

## Gallup Poll: Support for Erdogan hits 59%

Anadolu Agency, 30.07.2014



Majority of Turkish population has confidence in Turkish PM and presidential candidate Recep Tayyip Erdogan's leadership, a survey by US based opinion poll firm, Gallup World Poll revealed.

The Broadcasting Board of Governors, the U.S.' independent federal agency released a report on political tendencies basing on 10 Gallup surveys conducted in Turkey since 2005. Despite of being critical Turkish government's attitude toward the media freedom, the agency's report found that 59% of Turkish people are satisfied with performance of Erdogan as their leader.

The report put that while 60% of ethnic Turks are satisfied with Erdogan's leadership, this rate hit 67% among ethnic Kurds. It also noted that 68% of rural population support Erdogan, while this rate remained at 56% among urban population. The confidence of Turkish people in the government is still as high as 68%, although this represents a drop of 18 percent over the last nine years. It also found that Turkish people's satisfaction with living standards increased ten percent in ten years, rising from 44% in 2005 to 57% in 2014. A vast majority of Turkish adults are more optimistic about the future in 2014, the report noted.

Gallup poll revealed that while the rate of those who think that the media is free in Turkey has only moved down from 47% to 46% 2010 and 2014, 65% of government supporters think that the media is free while this rate falls to 20% when it comes to the opposition groups. The poll noted that the majority of eastern, northern and central Anatolia people mostly support Erdogan's governing Justice and Development (AK) Party and affirm that media is free, while the majority of western and southern coastal Anatolia, mostly populated by the opposition, think that media is not free in Turkey.

# Demirtas: Turkey's Hatay became battleground of war in Syria

Hurriyet Daily News, 01.08.2014



The war in Syria has also spread into Turkey's southern border province of Hatay due to the ruling Justice and Development Party's (AKP) wrong policies, presidential hopeful Selahattin Demirtas has said, while pledging for peace.

"In these lands on which we have been living together, we want to rebuild the law of fraternity, we want to repair this law that has become tainted," Selahattin Demirtas, co-leader of the Peoples' Democratic Party (HDP), said at a gathering with civil society representatives in Hatay in the Southern region of Turkey on July 31.

"We have been running for presidency out of this need. We are in the middle of a city where an unnamed and unofficial war is going on. The war is not being lived only in Syria. Since the fire fell over Syria, it is also burning here. One of the parties in this war is the AKP government; it is also a part of the war in Hatay. The government's policies have led to the ongoing bloodbath in Syria and Hatay is suffering, too," Demirtas said. On May 11, 2013, twin bombs killed 53 people in the border town of Reyhanlı in Hatay. Authorities have insisted the suspects being tried for the attack are linked to Syrian President Bashar al-Assad, not Islamist rebels, but several leaked documents have cast doubt on the government's claims, suggesting al-Qaeda-linked groups committed the attack. "Hatay must be the first place where we found the law of fraternity.

If we cannot have peace and law prevailing, we cannot have it anywhere in Turkey," Demirtas said. Responding to questions from Hurriyet while in Hatay, the youngest presidential hopeful, 41, once more underlined he was certainly not open to any bargaining with the ruling AKP and its presidential candidate, Prime Minister Recep Tayyip Erdogan, in regard to encouraging his supporters to vote for Erdogan in the second round of the presidential elections. "He [Erdogan] is insulting us without openly citing our name. But he is forgetting there are millions who vote for us and in this way, he is also humiliating them.

Believe me if I were to make a call to them and ask them to vote for Erdogan in the second round, they would condemn me, saying 'Who are you to make such a request?'" Demirtas said. Erdogan would need at least 50 percent to win outright in the first round of the elections on Aug. 10, which will be Turkey's first-ever direct presidential election held in two-rounds. Support from the Kurdish population, who make up around one-fifth of the country's population, could be decisive for his chances of winning the election and avoiding a potential second round Aug. 24. "It is my candidacy that has paved the way for the second round. It is my candidacy that formed such political competition. You will see, we will get an enormous amount of votes and don't be surprised if we succeed in running in the second round, too," Demirtas said.

# New US ambassador to Ankara approved by Senate committee

Anadolu Agency, 31.07.2014



John Bass, who has been nominated by the Obama administration as new U.S. ambassador to Ankara, was approved by the Senate Foreign Relations Committee. The committee also discussed the approval of 10 other ambassadors, along with John Bass, in the meeting.

The General Assembly will discuss John Bass' nomination on a date that has not been specified yet. After, 60 senators have to approve John Bass as the new ambassador for the approval of his nomination. Former U.S. Ambassador to Ankara Francis Ricciardone's tenure in Turkey ended in July 2014.

