

Outgoing President Gul hints no plan to retire anytime soon

Hurriyet Daily News, 14.07.2014



Leaving the presidential office does not necessarily mean an end to performing service to people of the country, outgoing President Abdullah Gul has said, claiming he will not stay out of sight after completing his tenure next month.

Nations may have to pass through hard times along their history, Gul said late July 13, as he particularly cited maturity as the key to overcoming such rough periods. Delivering a speech at a fast-breaking dinner hosted by the Union of Chambers and Commodity Exchanges (TOBB), Gul explained he has been interested in national issues as early as since his childhood.

“I have always considered giving service to this honorable nation as the most noble and the most sacred mission. No doubt, I will continue servicing my nation from now on, too,” Gul said in remarks indicating he will remain a key political actor in Turkish politics. “Of course, there are many ways of performing services to the nation. Let’s see how we will do it; but we will always be together,” he added. While underlining how he has always attached importance and given priority to governmental support to the private business sector, Gul made reference to thresholds along his political career, starting from 2002 when he took office as the first prime minister from the ruling Justice and Development Party (AKP).

After being elected as a lawmaker in March 2003, current Prime Minister Recep Tayyip Erdogan, now presidential hopeful, took over the Prime Ministry from Gul. Gul remained in Erdogan’s Cabinet until being elected president in August 2007 after months of tension and controversy. His election became possible only after the AKP government narrowly escaped an intervention by the Turkish Armed Forces (TSK) in 2007 when military forces issued a warning against the candidacy of then-Foreign Minister Gul, mainly because his spouse wears a headscarf, which had been seen as an alarming symbol of “fundamentalism.”

President Gul: I have never considered founding a new party

Hurriyet Daily News, 17.07.2014



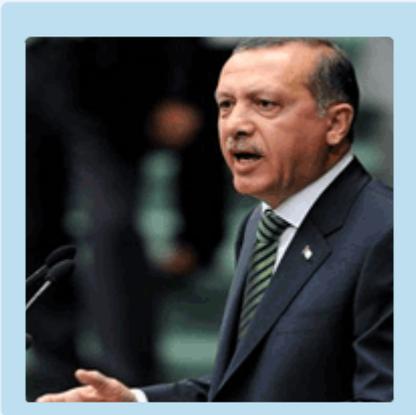
President Abdullah Gul has denied media reports that he was unhappy with the situation in the ruling Justice and Development Party (AKP) and was considering taking a different path in his post-presidency period.

Daily Cumhuriyet reported on July 17 that President Abdullah Gul was planning to form a new party as he was “isolated” from the AKP, although he was one of the founders of the party in the early 2000s. The report claimed Gul was complaining about being isolated and was considering starting a new political journey with some of his fellows from the AKP.

“Our president has shared his opinions about the matters that were discussed in the news story. He has never considered founding a new political party,” a statement published by the President’s Office on July 17 read. In a recent statement, Gul said he would continue to serve for the people, but he did not detail under what capacity he would do so. Gul is among the top candidates to lead the AKP and become the prime minister in the case Prime Minister Recep Tayyip Erdogan is elected president in the Aug. 10 election.

What is UN good for if Gaza in flames, asks Turkish PM

Hürriyet Daily News, 16.07.2014



The humanitarian tragedy in Gaza attacks has moved Turkish Prime Minister Recep Tayyip Erdoğan to slam the United Nations' lack of effectiveness. "I wonder, how can we make an explanation for what Israel has done, as a human being, no matter which religion or sect we are from?" Erdoğan said.

"The United Nations is the number one responsible on this matter. I always ask the U.N: What do you serve for? Why was this U.N. founded? To provide the world's peace? If the U.N. can't fulfill its job, then it should check itself. You look at the U.N. Security Council, everything is between the lips of five countries," Erdoğan said.

"The Prime Minister of the Republic of Turkey is surely not loved; of course he won't be loved. Where in the world are those who tell the truth loved? But we will continue to tell the truth," he added. In the last few years, particularly since the beginning of the Syrian conflict, Erdoğan has grown increasingly vocal in his criticism of the U.N. for its failure to reach an agreement on how to respond to the bloody conflict in Turkey's neighboring country. Both Erdoğan and Foreign Minister Ahmet Davutoğlu fiercely argue in favor of a reform of the U.N. Security Council, which they describe as an unequal and unfair system that fails to reflect the will of most countries.

Still, having held one of the non-permanent seats of the council, the "Western European and Others" seat, in 2009-2010, Turkey is currently exerting intense efforts for the 2015-2016 period. The related election will be held in October. In the same iftar speech, Erdoğan also closed the door on a potential normalization of bilateral ties with Israel under the current conditions. "In the face of such incidents, do you think Israel-Turkey relations can normalize? On the one hand you will drop 400-500 tons of bombs, you will kill defenseless people and threaten global peace, and then you will talk about 'the normalization of relations.' This is unacceptable to us," he said. Meanwhile, Ankara has been attempting to mediate a cease-fire between Palestinian groups and Israel, with Foreign Minister Davutoglu holding talks with his U.S. and Qatari counterparts, along with Hamas leader Khaled Mashaal and Palestinian Authority President Mahmoud Abbas.

Turkey is conducting "intense diplomacy" to reach a truce that will include "all players - Hamas and other Palestinian groups," Davutoglu said yesterday in a televised interview, criticizing the Israeli administration for not contacting the Palestinians over their unilateral cease-fire offer. Citing his phone conversations with Abbas and Mashaal, Davutoglu said the Palestinian side demanded a comprehensive "real" truce, negotiated with all parties and consisting of "elements of the 2012 deal, and the Gilad Shalit deal," he said. Davutoglu noted that he had phone conversations with U.S. Secretary of State John Kerry late on July 15, during a meeting with Qatar Sheikh Tamim bin Hamad al-Thani. Davutoglu also talked to Iranian Foreign Minister Javad Zarif.

He again urged for the opening of the Gaza port, under the monitoring of the international community, including the U.N. "I told both Abbas and Mashaal that they should not break the unity government under any circumstances. I told them that this [Israeli campaign] was an act to destroy the unity government. They will preserve the unity government," he stated. Davutoglu criticized the Europe and U.S. of taking a "pro-Israel" stance. "Europe is wary of making statements due to feelings of guilt," he said, before also citing the influence of the "Jewish lobby in the U.S." He claimed that Israeli attacks on the Gaza Strip were an effort to "eliminate Hamas," adding that "if Israel thinks it can get rid of Hamas and establish an administration closer to it, then it is mistaken." He noted that Turkey conveyed to Israel that relations between the two countries could not be normalized if "this policy of Israel continues."

Turkish PM Erdogan urges countries to guard against Gulen movement

Hürriyet Daily News, 16.07.2014



Prime Minister Recep Tayyip Erdogan has urged the ambassadors of foreign countries to be careful about the activities of the Fethullah Gulen movement abroad, arguing that it is using its schools and charities as a cover-up for its "dangerous actions."

"I would like to recall that this organization has cooperation with international intelligence organizations. Therefore, I want to recall that all countries should be careful and sensitive against this organization," Erdogan said in his address to ambassadors at the Justice and Development Party's (AKP) 7th traditional iftar meeting.

Erdogan listed the struggle against what he calls the "parallel state" led by Gulen, a self-exiled religious leader in the U.S., as the latest part of his government's fight to eliminate "all kinds of mafia and gangs" over the last 12 years. He again accused the Gulen movement of attempting to stage a "judicial coup" against the government and said the organization had tried to influence the government's foreign and domestic policies through its members within state institutions. "This structure we call the 'Pennsylvania organization' is active in many countries of the world. This organization, which carries out its activities under the cover of education and humanitarian aid, is aiming to be influential through the state and politics both in Turkey and in countries where it exists," Erdogan said.

