum, aluminum and uranium. Yet the Balochis, who represent 3.38% of Pakistan’s population, have long been oppressed by the country’s army, and 63% live below the poverty line. Natural gas from Balochistan produces 40% of the country’s primary energy, but only 6% of Balochis receive it and the province only gets 12.4% of gas royalties.

Given such deprivation, it is not surprising there have been five Baloch insurgencies against the central government since 1948, the latest one starting in 2005. Balochi insurgents and nationalists have called on China to stop the construction of the CPEC until the province becomes independent. An estimated 18,000 Balochis have been forcibly disappeared by the Pakistani army. Naela Quadri Baloch, president of the World Baloch Women’s Forum, accuses the army of “using rape as a tool of oppression,” and blames increased violence by the Pakistani state on Beijing’s interference. “China is looting the resources of our province, including the gold reserves, and turning a blind eye to the genocide of the Baloch,” she told The Indian Express in April 2016, adding that many new roads for the CPEC were being destroyed by Balochi insurgents.

Balochistan should be a cautionary tale for Canada, whose participation in the BRI is being encouraged by Beijing and domestic corporate lobby groups. Not only could Canadian companies vying for BRI funding get pulled into potential human rights disasters abroad, but there are possible concerns related to Chinese government influence in Canada as well. “China’s economic strategy has grown to include much of the world,” says Gordon Houlden, director of the China Institute at the University of Alberta. “With so much money being spent by China, there are opportunities for Canadian companies to participate in BRI infrastructure projects, as some of them have substantial engineering capabilities.” Canadian companies such as Montreal’s Bombardier and Calgary’s Grand Power Logistics Group are already tapping into the BRI by investing in Turkey’s high-speed rail line and a rail service in China respectively. But overall, Canadian participation in the Chinese infrastructure vision is not yet extensive.



“With a few exceptions, our business community is behind the curve in terms of taking advantage of Belt and Road opportunities,” writes Eva Busza, vice-president of research at the Asia Pacific Foundation of Canada, a corporate and government-funded think tank that promotes closer Canada-Asia relations, in a recent blog post. In a business survey released by the Canada-China Business Council in April 2017, 74% of respondents knew about the BRI and 44% saw opportunities for themselves in it. In Canada, many business groups see a free trade agreement with China as a way to quickly increase profit-making opportunities in Asia, and the initiative has been taken up enthusiastically by the Trudeau government. “There is an opaqueness to the Chinese economy,” claims Houlden. A free trade deal “could act a cudgel to break down barriers to investment and trade.” In return, China will expect “loosened investment rules” in Canada, he tells me, including a lighter touch when it comes to foreign takeovers. Canada’s Investment Act allows the federal government to apply a national-interest or “net benefit” screen on foreign takeovers above \$1 billion, though it is rarely used — a sign of Canada being “open to business,” as espoused by successive federal governments. Chinese state-owned enterprises, however, face additional screens, first introduced by the Harper government in 2007, when investing in Canadian energy and infrastructure.

The majority of Chinese investment in Canada is in the energy sector and in mines and minerals, and Beijing will undoubtedly seek a relaxation or elimination of “net benefit” screens in these areas under any FTA. The second Chinese priority is an oil pipeline in Canada that would take tar sands bitumen to the West Coast for shipment to Asian markets. The Trans Mountain pipeline expansion approved by the Trudeau government aims to accomplish this but faces legal challenges in B.C. “Since NAFTA looks like a train wreck, it is very important for Canada, whose prosperity is based on trade, to look for diversification in this area,” argues Houlden. “We’re dependent for 75% of our trade on the U.S. market — I’d like to see that number go down to 50%. The sheer size of the Chinese economy and the rate at which it is growing makes it a very attractive trade partner. Having a range of trading partners will give Canada greater economic stability.” The Canadian Centre for Policy Alternatives (publisher of the Monitor) agrees with Houlden on one point — that it is important for Canada to deepen economic, political and cultural ties with China. But, as Senior Researcher Scott Sinclair adds in the CCPA’s submission to the federal government on a possible China FTA, pursuing this goal through a standard free trade deal “creates unacceptable risks for Canada, and particularly for Canadian workers.”