Bass served as U.S. ambassador to Tbilisi from 2009 to 2012. He also led the Baghdad Provincial Reconstruction Team from 2008-2009. From 2005 to 2008, he served as director of the Department of State Operations Center. During his tenure there, Bass led the response to over 25 crises, including coordinating international assistance in response to Hurricane Katrina and orchestrating the largest U.S. government evacuation of American citizens in 60 years.

# Hamas authorizes Abbas to negotiate, Turkish FM says

Hurriyet Daily News, 30.07.2014



Hamas have authorized the Palestinian National Authority to negotiate on behalf of the group, Foreign Minister Ahmet Davutoglu has said, underlining the presence of a growing relationship between Mahmoud Abbas and Khaled Mashaal.

“Israel rejected a 24-hour cease-fire and only agreed to a 12-hour respite,” Davutoglu said late July 29 in a televised interview, adding he had participated in a teleconference with U.S. Secretary of State John Kerry and Qatari Foreign Minister Khalid bin Mohammed al-Atiya. “All religions are sacred. Religious days are sacred, too” the foreign minister said, asking why Israel only declared a 12-hour cease-fire.

“Saturday is Sabbath. Their religious day is sacred, but ours is not? Why don’t they declare a 24-hour cease-fire?” the Davutoglu asked. He also criticized the call by the American Jewish Congress for Prime Minister Recep Tayyip Erdogan to return his 2004 Courage Award. “Erdogan had never changed his stance on the Gaza conflict and would not remain silent because of the award,” Davutoglu said, adding “no award is more important than the lives of our Palestinian brothers. This has become a matter of abuse and it is wrong. It attempts to create a misperception about our prime minister.”

# Turkish markets open weak after holiday

Hurriyet Daily News, 31.07.2014



The Turkish Lira and Turkish stocks began the day weak as markets returned from a five-day break for Eid al-Fitr, during which regional politics remained tense as Israel continued its bombardment against Gaza while Western countries announced fresh sanctions against Russia over Ukraine.

The dollar/lira ratio opened the first day after the holiday with a steep decline of 1.5 percent, the highest level in two weeks. The ratio slumped to 2.1344 at 8 a.m., only to recover to around 2.1204 as of 10:15 a.m. The main stock exchange index, Borsa Istanbul (BIST) 100, also started off the day with a nearly 300,000-point slump to 83,919 points.

While Turkish markets were on Eid-al Fitr vacation that started on July 25, other emerging markets sank, weighed down by concerns that tougher sanctions against Russia as well as robust growth data announced by the United States. The U.S. economy rebounded vigorously in the second quarter, growing at a peppy 4 percent. The Federal Reserve remained cautious, sticking to its dovish stance after a two-day monetary policy meeting, still seeing some latent weakness that requires keeping interest rates low for the foreseeable future. Meanwhile, Israel pressed ahead with its Gaza offensive throughout the holiday, raising tension in the region further.

## Remaking Iran

Project Syndicate, 16.07.2014



Iranian President Hassan Rouhani marked the end of his first year in office with further evidence of his efforts at domestic reform and geostrategic reorientation. In Iran, these two imperatives have gone hand in hand. Rouhani now says that Iran would be willing to work with the United States in Iraq.

The threat to both Iranian and US interests posed by the Islamic State (formerly the Islamic State in Iraq and Syria) has brought the two countries closer together. Iran's foreign minister, Mohammad Javad Zarif, expressed optimism about reaching an international deal on his country's nuclear program by the original deadline of July 20.

If rapprochement with the West can be achieved, the removal of the international sanctions stemming from the nuclear program would give a tremendous boost to Rouhani's economic policy. And it is here that Rouhani has invested much of his energy and political capital. Coming into office, Rouhani had a clear priority: fix an economy devastated by eight years of former President Mahmoud Ahmadinejad's demagogic mismanagement. He replaced Ahmadinejad's incompetent thugs with a reasonably qualified cabinet and capable administrators, and has embarked on an ambitious program of economic development, expanded health care, and environmental protection.

Though Rouhani has made little headway combating rampant inflation, small business and the entrepreneurial middle class seem to be thriving. In early June, I found a recently opened complex of expensive restaurants opposite the new luxury Grand Hotel in Shiraz packed with affluent customers. Rouhani is vigorously cultivating economic ties with Gulf states, including Kuwait, whose ruler he entertained in Tehran in early June before leaving on an official visit to Turkey, where he signed ten deals aimed at doubling bilateral trade, to \$30 billion, in 2015. On the environmental front, Rouhani is also busy undoing his predecessor's damage. Tehran's air pollution, widely blamed by those with respiratory illness on low-octane "Ahmadinejad gasoline," has visibly declined with the introduction of high-octane fuel and other restrictions.