"We saw their true colors after they changed their intentions and objectives, and we cut all our support to them. Our struggle against this organization continues within the framework of democracy and the rule of law. We are rapidly removing this dangerous structure from the judiciary and the police department," he stressed, adding that they had documented how the organization had illegally wiretapped and recorded people for blackmailing. "I and my friends will continue to fight against these elements that threaten our national security for as long as I live."



Meanwhile, Erdogan also touched on the deepening crisis in the Middle East, again blaming the Gulen movement for spreading the perception that Turkey is supporting terror organizations in the region. “Claiming that we support al-Qaeda, ISIL [the Islamic State of Iraq and the Levant] or al-Nusra is injustice. It’s not true. We regret to observe that these claims influence those who do not really know the Middle East,” he said. The prime minister stressed the contradictions of Turkey being criticized for supporting ISIL, al-Qaeda and Iran at the same time despite the fundamental differences among all three. “For those who know the region well, all these groups are totally unlike each other. Arguments that we support all of them at the same are more than ridiculous,” he said.

“As a country that has suffered a lot from terror, it’s not possible for us to tolerate or support terror organizations,” Erdogan added. ‘Truth telling Turkish PM is surely not loved’. Erdogan also reiterated his criticism of the international community over the latest flare up of the Israel-Palestine conflict. “The Prime Minister of the Republic of Turkey is surely not loved; of course he won’t be loved. Where in the world are those who tell the truth loved? But we will continue to tell the truth,” he said, accusing the United Nations of being responsible for the international community’s failure to stop Israeli violence against Palestinians.

“I always ask this question to the U.N. What do you serve for? Why was this U.N. founded? To provide the world’s peace? If the U.N. can’t fulfill its job, then it should check itself. You look at the U.N. Security Council, everything is between the lips of five countries,” he said. Erdogan also closed the door on a potential normalization of bilateral ties with Israel under current conditions. “In the face of such incidents, do you think Israel-Turkey relations can normalize? On the one hand you will drop 400-500 tons of bombs, you will kill defenseless people and threaten global peace, and then you will talk about ‘the normalization of relations.’ This is unacceptable to us,” he said.

Iraqi Kurds offer Turkey cooperation on Mosul hostages

Hürriyet Daily News, 11.07.2014



Iraqi Kurds have offered Turkey cooperation on the ongoing hostage crisis, particularly sharing intelligence information regarding the Islamic State of Iraq and the Levant (ISIL).

In relation to efforts for the release of Turkish Mosul Consulate staff members held by ISIL militants, both Turkey and Iraqi Kurds have agreed to “cooperate, especially on intelligence sharing,” the official said. “The statement came after Iraqi Kurdistan Regional Government (KRG) President Masoud Barzani and a delegation including the KRG’s security, interior, energy and finance ministers held talks in Ankara on July 14.

Turkey welcomed the offer, saying Ankara will contact them “whenever needed,” the official said, adding that the parties had not discussed any specific cooperation topics at this stage. ISIL kidnapped 49 people from the Turkish Consulate in Mosul on June 11, including 46 Turkish nationals. The Turkish hostages in Mosul were moved another place in the city some three weeks ago, but are still being kept together without being separated, according to Turkish diplomats. Officials have not dismissed the possibility of ISIL holding Turkish nationals as a “human shield,” as the group has not presented any specific demands for their release.

In talks with the Iraqi Kurdish officials, Turkey reiterated that Ankara would support the KRG’s “fight against terrorism” and stressed the security of Turkmens in northern Iraq over threats by jihadi militants in the crisis-hit country. “In talks with Barzani, we welcomed the KRG’s support to Turkmens and expressed our expectation for help to maintain their security,” the official added. Iraqi Kurdish officials also discussed financial problems, as their ties with the central government have hit new lows with the apparent underpayment of salaries. “We expressed readiness to make all sorts of support [the KRG] to overcome financial problems in northern Iraq,” the official said.

Asked about media reports that Turkey is providing fiscal assistance to the autonomous region, the official did not elaborate, but addressed existing cooperation with the KRG on energy and an agreement for the sale of northern Iraqi oil to world markets. In talks with Barzani, Turkey also underlined “importance of preserving the unity and integrity of Iraq,” the official stressed. In an interview earlier this month, Barzani said Iraq’s Kurds would hold an independence referendum “within months,” adding that the time was right for a vote as Iraq was already effectively divided by the ISIL actions in Iraq.

US: Iran gets \$2.8 billion during extended atomic talks, most sanctions stay

Reuters, 18.07.2014



Iran will be allowed to access an additional \$2.8 billion of its frozen assets during a four-month period of extended talks with six powers on its nuclear program but most sanctions against Tehran will remain in place, the United States of America said.

“Iran will not get any more money during these four months than it did during the last six months, and the vast majority of its frozen oil revenues will remain inaccessible,” U.S. Secretary of State John Kerry in a statement released in Vienna on Saturday. “We will continue to vigorously enforce the sanctions that remain in place.”

Earlier Iran and the six powers agreed to extend nuclear talks by four months after they failed to reach a July 20 deadline for a long-term deal that would gradually lift the sanctions against Tehran that have crippled its economy in exchange for curbs on the Iranian atomic programme. The talks are aimed at resolving the decade-old dispute over Tehran’s nuclear ambitions. But diplomats said they were unable to overcome significant differences on major sticking points. A senior U.S. official later told reporters that money would be released in tranches. He added that Washington would make clear to countries around the world that “Iran is not open for business” during the four months of extended talks.

In exchange for the money, Kerry said, Iran has agreed to continue neutralizing its most sensitive uranium stocks - uranium that has been enriched to a level of 20 percent - by converting it to fuel for a research reactor in Tehran that is used to make medical isotopes. Kerry said that the future of Iran’s enrichment programme was one of the most divisive topics. “There are very real gaps on issues such as enrichment capacity at the Natanz enrichment facility,” he said. “This issue is an absolutely critical component of any potential comprehensive agreement. We have much more work to do in this area, and in others as well.” Iranian Foreign Minister Mohammad Javad Zarif told reporters earlier this week that Tehran would be willing to delay development of an industrial-scale uranium enrichment programme for up to seven years and to keep the 19,000 centrifuges it has installed so far for this purpose.

But Kerry said after several face-to-face meetings with Zarif it was “crystal clear” that for Iran to keep all of its existing centrifuges was out of the question. EU foreign policy chief Catherine Ashton and Zarif spoke of “significant gaps” in a joint statement they issued in the early hours of Saturday. Another difficult issue in the talks, diplomats said, is how to address the country’s suspected past atomic bomb research and the duration of any long-term restrictions on Iran’s nuclear programme. The negotiations began in February in Vienna. “We will reconvene in the coming weeks in different formats with the clear determination to reach agreement on a Joint Comprehensive Plan of Action (long-term agreement) at the earliest possible moment,” Ashton and Zarif said.

The extension begins July 21 and runs through Nov. 24. It has been clear for days that Iran and the six powers would miss the Sunday deadline to reach an accord on curbing Iran's nuclear programme in exchange for the gradual lifting of sanctions due to disagreements on a number of key issues. The talks are taking place because of a preliminary agreement reached in Geneva in November 2013 that gave Iran limited sanctions relief in exchange for halting some nuclear activities and created time and space for the negotiation of a comprehensive deal to end the decade-long dispute.