Sinclair warns that a CCFTA will reinforce Canada’s high trade deficits with China (which increased from \$8.5 billion in 2001 to more than \$43 billion in 2016), further erode Canada’s manufacturing base, intensify competition with lower-waged and poorly protected Chinese workers, and likely worsen domestic inequality. “China is a superpower,” he writes. “However painstaking Canada’s negotiating strategy or skilled its negotiators, due to the vast power imbalance between the two parties, China will ultimately be the rule-maker and Canada the rule-taker in any one-on-one FTA negotiation.” This was, after all, the experience in negotiating the Canada-China Foreign Investment Promotion and Protection Agreement (FIPA), signed by the Harper government in 2012. The FIPA, which protects Chinese investment in Canada to a much greater extent than Canadian investment there, includes a controversial investor-state dispute settlement (ISDS) mechanism. Under NAFTA’s ISDS process, Canada has been sued more times than either Mexico and the U.S., frequently by U.S. companies whose resource projects were frustrated by public interest regulation or community opposition.

The Hupacasath First Nation, based in Port Alberni, B.C., sued the government in federal court in 2013 over the Canada-China FIPA, arguing that the agreement undermined its control over resources in its territory and that the government had failed to consult with the First Nation as it was legally required to do. The Hupacasath lost the case, which the judge decided to be based on speculation, ignoring completely the NAFTA and international ISDS record of companies running roughshod over democratic decisions. The Trudeau government has signalled it will be more welcoming to Chinese investment than the Harper government. Since taking office, it has approved the sale of high-tech firms Norsat and ITF Technologies to Chinese buyers, even though both companies manufacture “military-edge” technology. The ITF sale approval essentially reversed official Canadian policy. Canada blocked the deal in 2015 after the Department of National Defence warned

“China would be able to domestically produce advanced military laser technology to Western standards sooner than would otherwise be the case, which diminishes Canadian and allied military advantages.” The Trudeau government is now reviewing the sale of Aecon, one of Canada’s largest construction groups, to CCCI, an overseas financing arm of the China Communications Construction Company. Canada’s domestic construction industry opposes the takeover — for fears of undue Chinese government influence and the potential to suppress prices — though Aecon shareholders have already voted their support. CCCI has been previously delisted by the World Bank for fraudulent activities in the Philippines, and is criticized for recent worker deaths in Guangzhou and Dongguan. A free trade deal with China, like the FIPA before it, would arguably make it more difficult to hold Chinese firms accountable for their actions in Canada. Sinclair recommends instead that Canada should consider “a sectoral approach focused on developing ambitious strategies to co-operate in achieving both countries’ urgently needed transition to renewable energy,” an area where China has made great progress. “A successful co-operative model in renewable energy could be built on and extended to other sectors.”

## China says ready for trade war as Trump tariffs loom

Agence France, 08.03.2018



China warned the United States on March 8 that everyone will be harmed if President Donald Trump launches a trade war, as official figures showed the Asian power maintained a robust trade surplus with the U.S.

Chinese Foreign Minister Wang Yi issued the stern message as the Trump administration geared up to formally introduce steel and aluminum tariffs as early as March 8 despite global concerns. “Choosing a trade war is surely the wrong prescription, in the end you will only hurt others and yourself,” Foreign Minister Wang Yi said. “China will certainly make an appropriate and necessary response,”



Wang said at a press conference on the sidelines of the Communist Party's annual parliamentary session. On March 7, at the World Trade Organization, China led a group of 18 members urging Trump to scrap the planned tariffs, with its representative saying the levies would pose a systemic threat to the rules-based global trading system. U.S. imports from China of steel and aluminum make up a small proportion of its total imports from the world's second largest economy. But the tariffs may be the first foray in the brewing American trade war with Beijing. In coming weeks, the Trump administration plans to issue a report on China's intellectual property practices expected to hammer China and possibly bring about further tariffs on a wider range of Chinese imports.