Last but not least, Rouhani has launched his national health-insurance program, and ordered state hospitals, which dominate the health sector, to limit patients' copayments for all medical expenses to 10%. Rouhani has made it clear that he wants to pay for the new health care by phasing out the monthly state stipends paid to more than seventy-four million registered citizens, which Ahmadinejad offered when he eliminated a wide range of subsidies. The strongest factor working in Rouhani's favor is the support of Ayatollah Ali Khamenei, the country's Supreme Leader, for the president's domestic policies – just as he has fully backed the nuclear negotiations. Unlike Ahmadinejad's reformist predecessor, Mohammad Khatami, who acted more like the leader of the loyal opposition than head of the executive, Rouhani has worked closely with Khamenei.



In his speech to commemorate the 25th anniversary of Ayatollah Ruhollah Khomeini's death on June 4, Khamenei fully appropriated the discourse of the dissident clerics aligned with Khatami. Thus, he described the regime instituted by Khomeini as a religious democracy in which all high state offices, including his own, derive their legitimacy from the will of the people as expressed in elections. But Rouhani needs more than Khamenei's backing. Khamenei is 74 and has health problems. With Mohammad Reza Mahdavi Kani, the 83-year-old chairman of the Council of Experts (the body of clerics that elects the supreme leader) gravely ill, Ghorbanali Dorri-Najafabadi, an influential member and former intelligence and security minister, has suggested that the Council should proceed to elect Khamenei's successor now. Clearly, the clerical elite is concerned about the future of its leadership after Khamenei. Should a succession process begin soon, it would significantly constrain Rouhani's room for maneuver.

Rouhani's relations with the Iranian Revolutionary Guard Corps (IRGC) and other security forces are of more immediate concern. Last month's unceremonious killing of a billionaire businessman detained by security forces on corruption charges seemed to reflect the tacit division of power between the president and Iran's security apparatus. Nonetheless, tension is simmering beneath the surface. Rouhani seems to have halted the expansion of the IRGC's economic empire. The IRGC's commander, General Mohammad Ali Jafari, has publicly expressed his hostility to Rouhani's administration, while General Hassan Firouzabadi, Chief of Staff of the Armed Forces, has countered by expressing his support for the president.

It is in Iraq, however, that Iran faces its most complicated mix of challenge and opportunity. Determined to prevent the disintegration of the country, Iran has provided military and political support to Prime Minister Nouri al-Maliki's government. This appears to align Iranian and American policies, with both determined to counter the gains of radical Islamist forces in Iraq and Syria. Rouhani's circle is fully prepared to address this crisis by talking to the US. After a year in power, Rouhani's program of economic development, environmental cleanup, and improved health care is proceeding smoothly and quietly. But, given the uncertainty of the domestic and international political context, there are no guarantees of success. Much depends on whether a nuclear deal with the international community is achieved, and the likelihood of that outcome has unexpectedly increased, owing to the common interest of Iran and the US in coping with the collapse of Iraq.

# U.S. agrees to send 5,000 more Hellfire missiles to Iraq

CNN, 31.07.2014



As violence continues unabated in Iraq, the United States has agreed to sell \$700 million in military aid, including 5,000 Hellfire missiles. The Iraqi government made the request for the missiles, which are primarily fired from helicopters, according to the Defense Security Cooperation Agency.

The United States has already been providing Iraq with Hellfires. Since January, 780 were delivered, according to Pentagon spokesman Rear Adm. John Kirby. The United States expects to ship another 366 in August. Kirby said the additional 5,000 missiles would likely be shipped in batches, but he had no details on a delivery schedule.

Congress, which has the authority to block it, was notified of the potential new sale on Monday. The State Department has approved the proposal. Iraq's government has been waging war with militants from the Islamic State in Iraq and Syria, or ISIS. The terrorist group has taken over several cities. It is seeking to create an Islamic caliphate that encompasses parts of Iraq and Syria and has begun imposing Sharia law in the towns it controls.

Police officials in Baghdad told CNN two car bombs exploded in two Shiite neighborhoods on Wednesday. At least seven people were killed and 25 were wounded when one bomb exploded near a gas station in Sadr district in eastern Baghdad. About 30 minutes later, another explosion near a busy outdoor market in al Ameen neighborhood in southern Baghdad killed five people and wounded 35 others.

# Israel calls up 16,000 additional reservists

Hurriyet Daily News, 31.07.2014



The Pentagon later said it had granted an Israeli request for ammunition, including some from a stockpile stored by the U.S. military on the ground in Israel for emergency use by the Jewish state. Rights group Amnesty International had urged Washington to halt arms supplies to Israel.