But it remains uncertain whether four more months of high-stakes talks will yield a final deal, since underlying differences remain large after six rounds of meetings this year. Western nations fear Iran's nuclear programme may be aimed at developing a nuclear weapons capability. Tehran denies this. The six powers want Iran to significantly scale back its nuclear enrichment programme to make sure it cannot yield nuclear bombs. Iran wants sanctions that have severely damaged its oil-dependent economy to be lifted as soon as possible. After years of rising tension between Iran and the West and fears of a new Middle East war, last year's election of a pragmatist, Hassan Rouhani, as Iran's president led to a thaw in ties that resulted in November's diplomatic breakthrough.

Israel steps up Gaza ground offensive, civilian casualties grow

Reuters, 18.07.2014



Israel warned on Friday it could “significantly widen” a Gaza land offensive but was cautioned by its main ally, the United States, about the risks of further escalation as Palestinian civilian deaths mounted.

Palestinian officials said 58 Palestinians, at least 15 of them under the age of 18, have been killed since Israel sent ground forces on Thursday into the densely-populated enclave of 1.8 million Palestinians. The Israeli military said it killed 17 Palestinian gunmen while another 13 surrendered and were taken for questioning after the infantry and tank assault began in the Islamist Hamas-dominated territory.

The Israeli military said it killed 17 Palestinian gunmen while another 13 surrendered and were taken for questioning after the infantry and tank assault began in the Islamist Hamas-dominated territory. One Israeli soldier was killed in an apparent friendly fire incident, the military said, and several other troops were wounded in the ground operations. It said some 150 targets, including 21 concealed rocket launchers and four tunnels, have been attacked. U.S. President Barack Obama said on Friday he had spoken to Prime Minister Benjamin Netanyahu, underscoring Washington's support for Israel to defend itself but raising concerns about “the risks of further escalation” and additional loss of innocent lives. “We are hopeful that Israel will continue to approach this process in a way that minimises civilian casualties,” Obama told reporters at the White House.



U.N. Secretary-General Ban Ki-moon planned to travel to the Middle East on Saturday in a bid to end the hostilities. At an emergency session of the U.N. Security Council on Friday, U.N. political affairs chief Jeffrey Feltman condemned rocket fire into Israel but voiced alarm at "Israel's heavy response". The Israeli land advance followed 10 days of barrages against Gaza from air and sea, hundreds of rockets fired by Hamas into Israel and failed attempts by Egypt, a broker of ceasefires in previous Israeli-Palestinian flare-ups, to secure a truce. After nightfall on Friday, flares fired by Israeli forces cast an orange glow above the coastal enclave as explosions echoed in what appeared to be intensified Israeli attacks from the air and ground. Rocket salvos, many of them intercepted by the Iron Dome anti-missile shield system, continued on Friday against southern Israel and the Tel Aviv metropolitan area, police said, causing no casualties.

"We chose to start this operation after we exhausted other options and reached the conclusion that without it we could pay a much higher price," Netanyahu told reporters before a special cabinet session at Tel Aviv military headquarters. "The main goal is to restore quiet. "My instructions...to the Israeli army, with the approval of the security cabinet, is to prepare for the possibility of a widening, a significant widening of the ground operation." He did not say what form a broadened offensive might take. Israel says its forces have focused so far on seeking out tunnels Palestinian militants might use for cross-border raids and moving weaponry. One such infiltration was narrowly thwarted on Thursday, with the army saying it had repelled 13 Hamas gunmen after they emerged from a tunnel close to an Israeli farming community.

In all, 291 Palestinians - most of them civilians, of whom at least 50 were under the age of 18 - have been killed since fighting began on July 8, Gaza officials said. There have been two Israeli fatalities - the soldier and a civilian, who was killed by a rocket. More than 100 rocket bursts a day at southern Israel and the heartland Tel Aviv area have sent hundreds of thousands dashing for shelters. Gaza residents said Israeli forces has moved several hundreds metres (yards) into the north of the enclave and their deployment in the south of the territory was slightly deeper. Hamas said its men were hitting Israeli tanks with mortar rounds and setting off bombs against troops crossing the sandy frontier under smokescreens.

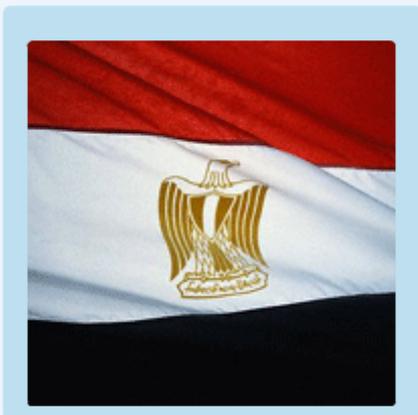
To back up regular forces, Israel said it was calling up 18,000 military reservists, adding to 30,000 already mobilised. Abu Ubaida, spokesman for Hamas's armed wing, said it had thousands of fighters of its own "waiting to join the battle". Hamas wants Israel and Egypt, whose military-backed government is at odds with the Palestinian Islamists, to lift border restrictions that have deepened Gaza's economic hardship and unemployment. Israel briefly halted its Gaza assaults on Tuesday after accepting an Egyptian truce proposal. But Hamas, an offshoot of the outlawed Muslim Brotherhood in Egypt, said the plan failed to address its demands on ending the border blockades and releasing hundreds of its activists in the occupied West Bank activists held by Israel.

A U.S. official said Secretary of State John Kerry had been in regular contact with the foreign minister of the Gulf Arab state of Qatar, which has close links with Hamas, and other leaders "on how to get a ceasefire". Qatar has suggested it take over as mediator but the U.S. and Israel say it is too close to Hamas to take on that role. "In all his recent calls, the Secretary has made clear that we support the Egyptian proposal, and that we hope that everyone can get behind it," the official said. "There are no other serious ceasefire proposals being discussed." Kerry's position was echoed by Amos Gilad, a senior Israeli Defence Ministry official who has held talks with Egypt's military-backed government on Cairo truce plan.

“It is important for Qatar to understand that an alternative initiative would be useless,” he said on Israel’s Channel 10 TV. “Let’s be realistic: who borders Gaza - Qatar or Egypt?” Egyptian Foreign Minister Sameh Shukri, speaking at a news conference with his French counterpart Laurent Fabius, called on all sides to accept Cairo’s ceasefire initiative. “We are working to find a framework so that both sides agree,” Shukri said. Though they are die-hard enemies, Israel says it does not intend to topple Hamas, the dominant Islamist force in Gaza. The current conflict - the worst warfare between Israelis and Palestinians in two years - was stoked by the killing of three Israeli teens in the West Bank last month and the death on July 2 of a Palestinian youth in a suspected revenge murder. Israel last mounted a large-scale invasion of the Gaza Strip during a three-week war in late 2008 and early 2009 that claimed 1,400 Palestinian and 13 Israeli lives.

Egypt renews truce call as Israel intensifies Gaza offensive

Reuters, 18.07.2014



Egypt renewed its call for a truce to end the conflict between Israel and Hamas in Gaza on Friday and France asked Qatar to use its influence with the Palestinian movement to reach a ceasefire. Egyptian Foreign Minister Sameh Shukri, speaking at a news conference in Cairo with his French counterpart Laurent Fabius, urged all sides to engage in negotiations to end the bloodshed.

Shukri said he had increased his efforts to convince the main players to accept an Egyptian ceasefire proposal. An earlier Cairo initiative was accepted by Israel but rejected by Hamas accordingly.

“We hope that all sides will support this initiative so that bloodshed stops and this escalation does not get worse. We call on all sides to accept this proposal. We are working to find a framework so that both sides agree,” Shukri said. Israel intensified its ground offensive in Gaza, a densely-populated enclave of 1.8 million Palestinians, with artillery, tanks and gunboats on Friday. The Israeli land advance followed 10 days of barrages against Gaza from air and sea, and hundreds of rockets fired by Hamas into Israel. In total nearly 270 Palestinians, most of them civilians, and two Israelis have been killed.