"The U.S. is acting swiftly on Intellectual Property theft. We cannot allow this to happen as it has for many years!" Trump tweeted hours before Wang took the stage in Beijing. Trump also took to Twitter to say the U.S. had asked China to "develop a plan for the year of a One Billion Dollar reduction in their massive Trade Deficit with the United States." "We look forward to seeing what ideas they come back with. We must act soon!" Trump said. The amount is a drop in the bucket when compared with the record \$375.2 billion trade deficit the U.S. racked up with China last year. Trump's tweets follow China's moves to resolve the simmering trade tensions. While Beijing has launched warning shots -- like trade investigations into U.S. goods such as sorghum, and hinted it could even take on soybeans, its largest U.S. import -- officials have worked to find a peaceful resolution. President Xi Jinping sent his top economic aide, Liu He, to Washington to discuss trade issues last week on the heels of a similar visit by state councilor Yang Jiechi last month. But Washington has shown little interest in negotiating, with Liu's visit resulting in few major breakthroughs beyond a commitment to further talks on trade issues. The resignation of Trump's top economic adviser Gary Cohn on March 6-- who had held talks with Liu during his visit -- also throws cold water on the negotiations. His departure leaves "nationalist" advisors like arch China sceptic Peter Navarro, author of "Death by China," and Commerce boss Wilbur Ross with the president's ear. Last week, Trump said "trade wars are good, and easy to win" when the U.S. is losing billions on trade.

## Bank of Japan keeps policy steady, maintains interest rate target at minus 0.1%

Reuters, 09.03.2018



The Bank of Japan kept monetary settings unchanged and stuck to its upbeat view on the economy, underscoring its conviction that its massive stimulus programme is helping drive up inflation towards its elusive target.

“Japan’s economy is expanding moderately, with a virtuous cycle from income to spending operating,” the BOJ said in a statement announcing the policy decision. In a widely expected move, the BOJ maintained its short-term interest rate target at minus 0.1 percent and a pledge to guide 10-year government bond yields around zero percent.

The decision was made by an 8-1 vote with board member Goushi Kataoka dissenting on the view that the BOJ should speed up bond buying to further push down longer-term yields. BOJ Governor Haruhiko Kuroda will hold a news conference at 3:30 p.m. (0630 GMT) to explain the policy decision.

## Florida passes bill to restrict guns, arm some teachers

Hurriyet Daily News, 08.03.2018



The U.S. state of Florida, scene of America’s latest school shooting, passed a bill on March 7 that raises the minimum age to buy firearms to 21 while funding a program that allows some teachers and school employees to be armed.

The “Marjory Stoneman Douglas High School Public Safety Act,” which takes its name from last month’s mass shooting in which 17 people including 14 students were killed, passed the legislature’s lower house a day after clearing the senate. It will now be sent to Governor Rick Scott to sign. The Republican has not indicated whether he would veto the law, but he has previously expressed opposition to Trump’s call.



America's long moribund gun control debate was revived by survivors of the Parkland shooting, who a day after their school was attacked launched the "Never Again" movement demanding legislative action. The bill raises the minimum age to purchase all firearms from 18 to 21 - a move opposed by the powerful National Rifle Association lobby group - bans modification devices that make a semi-automatic weapon fully automatic, and increases mental health funding. It also includes a voluntary "guardian program" named after Coach Aaron Feis who was slain in the Parkland attack, which is intended to "aid in the prevention or abatement of active assailant incidents on school premises" by allowing some school employees to be armed.

The program is mainly aimed at staff such as coaches and school personnel, with teachers eligible if they have military or law enforcement experience. Bringing more guns into school has been a controversial idea, but lawmakers defended the bill. "I understand the angst about the guardian program but I can't help but think about the coaches who literally ran in as shields to protect their students ... while guys with guns were standing outside," said Republican member Chris Latvala. "If there are school personnel that want to go to the training to help shield the students and protect them, they should have the opportunity," he continued. Meanwhile, Democrat legislators said the guardian program was a "poison pill" in a law otherwise taking necessary steps toward gun control. "I'm taking and swallowing that poison pill. As much as I don't want to, I can't look in the mirror and leave here and think 'I did nothing to help'," said Representative Joseph Geller. African-American representatives also expressed fears that arming black school employees could leave them vulnerable to being mistaken for attackers by police arriving on the scene of a mass shooting. Florida has seen three mass shootings in under two years - 49 were killed at an Orlando nightclub in 2016, five at Fort Lauderdale's international airport in 2017, and now 17 in Parkland.