“It is time for the US government to urgently suspend arms transfers to Israel and to push for a U.N. arms embargo on all parties to the conflict,” it said in a petition to US Secretary of State John Kerry. Hamas said July 30 it fired rockets at Tel Aviv and the southern port city of Ashkelon in response to the market and school strikes.

The Israeli military said that a rocket hit open ground “in the Tel Aviv area” and another two were intercepted over Ashkelon. It said that a total of 81 rockets fell in Israel on July 30, with another nine shot down by missile defences and that Israel hit 88 targets in Gaza. Early July 31, Israeli warplanes attacked a mosque near the same U.N. school in Jabalia, wounding 15 Palestinians, emergency services said. Medics said two more Palestinians died July 31 of wounds sustained previously, bringing the death toll from 23 days of unrelenting Israeli attacks to 1,363. In Israel, the army said another three soldiers were killed in Gaza, raising the overall number of soldiers killed to 56 since the operation began on July 8. Despite the loss of life, there appeared to be little Israeli appetite for a truce, with a senior official telling Haaretz newspaper that the Jewish state was not even close to a ceasefire.

“When a ceasefire proposal that answers Israel’s important needs is laid on the table, it will be considered,” he said, warning that the military operation would expand. “The (military) will expand attacks against Hamas and the rest of the terror organisations.” Nevertheless, a two-member Israeli delegation travelled to Cairo late July 30 to discuss a possible ceasefire with Egyptian officials, an official at the airport told AFP, saying they were expected to leave after several hours. Cairo, a key mediator in previous truce negotiations between Israel and Hamas, was also expected to host a Palestinian delegation later this week.

# Israel, Palestinian groups begin three-day Gaza truce

Hurriyet Daily News, 01.08.2014



A three-day ceasefire between Israel and Palestinian militant groups in the Gaza Strip went into effect on August 1 and negotiators were due to travel to Cairo to discuss a longer-term solution. The 72-hour break, the most ambitious attempt so far to end more than three weeks of fighting, began at 8 a.m. (0500 GMT).

The truce was announced in a joint statement released by U.S. Secretary of State John Kerry and U.N. Secretary-General Ban Ki-moon. An official in Prime Minister Benjamin Netanyahu's office said Israel had accepted the U.S. / U.N. proposal.

A spokesman for Hamas, the Islamist group dominant in Gaza, said all Palestinian factions would abide by the truce. "We urge all parties to act with restraint until this humanitarian ceasefire begins, and to fully abide by their commitments during the ceasefire," Kerry and Ban said. "This ceasefire is critical to giving innocent civilians a much-needed reprieve from violence." Israel launched its offensive in Gaza on July 8 in response to a surge of cross-border rocket attacks. Gaza officials say at least 1,441 Palestinians, most of them civilians, have been killed in the battered territory and nearly 7,000 wounded. Sixty-one Israeli soldiers have been killed in the fighting and more than 400 wounded. Three civilians have been killed by Palestinian shelling in Israel.

Hours before the ceasefire was announced, Netanyahu, facing international alarm over a rising civilian death toll in Gaza, said he would not accept any truce that stopped Israel from completing the destruction of militants' infiltration tunnels. According to the Kerry and Ban statement, forces on the ground would remain in place during the ceasefire. Israel and Palestinian delegations in the meantime will travel to Cairo for separate negotiations to reach a more durable ceasefire, the statement said. The Palestinian delegation will be comprised of Hamas, Western-backed Fatah, the Islamic Jihad militant group and a number of smaller factions, Palestinian officials said.

A senior U.S. State Department official said talks could start as early as August 1 depending on how long it takes the parties to reach Cairo. Representatives from Israel and the United States will not sit across the table from Hamas, the official added. Egypt's Foreign Ministry said it "stresses the importance the two sides respect their obligations resulting from their announcement of ceasefire so that negotiation can be held in suitable condition and achieve the desired results." Israeli strikes killed 14 people in Gaza, including eight from one family, hospital officials said. Earlier, Hamas rockets set off sirens in the Tel Aviv area and one was intercepted. Israel's military said five of its soldiers were killed late on July 31 by a mortar bomb. Just over an hour before the ceasefire was due to take effect militants fired 11 rockets into Israel, one of which was intercepted by the Iron Dome defence system over the centre of the country, a military spokeswoman said.



Previous international attempts to broker a humanitarian truce were less successful, securing shorter periods of calm, with some collapsing immediately after being announced. U.N. political affairs chief Jeffrey Feltman said it took a massive diplomatic push to achieve the ceasefire. “The Egyptians played an important role, the Qataris played an essential role in helping bring the parties on board, the Turks were in touch with all sides. This was a collective effort,” Feltman told CNN. Netanyahu faces intense pressure from abroad to stand his forces down. The United States and the U.N. Security Council have urged both sides to halt fighting in Gaza to allow in humanitarian relief.