Fabius told Reuters that France had asked Qatar, which has close links with Hamas, to help to reach a ceasefire. “President Mahmoud Abbas asked me to use France’s influence with its partners to try to convince Hamas to accept a ceasefire,” he said, referring to the Palestinian Authority’s president, Mohamed Abbas, whom he met earlier on Friday. “With regard to Qatar, I told my counterpart our analysis of the situation and he underlined that, in his opinion, Hamas would need points to negotiate and, in particular, a lifting of the blockade on Gaza to accept a ceasefire,” he said.

Egypt, which has brokered ceasefires in previous Israeli-Palestinian flare-ups, sees Hamas as a security threat because it is an offshoot of the outlawed Muslim Brotherhood, which was removed from power by the Egyptian army last year. Shukri has said Hamas could have saved Palestinian lives if it had accepted the first initiative presented by Egypt. Hamas leaders said they were frozen out of talks and not consulted on the Egyptian initiative, and that it did not address their demands, such as an end to a blockade of Gaza by Israel and Egypt. Highlighting the difficulties in getting all sides to agree, Qatar's foreign minister appeared to rebuff Fabius.

Minister Khaled al-Attiah received a phone call from Fabius on Friday in which they searched for ways to reach a ceasefire agreement, the state news agency said. Qatar emerged as a leading supporter of Islamist groups after Arab Spring protests that began in 2011, and sees the standoff as a chance to prove itself as a mediator. It hosts a number of exiled Islamists from across the Middle East, including Hamas leader Khaled Meshaal. Fabius meets the Egyptian President Abdel Fattah al-Sisi on Saturday before travelling to Jordan and Israel to meet Israeli Prime Minister Benjamin Netanyahu. "What we need to do is to avoid falling into this vicious cycle where we won't have a ceasefire without talks, and vice versa," Fabius said.

U.N. aid agencies step up emergency aid to Gaza

Reuters, 18.07.2014



The United Nations said on Friday it was stepping up emergency aid to Gaza, where Israel's military offensive has made water shortages worse and stoked fears of more sewage contamination and water-borne diseases. On Tuesday, U.N. aid agencies and the International Committee of the Red Cross warned that after years of Gaza's water system deteriorating, damage from the attacks meant the whole coastal strip was facing a water crisis within days..

"We are still very concerned about the water supply in Gaza, about half of the population are without water supply at this time," OCHA spokeswoman told a news briefing in Geneva.

Israel stepped up its ground offensive in the densely populated coastal strip with artillery, tanks and gunboats on Friday and declared it could "significantly widen" an operation Palestinian officials said was killing more and more civilians. It followed 10 days of barrages against Gaza from air and sea and hundreds of rockets fired by Islamist Hamas into Israel. Some 1,600 homes in Gaza have been destroyed or severely damaged, displacing nearly 10,000 people, Pitt said. More than 22,000 people have sought refuge in 24 facilities of the U.N. Relief and Works Agency for Palestine (UNRWA), she said. In all, 258 Palestinians, most of them civilians, have been killed since the fighting began on July 8, Gaza officials said. At least 59 Palestinian children are among the victims, U.N. Children's Fund's (UNICEF) Chris Tidey said. "Child casualties include 43 boys and 16 girls aged between 1 and 17 years," he told Reuters. There have been two Israeli fatalities.

“Our plan is to distribute food for 85,000 people. We have already distributed emergency food for 20,000 since the conflict erupted, in addition to the 600,000 we regularly assist with food, together with UNRWA,” U.N.’s World Food Programme’s (WFP) Elisabeth Byrs. Only 50 percent of sewage pumping and waste-water treatment systems are believed to be operational and 900,000 people lack any water supply, UNICEF’s Tidey said. “We are already scaling up water tankering to communities whose water has been completely cut-off, and provision of bottled water and hygiene materials,” he told reporters. Outbreaks of water-borne diseases are feared in the crowded unhygienic conditions in Gaza’s summer heat, agencies said. “Definitely we are worried about outbreak of disease, especially diarrhoea can occur in this part of the Middle East if there is no access to potable water and the sanitation system is not in order,” World Health Organisation (WHO) spokeswoman, Fadela Chaib, said. “For an infant or young child, diarrhoea can be a fatal disease... A child can die within hours if there is lack of water and re-hydration,” she said.

Israel and Hamas agree short ceasefire on humanitarian grounds

The Guardian, 17.07.2014



Israel and Hamas have agreed to a five-hour “humanitarian pause” in their nine-day battle. The suspension of hostilities, brokered by the UN and starting at 10am on Thursday, comes after four Palestinian children died in an Israeli strike on a Gaza beach and follows an earlier Egyptian-brokered ceasefire that was observed only by Israel.

The brief truce has been called to allow restocking with food, water and other essentials by the many Palestinians who have been trapped in their houses for days. The death toll in Israel’s assault on Gaza has passed 216, including the four boys killed while playing on a beach on Wednesday.

One Israeli civilian has been killed by mortar fire close to the Gaza border. Ahead of the ceasefire the intermittent sound of explosions continued to echo across the coastal enclave early on Thursday. Israel said it would hold its fire as agreed from 10am but vowed to retaliate “firmly and decisively” if Hamas or other militant groups continued their attacks. Later the Hamas spokesman Sami Abu Zuhri said that following consultations between various factions the Gaza militants had decided to respect the pause as well and refrain from firing rockets.

Robert Serry, the UN special co-ordinator for the Middle East peace process, had asked Israel to agree to a “unilateral humanitarian pause” so that supplies could be delivered to Gaza, said UN deputy spokesman Farhan Haq. Serry would “urge the parties in Gaza to respect that pause”, Haq said. Israel halted its bombardment for six hours on Tuesday after Egypt put forward a ceasefire proposal that unravelled. Abu Zuhri said on Wednesday that his group had formally rejected the plan, bemoaning what he called little support from the Arab world.



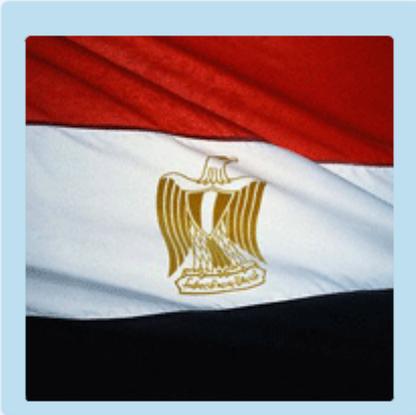
The Palestinian president, Mahmoud Abbas, met on Wednesday in Cairo with a senior official from Hamas to try to salvage the Egyptian proposal. In Washington Barack Obama said the US supported Egypt's continued efforts to restore the 2012 ceasefire and would use all of its diplomatic resources and relationships to secure a deal to end the violence. Israel's military said its forces bombed at least 150 targets in Gaza on Wednesday. It did not provide more specifics but the Gaza interior ministry website said 30 houses were targeted including those of senior Hamas leaders Mahmoud Zahar, Jamila Shanti, Fathi Hamas and Ismail Ashkar.

Zahar was a key figure in Hamas's violent takeover of Gaza in 2007, while the other three were members of the Palestinian parliament elected in 2006. Many Hamas leaders have gone into hiding since Israel began its bombardment on 8 July in response to rocket attacks. The four boys killed on Wednesday were cousins aged nine to 11. They were hit when the Israeli military fired on a beach beside a coastal road west of Gaza City. Seven others adults and children were wounded in the strike, which the Palestinian human rights activist Khalil Abu Shamalla and Palestinian health officials said came from an Israeli naval vessel. Hussam Abadallah, a waiter at the beachside al-Deera hotel, said the strike happened at about 4pm. A witness who identified himself only as Abu Ahmed said the boys had been scavenging for scrap metal when the first shell hit a nearby shipping container used in the past by Hamas security forces. He said the boys fled but a second projectile "hit all of them".