The bill does not ban the sale of the AR-15 assault rifle - the weapon used by Nikolas Cruz - one of activists' key demands. Meanwhile, parents of American children killed in gun violence implored Congress to seize the moment and enact far-reaching gun reform, as the momentum for taking action stalls in politically divided Washington. With no lawmakers from the controlling Republican Party present, a group of Senate Democrats held a makeshift hearing in the U.S. Capitol to hear testimony from grieving relatives, a survivor of the Parkland shooting, teachers and police officers demanding change to the nation's laws. "How many more children are going to need to be slaughtered?" 17-year-old David Hogg asked the senators.

# Talk of a trade war ignites uncertainty and is against the interest of the US, Fed officials said

Reuters, 07.03.2018



Global worries over an emerging “trade war” pose an uncertainty for the Federal Reserve, a group of Fed officials said Wednesday.

Atlanta Federal Reserve Bank President Raphael Bostic said the central bank needs to take a wait-and-see attitude over the impact of the Trump administration’s proposed tariffs. The levies could be challenged in court or in Congress, Bostic said. “There has not actually been anything done yet. We have to take a wait-and-see attitude,” Bostic said. “The claim that there are national security interests in these tariffs could be challenged”

“The Congress could just change the law and say don’t do this anymore.” She added. Meanwhile, Fed Governor Lael Brainard — among the most influential U.S. central bankers — said the threat to apply punitive tariffs on steel and aluminum imports poses an uncertainty for the Fed. She added, though, that it is too early to determine what will come of all the talk.

“There may be some uncertainty associated with possible developments in this area because it’s early to tell what the broader implications could be.” “I see it as an uncertainty but not something that would materially change my outlook today,” she added. Separately, Dallas Fed President Robert Kaplan said in Houston that anything that would hurt relationships with trading partners such as Mexico and Canada would be against the interest of the U.S., even as he declined to directly comment on President Donald Trump’s threat to impose tariffs on steel and aluminum imports. “My sensitivity would be, any actions we could take as a country to jeopardize those relationships are not in our interest,” he said. Asked if he would change his forecast to reflect any expected impact from the tariffs, Kaplan said no. “It’s still too soon to say what policies are going to be implemented — my job is not to analyze or overly comment on hypotheticals,” he said.

# US trade deficit jumps to more than 9-year high

Reuters, 07.03.2018



The U.S. trade deficit increased to a more than nine-year high in January, with the shortfall with China widening sharply, suggesting that President Donald Trump's "America First" trade policies are unlikely to have a material impact on the deficit.

The Commerce Department said on Wednesday the trade gap jumped 5.0 percent to \$56.6 billion. That was the highest level since October 2008 and followed a slightly upwardly revised \$53.9 billion shortfall in December. Economists polled by Reuters had forecast the trade gap widening to \$55.1 billion.

Part of the rise in the trade deficit in January reflected commodity price increases. The politically sensitive trade deficit with China surged 16.7 percent to \$36.0 billion, the highest since September 2015. The deficit with Canada was the highest in three years. The trade deficit continues to widen a year into the Trump presidency. Trump, who has claimed that the United States is being taken advantage of by its trading partners, in late January imposed broad tariffs on imported solar panels and large washing machines. Trump last week announced he would impose import tariffs of 25 percent on steel and 10 percent on aluminum to protect domestic producers. While these actions may prove politically popular with Trump's working class political base, especially in states hard-hit by factory closures and import competition, analyst warn they could undercut economic growth.