Israel has ordered its ground forces to focus on locating and destroying a warren of tunnels through which Hamas has menaced its southern towns and army bases. “Our understanding is that the Israelis will make clear to the U.N. where their lines are, roughly, and they will continue to do operations to destroy tunnels that pose a threat to Israeli territory that lead from the Gaza strip into Israel proper as long as those tunnels exist on the Israel side of their lines,” said the State Department official. With Israeli forces remaining on the ground to pursue that mission, it could open the way for Israel to declare it achieved the main goal of its ground offensive and to pull troops out of the Gaza Strip.

Kerry, speaking to reporters during a trip to New Delhi, said the parties need to find a way to address Israel’s security concerns and to ensure that the people of Gaza can live in safety and dignity. All the people involved in this have strong demands and strong visions on what the future should look like. Israel has to be able to live in peace and security, without terror attacks and rockets and tunnels and sirens going off in the day,” Kerry said. “And Palestinians need to be able to live with the opportunity to educate their children and move freely and share in the rest of the world and lead a life that is different from the one they have long suffered,” he added.

# Gaza's death toll from Israel's attacks hits 1363

Anadolu Agency, 26.07.2014



Two Palestinians died early on Thursday of wounds caused them a few days ago by Israeli strikes on the Gaza Strip, the Palestinian Health Ministry said. It added that the new fatalities raise to 1363 Gaza's death toll from Israel's war, which has been ongoing since July 7.

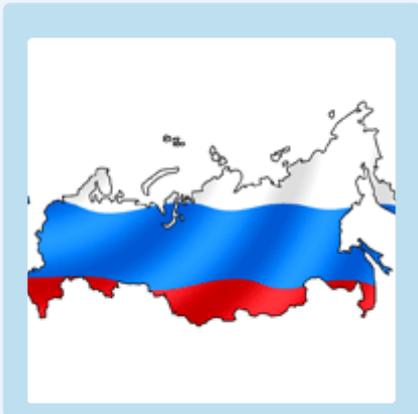
Health Ministry spokesman Ashraf al-Qodra said some 7680 more Palestinians were injured by Israeli strikes. He added that as many as 131 Gazans were killed by Israeli attacks on different parts of the Gaza Strip on Wednesday, while 463 more people injured. "The dead victims included 315 children, 166 women and 58 elderly people," al-Qodra.

Israel has been pounding the Gaza Strip since July 7 with fierce aerial, naval and ground bombardments with the ostensible aim of halting rocket fire from the strip. The vast majority of the dead and injured victims are civilians: children, women and elderly people. Gaza-based resistance factions, meanwhile, have continued to fire rocket at Israeli cities in response to relentless Israeli bombardments.

According to official Israeli figures, 53 Israeli soldiers and three civilians have been killed since the hostilities began. Israel's military operation, dubbed operation "Protective Edge," is the self-proclaimed Jewish state's third major offensive against the densely-populate Gaza Strip – which is home to some 1.8 million Palestinians – within the last six years. In 2008/9, over 1500 Palestinians were killed in Israel's three-week-long operation "Cast Lead."

# Russia defiant in face of new US and EU sanctions

The Guardian, 30.07.2014



Moscow was defiant in the face of sweeping US and EU sanctions designed to punish its continued backing of separatists in eastern Ukraine, promising that Russia would localise production and emerge stronger. However, analysts predicted that the key sectors of finance, defence and energy that have been targeted will suffer in isolation from the west.

The EU agreed on Tuesday evening to cut off Russian state-owned banks from European capital markets. It was joined promptly by the United States, which denied Russia's state-owned banks – VTB Bank OAO, Bank of Moscow and the Russian Agricultural Bank – access to the US economy.

The EU also banned any trade in arms and the US prohibited transactions with Russia's United Shipbuilding Corp, which it classified as a defence company. Both the EU and the United States will ban export of technologies to Russia for deep-water, Arctic or shale oil drilling. The sanctions from the EU, which does far more trade with Russia, will be reviewed in three months. Russia called the new sanctions "destructive and short-sighted". "Such decisions by Washington can do nothing but further aggravate US-Russian relations and create an utterly unfavourable environment in international affairs, where cooperation between our states often plays a decisive role," Russia's Foreign Ministry said in a statement.

Shares in VTB, Russia's second-largest bank, dropped by 3% with the start of trading on Wednesday – losses that were later mostly regained. The Russian stock market on the whole actually grew, with the MICEX and RTS indexes rising by about 2%. Bank of Moscow said in a statement it was oriented on the domestic market and its business "wouldn't suffer at all from the imposed sanctions". Russia's Central Bank promised to prop up banks hit by sanctions. "If necessary, appropriate measures will be taken to support these organisations in order to protect the interests of their customers, depositors and creditors," it said in a statement.