Abadallah said he saw "white smoke coming from a small room, like a shack" belonging to one of the fishermen not far from the fishing port. Then he saw the boys running. "We started shouting at them: 'Run, run here.' Then a shell from the sea landed behind them," Abadallah said. Some journalists dining at the hotel jumped from the terrace and helped five children bleeding from shrapnel get to safety in the hotel. "I will never forget these horrible images," he said. Despite the temporary truce and efforts to negotiate a more permanent ceasefire, Israeli officials quoted anonymously by the New York Times said the likelihood of a long-threatened ground invasion remained "very high." "Every day that passes makes the possibility more evident," an official said.

Israel security cabinet accepts Egypt ceasefire initiative

Anadolu Agency, 15.07.2014



Israel's security cabinet has accepted a recently proposed Egyptian initiative for a ceasefire with Palestinian resistance groups in the Gaza Strip, a spokesman for Israeli Prime Minister Benjamin Netanyahu said Tuesday. "The Cabinet has decided to accept the Egyptian initiative for a ceasefire starting 9am today," spokesman Ofir Gendelman tweeted.

Egypt on Monday proposed an initiative for imposing a ceasefire between Gaza-based resistance factions, on one hand, and Israel, on the other. The initiative calls on Israel to cease all hostilities in the Gaza Strip, halt any ground operations, and stop targeting civilians.

It also calls on Gaza-based Palestinian factions to cease all hostilities against Israel, halt rocket fire and cross-border attacks and stop targeting civilians. The Egyptian initiative also calls for reopening Gaza crossings and facilitating the movement of persons and goods through borders. Tension has been running high in the Palestinian territories since Israel launched a deadly offensive on Gaza last week with the stated aim of halting rocket fire from the Palestinian enclave. At least 189 Palestinians have been killed and more than 1400 others injured in unrelenting Israeli airstrikes in the Gaza Strip since the operation began. Gaza-based resistance factions, for their part, have continued to fire rockets at Israeli cities in response to the ongoing Israeli attacks.

Plane crashes in Ukraine, 298 dead

Reuters, 18.07.2014



World leaders demanded an international investigation into the shooting down of a Malaysian airliner over eastern Ukraine in which all 298 people on board were killed, which could heighten tensions between Russia and the West. It is suspected that the Malaysia Airlines on a flight from Amsterdam to Kuala Lumpur on Thursday was fired by Ukrainian separatists backed by Moscow.

There was no evidence Ukrainian government forces fired a missile, said the official, speaking on condition of anonymity. U.S. Vice President Joe Biden, speaking in Detroit, said the passenger jet was apparently “blown out of the sky”.

“Australian Prime Minister Tony Abbott appeared to go further than other Western leaders in apportioning blame, demanding on Friday that Moscow answer questions about the “Russian-backed rebels” that he said were behind the disaster. More than 20 Australians were among the many nationalities aboard Flight MH17. The Netherlands was the worst affected, with 154 Dutch citizens on the downed plane. The plane crashed near the village of Hrabove about 40 km (25 miles) from the border with Russia near the regional capital of Donetsk, an area that is a stronghold of rebels who have been fighting Ukrainian government forces for several months. Ukraine accused pro-Moscow militants, aided by Russian military intelligence officers, of firing a long-range, Soviet-era SA-11 ground-to-air missile. Leaders of the rebel Donetsk People’s Republic denied any involvement and said a Ukrainian air force jet had brought down the intercontinental flight.

Russian President Vladimir Putin - at loggerheads with the West over his policies toward Ukraine - pinned the blame on Kiev for renewing its offensive against rebels two weeks ago after a ceasefire failed to hold. The Kremlin leader called it a “tragedy” but did not say who brought the Boeing 777 down. The loss of MH17 is the second for Malaysia Airlines this year, following the mysterious disappearance of Flight MH370 in March, which vanished with 239 passengers and crew on board on its way from Kuala Lumpur to Beijing. In Malaysia, there was a sense of disbelief that another airline disaster could strike so soon.

“If it transpires that the plane was indeed shot down, we insist that the perpetrators must swiftly be brought to justice,” Malaysian Prime Minister Najib Razak told a pre-dawn news conference in Kuala Lumpur. “This is a tragic day, in what has already been a tragic year, for Malaysia.” U.S. President Barack Obama, who spoke to Dutch Prime Minister Mark Rutte as well as other leaders, said evidence from the crash must remain in Ukraine so international investigators have a chance to look at all of it, officials said. “The president and prime minister (Rutte) agreed on the need to assure immediate access to the site of the incident to international investigators in order to facilitate the recovery of remains and to carry out a thorough investigation,” the White House said. U.N. Secretary-General Ban Ki-moon also called for a transparent international investigation of the incident. The U.N. Security Council will discuss the issue on Friday.



Kiev complained that separatists prevented Ukrainian officials from reaching the site. Separatists were later quoted as saying they had found one of the black box flight recorders. Financial markets were hit by worries of new geopolitical tensions, as Israel invaded the Gaza Strip on the same day. Ukrainian President Petro Poroshenko, who had stepped up an offensive in the east, spoke to Obama and sought to rally world opinion behind his cause. "The external aggression against Ukraine is not just our problem but a threat to European and global security," he said in a statement. The scale of the disaster could prove a turning point for international pressure to resolve the crisis, which has killed hundreds since protests toppled the Moscow-backed president in Kiev in February and Russia annexed the Crimea a month later. Russia, which Western powers accuse of trying to destabilise Ukraine to maintain influence over its old Soviet empire, has accused Kiev's leaders of mounting a fascist coup. It says it is holding troops in readiness to protect Russian-speakers in the east - the same rationale it used for taking over Crimea.

As word came in of what might be the worst ever attack on a civilian airliner, Obama was on the phone with Putin, discussing a new round of economic sanctions that Washington and its allies have imposed to try to force Putin to do more to curb the revolt against the new government in Kiev. Obama warned of further sanctions if Moscow did not change course in Ukraine, the White House said. Reuters journalists saw burning and charred wreckage bearing the red and blue Malaysia Airlines insignia and dozens of bodies in fields near the village of Hrabove. "I was working in the field on my tractor when I heard the sound of a plane and then a bang," one local man told Reuters at Hrabove, known in Russian as Grabovo. "Then I saw the plane hit the ground and break in two. There was thick black smoke."

An emergency worker said at least 100 bodies had been found so far and that debris was spread over 15 km (9 miles). The airline said it was carrying 283 passengers and 15 crew. The Netherlands declared a day of national mourning for its 154 dead. Twenty-eight passengers were Malaysian, 27 Australian, 12 Indonesian, nine British, four German, four Belgian, three Filipino and one Canadian. All 15 crew were Malaysian. Nationalities of the others aboard were unclear. Ukrainian officials accused rebels of using a Soviet-era SA-11 missile system acquired from Russia - offering evidence that they may have believed they were firing on a Ukrainian military aircraft. The Ukrainian government released recordings it said were of Russian intelligence officers discussing the shooting down of an aircraft by rebels they were supporting. Supposedly timed within minutes of the last radar contact with MH-17 around 4:20 p.m. (1320 GMT), they suggested militants thought they had hit a Ukrainian military plane before finding the airliner remains.