The protectionist measures have sparked fears of a trade war and could jeopardize talks on the North American Free Trade Agreement (NAFTA) linking Canada, Mexico and the United States. Trump ordered a renegotiation of the trade pact to offer terms more favorable to Washington. Trump's "America First" trade policies are part of an attempt to boost annual economic growth to 3 percent on a sustainable basis. The government in January slashed corporate and individual income taxes. But with the economy almost at full employment, the increase in demand spurred by the \$1.5 trillion tax package will probably be satisfied with imports, further worsening the trade deficit. The surge in the January trade deficit was flagged by an advanced goods trade deficit report last week. When adjusted for inflation, the trade deficit increased to \$69.7 billion from \$68.5 billion in December.

The so-called real trade deficit is above the fourth-quarter average of \$66.8 billion. This suggests trade would subtract from first-quarter gross domestic product unless the deficit shrinks in February and March. Trade sliced 1.13 percentage point from fourth-quarter GDP growth. The economy grew at a 2.5 percent annualized rate during that period. In January, exports fell 1.3 percent to \$200.9 billion as shipments of civilian aircraft and crude oil declined. But exports of consumer goods rose to a record high and those of motor vehicles, parts and engines were the highest since July 2014. Exports to China tumbled 28.1 percent. Imports were unchanged at \$257.5 billion in January amid declines in imports of cellphones and civilian aircraft. Crude oil imports increased by \$2.2 billion, reflecting higher prices.

## U.S. Secretary of State to focus on security on first African visit

Reuters, 07.03.2018



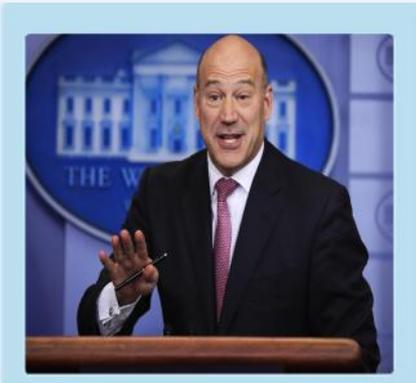
**U.S. Secretary of State Tillerson flew to Ethiopia at the start of his first diplomatic trip, seeking to bolster security alliances on a continent increasingly turning to China for aid and trade.**

**He was due to visit the African Union where many officials are still smarting from U.S. President Donald Trump's reported dismissal of member states as "shithole" countries in January. Trump later denied making the comment. U.S. officials said Tillerson would focus on discussing ways of fighting terrorism and promoting stability, trade and investment on the week-long tour.**

"The long reach of terrorism threatens to steal the future of countless individuals," Tillerson said in a speech at Virginia's George Mason University shortly before departing on Tuesday. Militant attacks in Africa had risen to more than 1,500 per year from around 300 in 2009, he said.

# Trump's economic adviser Cohn quits after tariffs dispute

Reuters, 08.03.2018



Gary Cohn, the top economic adviser to U.S. President Donald Trump and a voice for Wall Street in the White House, said on March 6 he would resign, a move that came after he lost a fight over Trump's plans for hefty steel and aluminum import tariffs. Gary Cohn, the top economic adviser to U.S.

President Donald Trump and a voice for Wall Street in the White House, said on March 6 he would resign, a move that came after he lost a fight over Trump's plans for hefty steel and aluminum import tariffs. It is expected to be finalized in a few weeks.

That will blow a hole in Trump's advisory team at a time when the economy is growing but stock markets are experiencing surges of volatility. Trump said in a tweet late on March 6 he "will be making a decision soon" on replacing Cohn. Administration officials said Peter Navarro, who is director of the White House National Trade Council, and conservative commentator Larry Kudlow were the "top two candidates" for the job. White House officials said the tariffs dispute contributed to Cohn's decision to leave but was not the sole reason. One official cited several issues and noted: "His biggest mission was on the tax cut bill, which he got passed." It was the latest in a series of recent high-profile departures from the White House.

Cohn told Trump about his decision to resign on March 6, but he and the president had been discussing his possible departure for weeks, a White House official said. Following the news, the U.S. dollar weakened, while an exchange-traded fund tracking the broad market SP 500 dipped 1 percent. Prices for U.S. government debt barely budged, with analysts expressing concern about trading on March 7. "One of the adults in the room has left. The markets will worry that this is a signal that we will definitely go ahead with these tariffs," said Paul Mortimer-Lee, chief market economist at BNP Paribas corporate and investment banking.