But the measures will likely raise the cost of credit in Russia and take their toll on the economy. Andrei Klepach, the deputy chairman of the state-owned bank VEB, said on Russian television on Tuesday that sanctions could halt economic growth or even lead to a recession in the country. Previously, Russia has forecast a 1% growth in gross domestic product this year – although the IMF downgraded its forecast to 0.2% this month citing capital flight and falling investment amid western economic pressure. "In general, this will lead to a credit getting more expensive, but it will be a pretty delayed effect," said Vladimir Tikhomirov, chief economist at BCS consulting. "Russian banks do have financing from abroad but the larger part of financing is coming from the internal market." Reacting to the sanctions, deputy PM Dmitry Rogozin - in charge of Russia's defence and space industries - wrote on Twitter:



“Obama’s decision to place sanctions on the United Shipbuilding Corporation are a sure sign that Russian military shipbuilding is becoming a problem for Russia’s enemies.” Alexei Pushkov, chairman of the parliament’s foreign affairs committee, meanwhile levelled his aim at Obama’s personal legacy. “Obama won’t go into history as a peacemaker – everyone has already forgotten about his Nobel Peace Prize – but as the US president who started a new cold war,” he tweeted. As hot air was vented on social media, the foreign minister, Sergei Lavrov, said on Monday that Russia for now would not “fall into hysterics” or take retaliatory measures. “I assure you, we will overcome any difficulties that may arise in certain areas of the economy, and maybe we will become more independent and more confident in our own strength,” he said.

Despite Lavrov’s statement, a group of ruling party MPs said on Tuesday they would introduce legislation to ban auditing and consulting companies from “aggressor countries” – including the Big Four auditing firms Deloitte, KPMG, Ernst & Young and PricewaterhouseCoopers. Russia’s consumer watchdog placed a ban on some fruits and vegetables from EU member Poland. The Russian president, Vladimir Putin, said at a meeting with representatives of Russia’s military-industrial complex on Monday that they could turn to alternative markets for arms components and that any “technological difficulties” suffered as a result of sanctions would ultimately prove beneficial.

Russia has a large arms trade with France, purchasing not only two Mistral warships from the country but also licensing to produce thermal imagery devices and electronics for its Su-30 fighter jet. Although the Mistral warship contract will go through, new trade in arms components with Europe will be halted. In light of sanctions, Russia is likely to turn toward the Asian market to supply such components, Igor Korotchenko, editor of the National Defence journal told the newspaper Izvestia. Independent defence analyst Pavel Felgenhauer, however, said that despite Putin’s optimism, replacing many of the foreign-sourced components is a “sheer impossibility” – 90% of defence industry electronics are produced in the west, he said, arguing that even intercontinental ballistic missiles are not fully Russian-made.

“Self-dependence and doing everything on your own soil, that didn’t work even in medieval times, and right now practically all Russian weapons systems use foreign components or materials,” Felgenhauer said. The restrictions placed by the EU on the oil industry are likely to be painful but not crippling. BP, which owns nearly 20% of Russia’s state-owned oil major Rosneft and has been cooperating with it to explore Arctic deposits, said further sanctions “could have a material adverse impact on our relationship with and investment in Rosneft, our business and strategic objectives in Russia and our financial position and results of operations.”

A drilling rig that ExxonMobil and Rosneft will operate as part of its exploration project in the Arctic Ocean already left port in Norway two days after Malaysian Airlines flight 17 was downed. Further Arctic exploration projects will be put into doubt, however. Ildar Davletshin, an oil analyst at Renaissance Capital, said western technologies to drill in the Arctic will not be really needed until conventional reserves begin drying up by 2020. In response to sanctions, Rosneft will likely seek to divest from non-core assets and decrease its participation in projects in Venezuela and other countries, he said. “It’s a very connected industry, [high-technology] components could be produced in Russia or China but it will take time to re-orient,” he said.

# Snowden still waits for Russia's political asylum permission

ITAR-TASS, 31.07.2014



US intelligence leaker Edward Snowden still waits for the Russian migration authorities' permission to grant him one more year of a temporary political asylum in Russia, his lawyer Anatoly Kucherena said on Thursday.

“Edward still remains in Russia and we have prepared and submitted a package of documents for the permission of the temporary political asylum for him,” Kucherena said in an interview with LifeNews television channel. The Russian Federal Migration Service (FMS) granted Snowden permission for the temporary asylum in Russia on August 1, 2013. The permission expires today on July 31.