"Hell," says one of those being recorded. "It's almost 100 percent certain that it's a civilian plane. Bits were falling in the streets ... Bits of seat, bodies." After the downing of several Ukrainian military aircraft in the area in recent months, including two this week, Kiev had accused Russian forces of playing a direct role. Separatists were quoted in Russian media last month saying they had acquired a long-range SA-11 anti-aircraft system. International air lanes had been open in the area, although only above 32,000 ft (9,750 metres). The Malaysia plane was flying 1,000 ft higher, officials said. The area was closed to flights afterwards. Some international airlines, including Australia's Qantas Airways and Korea's two major carriers, shifted the route taken by flights operating over Ukrainian air space months ago amid increasing tensions between Kiev and pro-Moscow rebels. The U.S. Federal Aviation Administration issued an order prohibiting American aircraft from flying over eastern Ukraine. At the airport in Kuala Lumpur, relatives of those aboard gathered, hoping for word.

Putin calls on BRICS countries to expand economic cooperation

ITAR-TASS, 16.07.2014



Russian President Vladimir Putin has called on the BRICS countries to expand economic cooperation. “I am confident that closer cooperation between the BRICS states in the area of economy and finance will facilitate the implementation of really large-scale joint programs in the interests of sustainable development of our countries,” Putin said on Tuesday at a plenary meeting of the summit of the leaders of Brazil, Russia, India, China and South Africa (BRICS).

The BRICS Business Council currently works on a number of promising multi-party projects, including those aiming at improving investment climate.

Moreover, the BRICS banking forum has been functioning efficiently. “An important area of economic cooperation is a stock exchange alliance,” Putin said, adding that this alliance ensured cross-listing of shares of more than 7,000 companies from the BRICS countries with an overall capitalization of about \$8 trillion by means of expanding the circle of investors and helping to bolster liquidity of shares. Putin noted that the BRICS had more than 20 cooperation formats - from annual summits to working groups on international information security, healthcare, farming, science and technology, and others.

Russia has prepared a draft strategy of multi-party economic cooperation between the BRICS countries, Putin said at a plenary meeting of the summit of the leaders of the BRICS countries. “The Russian side has prepared a draft strategy of multi-party economic cooperation between the BRICS countries. We refer it for discussion. We think it is expedient to set up a working group to work on the draft strategy,” he said. The Russian leader noted that, in conditions of toughening international competition, the task of encouraging closer trade and investment cooperation within the BRICS was coming to the fore. Closer cooperation, according to Putin, would make it possible to take maximum advantages of the mutual supplementary nature of the BRICS economies. Moreover, it would reduce exposure of each of the BRICS member states to unfavorable tendencies of the global market situation.

“Russia, Brazil, India, China and South Africa are already accounting for 11% of cumulative investments and for about 20% of global trade,” the Russian president said. “Trade among BRICS countries is growing, too.” The key provisions of the strategy, according to Putin, are specified in another document prepared by the Russian side - a roadmap of investment cooperation, which incorporates 37 projects in various areas from high technologies to humanitarian matters. Russia calls on its BRICS partners to expand cooperation in mining and processing, Putin said. “BRICS state should cooperate more closely on the raw materials markets, since they have a unique base of raw materials: from 30 to 60% of the global reserves of various resources,” the Russian leader said.

“That is why we think it is necessary to expand cooperation in mining and processing. We can organize a training center for BRICS metallurgy specialists.” The Russian president also called for expanding humanitarian cooperation, to form the BRICS parliamentary, civil, trade union and youth cooperation formats. Apart from that, Putin suggested signing an agreement on cultural cooperation and setting up a BRICS Network University that would incorporate leading universities of these countries. The Russian president noted that joint use of Russia’s GLONASS navigation system by the BRICS countries looks quite promising. “I think it rather promising to jointly use the Russian global navigation system GLONASS in various areas - in transport, in public security, even in agriculture, where the use of GLONASS technologies, according to expert estimates, might help increase crop yield by 30-50% through optimized application of fertilizers,” Putin said at a plenary session of the summit meeting of the leaders of Brazil, Russia, India, China and South Africa.

The association of Brazil, Russia, India, China and South Africa is playing a significant role in global politics and economy, Putin stressed. “Our countries are playing an ever growing role on the global political arena,” he said. “It is important that we are united by the commitment to share positions on issues of global development, reforming the global financial and economic architecture.” The BRICS countries, according to the Russian leader, are successfully cooperating within the G20, promoting substantive relevance of its agenda and agreements targeted to accelerate global economic growth and trade and find solutions to unemployment problems. “We are working together to promote the solution of one of the most acute problems of global governance, the reform of the International Monetary Fund,” he said.

EU said to expand Russia sanctions after Putin holds firm

Bloomberg, 16.07.2014



European Union governments are set to impose their broadest sanctions yet against Russia, punishing President Vladimir Putin for flouting an ultimatum to end the rebellion in Ukraine, a draft document showed.

EU leaders meeting in Brussels later today may agree to penalize Russian companies, halt lending for investment projects in Russia, stop bilateral cooperation programs and further clamp down on commerce with Crimea, according to the draft statement obtained by Bloomberg News. Calls on Russia to stop meddling in Ukraine and supporting separatist rebels “have not been fully met,” EU leaders said in the draft.

The 28-nation bloc “condemns the continuation of illegal activities by armed militants in eastern Ukraine” and will “proceed with the expansion of restrictive measures.” If confirmed at the summit starting at 8 p.m., the draft will mark a compromise on a policy toward Russia that has been squeezed from all sides.



While eastern European governments have pressed for economic and trade curbs, western and southern countries have urged diplomacy, and the U.S. has goaded the EU to overcome its internal divisions. Germany, the U.K. and France, the EU's three big powers, have all signaled recently they are on board for stiffer penalties against Putin. The threat of sanctions has roiled Russian markets since March when Russia annexed Crimea from The Micex Index was 0.5 percent weaker at 4:05 p.m. in Moscow. The yield on Ukraine's 2023 dollar bond rose four basis points, or 0.04 percentage point, to 8.45 percent.

The EU summit follows a meeting in Washington of EU ambassadors and U.S. officials, who told their European allies Russia was sending heavy weapons, including tanks and rockets, as well as other means of support to separatists in eastern Ukraine in contradiction to statements by Putin's government that it is trying to pursue peace. Russia has "insufficiently met expectations" to use its influence on separatists in Ukraine and effectively patrol the Ukraine-Russia border, Steffen Seibert, German Chancellor Angela Merkel's chief spokesman, said at a regular government press briefing in Berlin today.

"There is a good case for going further and hardening sanctions," Jean-Christophe Gray, U.K. Prime Minister David Cameron's spokesman, told reporters in London. "Despite the words coming from Moscow, we've not seen enough action on ground." Russia hasn't acknowledged any direct support for the rebels, whom Ukrainian forces are trying to encircle and defeat in its eastern regions of Donetsk and Luhansk. It condemns the government in Kiev's efforts to confront the rebels and has said it reserves the right to protect Russian speakers abroad. Eleven Ukrainian soldiers died in fighting since yesterday, Defense Ministry spokesman Andriy Lysenko said. One person was killed and nine were wounded in a battle in Luhansk, an eastern city of about 450,000 people, the municipal council said on its website today.

Eleven more died and eight were wounded yesterday when a residential building was bombed in Snezhnoe, Donetsk region, according to a statement on the local administration's website. The village was attacked by an unidentified plane that was not from the Ukrainian military, Interfax reported yesterday, citing Lysenko. Ukraine's government also has "indisputable proof" that Russia was involved in the shooting down of an An-26 military transport plane in eastern Ukraine on July 14, Interfax reported, citing the head of Ukraine's intelligence service Valentyn Nalyvaychenko. So far, the EU has slapped travel bans and asset freezes on 72 people accused of destabilizing Ukraine and engineering Crimea's annexation. Two companies have also been blacklisted.