"Cohn was seen as a moderating influence, and now he's gone. The president's ear is going to be dominated by louder and louder protectionist voices," said Mortimer-Lee in New York.

Without Cohn in the picture, Navarro, an economist, will likely have a clearer field to pursue a protectionist agenda, which squares with Trump's long-held concerns about trade. Trump said last week he would impose import tariffs of 25 percent on steel and 10 percent on aluminum, a move criticized by a number of prominent Republican lawmakers. Trump's announcement followed an intense debate within the White House between Cohn and Navarro and their respective allies, said White House officials. "It looks like Gary Cohn has been completely unsuccessful in trying to stop the steel and aluminum tariffs," said Monica de Bolle, a senior fellow at the Peterson Institute for International Economics, a think tank. Cohn's departure indicated Trump would proceed with the tariffs, de Bolle said.

“The chances of us having a trade war have now increased dramatically. ... The economic nationalists now certainly have the upper hand,” she added. Cohn, 57, who served in the White House for a little more than a year, achieved an early rapport with Trump and proved influential in the administration’s decisions last April not to label China a currency manipulator and to renegotiate the North American Free Trade Agreement, instead of terminating it. He also emerged as a main driver of a sweeping tax overhaul passed by Congress in December and signed into law by Trump. The overhaul was Trump’s only major legislative victory of 2017. After the tax package was approved, Cohn tackled an infrastructure initiative, but it has been slow to gain traction and will likely be further handicapped by his departure. Formerly president and chief operating officer of investment bank Goldman Sachs, Cohn was viewed as a bulwark against protectionism. Business lobbyists frequently cited Cohn as their strongest ally in the White House. In a statement, Trump gave Cohn credit for his role in pushing the tax package through Congress and “unleashing the American economy once again.” “He is a rare talent, and I thank him for his dedicated service to the American people,” he said.

## Pentagon denies claims about US Navy, ExxonMobil link

Anadolu Agency, 09.03.2018



**Allegation that US fleet is in Eastern Mediterranean to protect ExxonMobil is not true, Pentagon spokesperson says. The Pentagon on Thursday denied the allegations that the U.S. naval forces were deployed to the eastern Mediterranean to provide protection for one of the largest American petro company’s drilling operations.**

**“There is no truth to the allegation that the U.S. 6th Fleet is in the Eastern Mediterranean to protect ExxonMobil,” Johnny Michael, Spokesperson for United States European Command (EUCOM) said in a written statement sent to Anadolu Agency.**

“The Iwo Jima Amphibious Ready Group and 26th Marine Expeditionary Unit are currently conducting a regularly scheduled deployment to the U.S. 6th Fleet area of operations.” The allegations came following the Russian news outlet, Sputnik claimed that surveyor ships which belong to ExxonMobile, coincides with the arrival of the Iwo Jima Amphibious Ready Group (ARG) which entered the U.S. 6th Fleet area of operations on February 21. Michael said the USS Iwo Jima and units from the 26th MEU arrived in Israel, March 6 to participate in the exercise Juniper Cobra, which is a part of a long-standing agreement between EUCOM and the Israeli Defense Forces. The agreement is to hold bi-lateral training exercises on a regular basis to promote and sustain regional stability as well as to ensure Israel’s qualitative military edge.

Also mentioning the alleged ship, the Harpers Ferry-class dock landing ship USS Oak Hill, he noted that the ship and the embarked Marines from the 26th Marine Expeditionary Unit (MEU) entered the Black Sea March 7, 2018 to participate in the Romanian-led amphibious exercise to strengthen combined naval capability among the U.S. allies and partners in the region. Speaking anonymously due to restrictions on talking to media, another official from the Pentagon also denied the allegations saying that the deployment of the ships took place as a part of a regular scheduled deployment. When asked about the duty term of the Iwo Jima Amphibious Ready Group in the region, the official said duty term is around seven months. The presence and the tasks of the fleet, after the exercise with Israel ends, depend on the regional commanders.