“The Federal Migration Service must abide by particular procedures,” Kucherena said. “We hope that the issue will be resolved today or tomorrow.” The news that Snowden filed the request to prolong his stay in Russia for another year was initially voiced by Kucherena on July 9. The United States accuses Snowden, 31, of leaking information on the US National Security Agency's (NSA) secret surveillance programs to media. Despite US extradition requests, he was granted a one-year temporary asylum in Russia after spending more than a month in the transit zone of Sheremetyevo airport outside Moscow.

He has reportedly found a website maintenance job and resides at an undisclosed location in Russia. The US authorities say Snowden violated two clauses of a 1917 law on espionage by divulging some secret data related to national defense and by deliberately transferring US intelligence data to individuals not authorized to obtain such data. Snowden is also charged with stealing US government property. Should he turn up on American soil one day, he faces ten years in prison on each charge.

# Russia hopes for China to back idea of humanitarian mission

ITAR-TASS, 31.07.2014



Russia hopes for China's support to an initiative to set up a humanitarian mission for southeast Ukraine, Russian Foreign Minister Sergei Lavrov said at a meeting with Chinese counterpart Wang Yi on the sidelines of a meeting of the Council of Foreign Ministers from the Shanghai Co-operation Organisation states in the Tajik capital on Thursday.

Lavrov thanked Chinese people for the aid they offered to refugees from Donetsk and Luhansk regions currently staying in Russia. This friendly gesture will allow drawing attention of the international community to the tragedy breaking out in Ukraine, the minister said.

Russia hopes for China's support to an initiative to set up a humanitarian mission for southeast Ukraine - Lavrov said at a meeting with the Chinese counterpart. Russian President Vladimir Putin and Chinese counterpart Xi Jinping are expected to meet at summits of the Shanghai Co-operation Organisation (SCO) in Dushanbe and the Asia-Pacific Economic Co-operation in Beijing, Russian Foreign Minister Sergey Lavrov said at a meeting with Chinese counterpart Wang Yi on the sidelines of a meeting of the Council of Foreign Ministers of the SCO states in the Tajik capital on Thursday.

"Chinese and Russian presidents will have new contacts," Lavrov said, adding that these meetings are expected at a SCO summit in Dushanbe and an APEC summit in Beijing in September. Russia and China will multiply their efforts in the struggle against terrorism, Russian Foreign Minister Sergei Lavrov added. The Russian foreign minister expressed his condolences to the Chinese people over a recent terrorist act in China. "This strengthens our common resolve for multiplying our efforts in the struggle against this evil," Lavrov said.

# Ukraine's parliament votes against PM Yatsenyuk's resignation

ITAR-TASS, 31.07.2014



Ukraine's parliament, the Verkhovna Rada, on Thursday voted against the resignation of Prime Minister Arseniy Yatsenyuk. With the necessary 226 votes needed for Yatsenyuk's resignation, only 16 lawmakers from the Verkhovna Rada submitted their votes of no confidence, while 109 voted against.

Following the voting at the parliament, Yatsenyuk took the floor saying only "Ukraine has never declared default and never will." "Yatsenyuk submitted his resignation on July 24 after two parties quit the ruling coalition in the Verkhovna Rada.

On July 24, the UDAR party announced its secession from the parliamentary coalition to allow the president to dissolve the Verkhovna Rada (parliament) and announce early parliamentary elections. Svoboda leader Oleh Tyahnybok, independent candidate Sergei Mishchenko and Anatoly Kinakh of the Economic Development group followed suit. The latter said pre-term elections will "help to reset the system of power" in Ukraine. Parliament Speaker Oleksandr Turchynov then officially declared the end of the coalition which had been created after the change of power in February and consisted of 262 deputies from Batkivshchina, UDAR, Svoboda and several deputies' groups that joined them. If a new coalition of at least 226 deputies is not formed within a month, the president can dissolve the parliament and announce early elections. They may be set for October 26.

Poroshenko welcomed the deputies' decision to leave the coalition. "All public opinion polls and direct contacts with people indicate that society wants full reset of power," he said but warned that "these steps must not paralyze the work of the parliament". After a break, the parliament failed to pass two crucial government bills. One amends tax legislation to reduce budget spending by 10 billion hryvnias (\$0.9 billion) and raise the mineral production tax to receive an additional 21 billion hryvnias (about \$2 billion) in revenue. The other bill proposed a reform plan for the country's gas transportation system. Yatsenyuk responded right away by announcing his resignation. "In connection with the breakup of the parliamentary coalition, as well as non-adoption of a number of important bills, I announce my resignation," Yatsenyuk said in parliament.