The draft EU measures would pave the way for the blacklisting of a broader array of Russian companies. The EU would halt lending for public-sector projects in Russia by the European Investment Bank, the bloc's in-house lender, and use its influence to stop new lending by the European Bank for Reconstruction and Development. EU leaders will also weigh "additional measures" to restrict commerce with Crimea. The draft calls on international donors "to refrain from financing any projects that explicitly or implicitly recognize the illegal annexation of Crimea and Sevastopol."

Taliban attack Kabul airport as Afghan poll audit starts

Hurriyet Daily News, 17.07.2014



The Taliban attacked Kabul airport in the militants' latest attempt to steal the initiative with the country in the grip of a presidential power struggle. The attack ended after four assailants were killed by security forces or blew themselves up, came ahead of an audit of ballot papers from last month's presidential run-off election.

Some 23,000 ballot boxes are being transported by the Afghan army and NATO forces to the capital, where they will be examined at 100 verification stations in a process designed to resolve a political crisis that has threatened to widen Afghanistan's dangerous ethnic fissures.

"NATO's International Security Assistance Force (ISAF) - whose main Kabul compound lies next to the civilian airport - is providing air transport for some 40 percent of the votes as it winds down its deployment after more than a decade of war. The interior ministry said a group of insurgents seized a building under construction at the airport at around 4:30 a.m. before opening fire with automatic weapons and rocket-propelled grenades. The attack ended more than four hours later with all of the insurgents dead, the authorities said, with one security official wounded in the fighting. Gul Agha Hashimi, a senior police official, said: "The attack is over, and the area is cleared from the insurgents. All the insurgents who were holed up in an under-construction building were killed." Mohammad Ayub Salangi, the deputy interior minister for security, said on Twitter that four insurgents had been involved.

"The last insurgent has just blown himself up, because he knew the ANSF (Afghan National Security Forces) were on the way to capture him," he said. A separate police statement said one Afghan soldier was wounded in the assault but there were no reports of civilian casualties. Civilian flights from the airport north of Kabul meanwhile were suspended. ISAF and Afghan military helicopters were seen hovering over the area during the attack, which came after a devastating suicide bombing at a busy market in southeastern Paktika province on Tuesday that killed at least 42 people. Taliban militants claimed responsibility for Thursday's attack. "A number of our mujahedeen armed with heavy and light weapons have launched an attack on Kabul International Airport," the insurgents' spokesman Zabiuhallah Mujahid said in a statement.

The attack came as Afghanistan geared up for a massive poll audit agreed by the two rival presidential contenders, Abdullah Abdullah and Ashraf Ghani, following a deal brokered by US Secretary of State John Kerry. Election officials expect that the results of the audit, which will take at least three weeks to complete, will be accepted by both candidates after weeks of bitter dispute over fraud claims. Every one of the 8.1 million votes cast in the run-off election will be checked for signs of fraud in a painstaking process in Kabul. The Kabul airport is a prime target for insurgents.

Key Taliban commander arrested

Anadolu Agency, 15.07.2014



Adnan Rasheed, a key Pakistani Taliban commander who is said to be the mastermind of several terrorist attacks in Pakistan, has been arrested in South Waziristan on Friday.

An intelligence official told Anadolu Agency that Rasheed, an ex-air force commander, who was reportedly injured, had been arrested from the Shakai area of South Waziristan after he tried to escape an army siege on Miranshah, the administrative headquarters of North Waziristan last week. “However, security forces who had been continuously pursuing him, arrested him from the Shakai valley”, the official declined to confirm whether he was seriously injured.

Rasheed, a firebrand commander, joined the Pakistan Air Force in 1997 as a technician at the age of 17, and was arrested by the intelligence agency in 2004 on charges of masterminding a suicide attack on former military dictator General Pervez Musharraf in the garrison city of Rawalpindi. He was reported by various sources killed by airstrikes by Pakistani security sources on 21 January 2014. An anti-terrorist court convicted Rasheed in 2005, and sentenced him to death. He, however, managed to flee from Bannu jail (adjoining district of North Waziristan) in 2012 in a major jail break along with 348 of his comrades.

Intelligence sources say that after fleeing from Bannu jail, Rasheed moved to North Waziristan, and took command of a TTP section responsible for planning and executing terrorist attacks on Pakistani security forces and government installations. “This is the biggest catch in the ongoing military operation (in North Waziristan),” the intelligence official said adding that Rasheed had been shifted to an unknown location for interrogation. Rasheed also lead an organization “Aseer-ul-Mujahiddin” (detained Mujahiddin) whose aim is to set militants free from the custody of security forces, the official said.

US increases sanctions on Russia amid Ukraine tumult

Anadolu Agency, 17.07.2014



The U.S. slapped key Russian entities, four Russian government officials, and breakaway governments in eastern Ukraine with additional sanctions.

“These sanctions are significant, but they are also targeted and designed to have the maximum impact on Russia while limiting any spillover effects on American companies, or those of our allies,” U.S. President Barack Obama said. Obama said that the actions were done in close consultation with the U.S.’ European allies and that they affect a variety of entities and people, including key figures in Russia’s energy, financial services, and arms and defense sectors.

They include two Russian financial institutions, Gazprombank OAO, whose 40 Russian branches service 45,000 companies and three million private individuals, and Vnesheconombank (VEB), a Russian state development bank. Also targeted were two Russian energy firms, OAO Novatek and Rosneft, Russia’s largest petroleum company. Both the energy firms and financial institutions have had their access to U.S. capital markets restricted following Wednesday’s announcement, according to the Treasury Department. Eight Russian arms firms, and four Russian government officials, including Sergey Beseda, the head of Russia’s Federal Security Service’s Fifth Service, were also named in the sanctions list.

Beyond Russia, the Treasury also designated the breakaway Luhansk People’s Republic, and the Donetsk People’s Republic, including its self-proclaimed Prime Minister Aleksandr Borodai. Feodosiya Enterprises, a key Crimea-based oil shipping facility, was also sanctioned Wednesday, for what Treasury says is its role in the misappropriation of Ukraine’s state assets. The additional sanctions are in response to what Washington considers to be Russia’s continuing efforts to destabilize eastern Ukraine, and its occupation of Crimea. “Russia has continued to destabilize Ukraine and provide support for the separatists, despite its statements to the contrary,” the Treasury Department’s Under Secretary for Terrorism and Financial Intelligence, David S. Cohen said in a statement released to the press.

Morgan Stanley rebuilds in commodities trading

Reuters, 18.07.2014



After more than a year of scaling back in commodities, Morgan Stanley is ready to expand. The Wall Street bank plans to hire about a dozen traders, sales staff and other professionals in the United States. It's building up commodities trading and financing businesses that can profit despite tougher regulations, people familiar with the matter.

"The moves that we've made are in large part because we looked at these businesses through a new capital lens," said one executive involved in the business's strategy who spoke on the condition of anonymity. "That's just the reality of life on Wall Street these days."

For example, Morgan Stanley is looking at making more loans to energy producers and sell more commodity-linked products to retail investors, the sources told Reuters. Commodities trading was big for Morgan Stanley before the financial crisis. Revenue from the business rose from \$580 million in 2000 to \$1.9 billion in 2007, according to estimates by Bernstein analyst Brad Hintz. Since then, commodities trading has come under pressure at big banks as funding costs have risen and regulators have clamped on their ability to make bets with their own money. Right now, Morgan Stanley has about 310 sales, trading and other "front office" professionals in its commodities business. The dozen or so people it is hiring will only partially offset the 100 employees it will lose when and if it sells its physical oil merchanting business to the Russian oil giant Rosneft.