## Some countries ‘may be exempted from US tariffs’

CNBC, 08.03.2018



Canada and Mexico, and possibly other countries, may be exempted from planned U.S. import tariffs on steel and aluminum on the basis of national security.

“We expect that the president will sign something by the end of the week and there are potential carve-outs for Mexico and Canada based on national security, and possibly other countries as well based on that process,” White House spokeswoman Sarah Sanders told a regular media briefing. Trump is expected to sign a presidential proclamation establishing the tariffs during a ceremony scheduled.

A senior U.S. official said the measures would take effect about two weeks after Trump signs the proclamation. The tariffs would impose a duty of 25 percent on steel and 10 percent on aluminum to counter cheap imports, especially from China, that he says undermine U.S. industry and jobs.



## Announcements & Reports

### *Assessing the Growth Potential of Eastern Congo's Coffee and Cocoa Sectors*

**Source** : CSIS

**Weblink** : [https://csis-prod.s3.amazonaws.com/s3fs-public/publication/180307\\_Downie\\_CongoCoffeeCocoa\\_Web.pdf?DDlgFFFPLdWgkQu4Wivzj1az7ZqmAiTI](https://csis-prod.s3.amazonaws.com/s3fs-public/publication/180307_Downie_CongoCoffeeCocoa_Web.pdf?DDlgFFFPLdWgkQu4Wivzj1az7ZqmAiTI)

### *Russia's New Nuclear Weapons: Whoever Dies with the Most Toys Wins?*

**Source** : CSIS

**Weblink** : [https://csis-prod.s3.amazonaws.com/s3fs-public/publication/180308\\_Russia\\_Nuclear\\_Cordesman.pdf?BDRkcxyp.ZDJIMU3dutN00hwTkZVJWSnfinal.pdf](https://csis-prod.s3.amazonaws.com/s3fs-public/publication/180308_Russia_Nuclear_Cordesman.pdf?BDRkcxyp.ZDJIMU3dutN00hwTkZVJWSnfinal.pdf)

### *Creating a Twenty-first-Century Business Model for the IBRD*

**Source** : CSIS

**Weblink** : [https://csis-prod.s3.amazonaws.com/s3fs-public/publication/180307\\_Runde\\_CreatingModelIBRD\\_Web.pdf?L.bA4cJTLsITnyignVsE0Ae2PE8piTLa](https://csis-prod.s3.amazonaws.com/s3fs-public/publication/180307_Runde_CreatingModelIBRD_Web.pdf?L.bA4cJTLsITnyignVsE0Ae2PE8piTLa)

## Upcoming Events

### *How is Saudi Arabian Society Changing?*

**Date** : 9 March 2018

**Place** : London

**Website** : <https://www.chathamhouse.org/event/how-saudi-arabian-society-changing>

### *EU Foreign Policy: Looking Ahead*

**Date** : 13 March 2018

**Place** : London

**Website** : <https://www.chathamhouse.org/event/eu-foreign-policy-looking-ahead>

### *Iran in 2018: Protests, Politics and Economic Pressures*

**Date** : 14 March 2018

**Place** : London

**Website** : <https://www.chathamhouse.org/event/iran-2018-protests-politics-and-economic-pressure>



## *Energy Statistics Course March 2018*

**Date** : 19 - 23 March 2018  
**Place** : Paris  
**Website** : <http://www.iea.org/workshops/energy-statistics-course-march-2018.html>

## *Angola Forum 2018: 30th Anniversary of the Battle of Cuito Cuanavale*

**Date** : 23 March 2018  
**Place** : London  
**Website** : <https://www.chathamhouse.org/event/angola-forum-2018-30th-anniversary-battle-cuito-cuanavale>

## *The Modus Operandi of the Trump Administration: A View from Washington*

**Date** : 26 March 2018  
**Place** : London  
**Website** : <https://www.chathamhouse.org/event/modus-operandi-trump-administration-view-washington>

## *11th Energy Storage World Forum*

**Date** : 14 May 2018  
**Place** : Berlin  
**Website** : <https://www.entsoe.eu/news-events/events/Pages/Events/11th-Energy-Storage-World-Forum.aspx?EventWorkshopId=334>