After the deal, Morgan Stanley will still act as an intermediary between clients and physical oil markets, but will be rid of its own network of storage and transportation assets. Morgan Stanley is selling its physical oil assets as the Federal Reserve is conducting a review of banks' involvement in commodities markets. To some regulators, physical commodities represent a big risk: an operational problem, like an oil spill on an offshore rig, could lead to huge reputational damage and crater the bank's stock, potentially destabilizing it and the broader financial system. It is not clear how much pressure the Fed will apply to banks like Morgan Stanley and Goldman Sachs Group Inc.

But Morgan Stanley decided that these units would not earn enough anyway, relative to the amount of capital the bank would have to put toward maintaining them under new rules, Chief Financial Officer Ruth Porat said on a conference call with analysts on Thursday. "We're not looking at revenue for revenue's sake, we're looking at what's the most vibrant...business unto itself," Porat said. Other commodities businesses look more attractive now. Structured products, for example, which typically use derivatives to allow clients to bet on market movements or reduce their risk, are expected to be a growth area, the sources said. Renewable energy startups have also been using structured products to exchange tax incentives for financing.



Morgan Stanley also sees opportunities to use the clients and deposits it has in its massive brokerage business to boost commodities revenue. Executives plan to sell more commodity-linked derivatives to wealthy investor clients, and also plan to use deposits at Morgan Stanley's bank to fund energy deals and loans to energy companies. Managing directors in charge of different commodities businesses recently sent strategic business plans to Simon Greenshields in New York and Colin Bryce in London, who jointly run Morgan Stanley's commodity business globally, as well as Colm Kelleher, who runs the broader institutional securities business, two people familiar with the matter said. In those plans, the executives had to forecast revenue growth down to products and individual clients, and explain how each division planned to get there, the second source said. They also made hiring requests, most of which were approved.

Morgan Stanley has expanded its Houston office -- which previously housed investment bankers -- to accommodate the growing staff in other businesses. After coming close to failing during the financial crisis, Morgan Stanley is now focused on cutting its risk. The bank said on Thursday that less than half of its revenue came from businesses like bond trading and stock underwriting, a far cry from the pre-crisis era, when the institutional securities unit could account for 70 percent of the bank's revenue in a quarter. Morgan Stanley's review of its commodities business comes as rivals including Deutsche Bank AG and Barclays PLC have pulled back from the sector.

But the post-crisis changes have been starkest for Morgan Stanley and Goldman Sachs, the top two commodities players on Wall Street since at least the 1990s. The physical businesses and the proprietary trading that went along with them contributed a substantial part of their earnings when markets were more robust. Lately, markets have not moved enough for customers to have much interest in using commodities derivatives to cut their risk-- light trading volumes have made trading businesses hard to sustain. Instead, the focus has been on making more loans to energy companies and building stronger relationships with clients so that when volumes pick up, more of the activity will go to Morgan Stanley, the sources said.

UBS cements lead as largest private bank, assets near \$2 trillion

Reuters, 18.07.2014



UBS cemented its lead over U.S. brokerage Bank of America Corp as the world's largest private bank and is within striking distance of managing \$2 trillion on behalf of the wealthy, according to a study on Thursday. The study by London-based wealth management consultant Scorpio Partnership found that Morgan Stanley, Credit Suisse and Royal Bank of Canada rounded out the top five overall.

UBS is nearly two years into a plan to cut back on riskier debt trading activities and put its private banking arm at the heart of its strategy, a move it says will drive returns for shareholders.

Zurich-based UBS displaced Bank of America in the top spot last year in the annual benchmark after the Charlotte, North Carolina-based bank sold its private bank outside the United States to Switzerland's Julius Baer, which shot up to 12th place in this year's ranking as a result of the acquisition. Private banks worldwide saw nearly double 2012's growth in assets last year, in part due to favorable securities markets, which added value to existing assets, but also by winning fresh funds. The private banking industry now manages \$20.3 trillion in total, up from \$18.5 trillion one year ago. A global tax crackdown and tighter regulation has hit private banking in Switzerland in particular, which is the world's largest offshore cash center with roughly 2 trillion Swiss francs (\$2.23 trillion) in assets.

Spending to bring private banks into line with rules laid out by the Organisation for Economic Cooperation and Development (OECD) governing secrecy and data sharing is also rising. Cost-to-income ratios crept up to an average 83 percent, compared to 80 percent one year ago. "Overall, key growth indicators are positive but efficiency ratio averages are not yet improving, which is still an alarm bell to consider by many in the corridors of power," Scorpio said. The study found that American brokerage firms were doubling down at home as opposed to expanding overseas. In the United States, the top five brokers in 2013 were BofA, Morgan Stanley, JPMorgan Chase & Co., Goldman Sachs and Northern Trust. (\$1 = 0.8980 Swiss Francs)

Announcements & Reports

► *Middle Eastern Analysis*

Source : ORSAM

Weblink : <http://www.orsam.org.tr/en/Publication/MiddleEastAnalysis.aspx?ID=58>

► *Rise of Radical Groups and Iraq's Uncertain Future*

Source : USAK

Weblink : http://usak.org.tr/images_upload/files/USAK_Iraq_Report_Radical_Groups.pdf

► *SAM Annual Report 2013*

Source : SAM

Weblink : <http://sam.gov.tr/sam-annual-report-2013/>

► *European Perception of Turkish Foreign Policy*

Source : SETA

Weblink : http://file.setav.org/Files/Pdf/20121128152200_seta-european_perceptions_of_turkish_foreign_policy.pdf

► *Private Sector Development in Afghanistan and Pakistan*

Source : TEPAV

Weblink : http://www.tepav.org.tr/upload/files/1402669700-4.Private_Sector_Development_in_Afghanistan_and_Pakistan.pdf

► *Nato in an Era of Global Competition*

Source : Atlantic Council

Weblink : http://www.atlanticcouncil.org/images/publications/NATO_in_an_Era_of_Global_Competition.pdf

► *Iraq: The Enemy of my Enemy is not my Friend*

Source : CSIS

Weblink : <http://csis.org/publication/iraq-enemy-my-enemy-not-my-friend>

► *Military Balance 2014*

Source : IISS

Weblink : <https://www.iiss.org/en/publications/military-s-balance>

Upcoming Events

► *Finance and Economics Conference 2014*

Date : 13 – 15 August 2014
Place : Munich, Bavaria, Germany
Website : <http://www.lcbr-fec.org/>

► *International Conference on Business Strategy and Social Sciences*

Date : 16 – 17 August 2014
Place : Kuala Lumpur - Malaysia
Website : <http://www.pakrdw.com/?ic=details&id=3>

► *International Conference on Economics, Energy, Environment and Agricultural Sciences*

Date : 21 September 2014
Place : Kuala Lumpur - Malaysia
Website : <http://www.pakrdw.com/>

► *Fifth Annual Conference in Political Economy, “The Crisis: Scholarship, Policies, Conflicts and Alternatives”*

Date : 16 - 18 September 2014
Place : Naples – Italy
Website : http://iippe.org/wp/?page_id=1943

Supported by PETFORM

► *All Energy Turkey- 2014* *(in Turkey)*

Date : 24 – 25 September 2014
Place : Istanbul – Turkey
Website : <http://www.all-energy-turkey.com/?lang=tr>

The logo for All Energy Turkey, featuring the text "All Energy Turkey" in a bold font, with a stylized orange and yellow sun icon to the left. Below the text, it says "The leading marketplace for energy trading & sales".

All Energy Turkey
The leading marketplace for energy trading & sales

► *7th International Energy Congress Expo*

Date : 24 - 25 November 2014
Place : Ankara - Turkey
Website : <http://www.energy-congress.com>