"What happened today in parliament will have very complicated, if not dramatic, consequences for the country," he said, adding, "It is good if I am mistaken." He said Ukraine was living through a critical time. "This is a difficult decision and a difficult time, not for me personally, but for the country as a whole. This is not the best government in the history of the country, but at least it did what it could and as best it could, as our parents taught us and as we saw proper. Am I satisfied with my own work? Certainly not. But did we do everything we could? Yes, we did," Yatsenyuk said. He stressed that the breakup of the coalition and the shortage of money in the budget were unacceptable.

# EU expands sanction list against Russia, Ukraine

ITAR-TASS, 31.07.2014



The EU has added eight people and three companies to the 'blacklist' against Russia and Ukraine. The sanction list included first deputy head of Russian presidential staff Gromov, Governor of Northern Sea Route Bank Board Rotenberg, largest shareholder of bank Rossiya Kovalchuk and second largest stockholder of bank Rossiya Shamalov.

The list also included Chairman of the Supreme Council of the self-proclaimed Donetsk People's Republic Litvinov, spokesman of government in Luhansk People's Republic Chigrina, Russia's Crimea Interior Minister Abisov, Russian businessman Malofeyev.

"Russian National Commercial Bank, air defense system-producing plant Almaz-Antey and air company Dobrolet were added to the EU 'blacklist'. So, the EU sanction list against Russia and Ukraine now already totals 95 individuals and 23 legal entities. All of them are banned from entering the EU states until November, if their assets are found in European banks they will be frozen and European businesses are banned to deal with legal entities on the sanction list. Along with enlargement of the 'blacklist' against Russia and Ukraine the European Union has introduced a broad portion of additional sanctions against the Russian Republic of Crimea. Most new trade restrictions on Crimea will take effect starting from July 31, the EU official journal said. New trade and investment restrictions were imposed within the EU strategy not recognising Crimea's accession to Russia.

These measures included a ban for European companies on new investments in infrastructure projects, transport, telecommunications, energy sector as well as oil and gas production and extraction of mineral resources in Crimea. Not only direct and indirect investments, but also insurance services for any projects in the above-mentioned spheres were banned. New sanctions will be not retroactive and will be applied to future projects. All financial and technical actions under the contracts concluded before July 30 are permitted to continue until October 28. The EU has also approved the list of categories of Crimean goods banned for trade. The list included almost all possible mineral resources and their derivatives as well as hydrocarbons.

Meanwhile, industrial products for their extraction - pipes and drilling equipment, including for offshore production were put on the sanction list. "Sea water and salt solutions" are on the top of this penalty list which has more than 250 positions. It is still hard to say how real this new list of banned types of new Crimean projects will be for European business. Western nations have subjected some Russian officials and companies to targeted sanctions, including visa bans and asset freezes, following Crimea's accession to Russia in mid-March. Despite Moscow's repeated statements that the Crimean referendum on secession from Ukraine was in line with the international law.

Moreover, UN Charter and in conformity with the precedent set by Kosovo's secession from Serbia in 2008, the West and Kiev have refused to recognize the legality of Crimea's reunification with Russia. The West, led by the United States, has threatened Russia with further punitive measures, including economic ones, for incorporation of Crimea and what the West claimed was Moscow's alleged involvement in protests of federalization supporters in Ukraine's war-torn south-east. Russia has repeatedly dismissed Western allegations that it could in any way be involved in protests in the south-east of Ukraine, which started after Crimea refused to recognize the authorities propelled to power during a coup in Ukraine in February and reunified with Russia in mid-March after some 60 years as part of Ukraine.

## NATO unprepared for Russian threats, say British MPs

Anadolu Agency, 31.07.2014



NATO is not well-prepared to face new threats posed by Russia, British MPs warned last Thursday. The latest developments in Ukraine, and particularly in Crimea, must be a “wake-up call” for NATO, according to a new report published by the House of Commons’ Defense Committee.

The report mentioned the following: “NATO has serious deficiencies in its command and control structures, in its ability to predict and give adequate warning of potential attack, and in the readiness of its forces. NATO may not have the collective political will to take concerted action to deter attack.”

Despite calling the risk of an attack by the Russians on a NATO member state as low, it called on the organization to take much more action to deter that risk no matter how low it was. “NATO needs to reorder, train and exercise its capabilities to be able to defend against both eventualities. The Committee calls on the UK Government to take the lead at the NATO Summit in Wales in September to ensure that NATO is ready to face such threats,” the report added. The U.K. will be hosting the next NATO Summit in Wales on September 4-5.

The defense committee made several specific recommendations including “the pre-positioning of military equipment in the Baltic states and a continuous presence of NATO troops on training and exercises in the Baltic.” Earlier in the week, British Defense Secretary Michael Fallon announced during a visit to Poland that the United Kingdom was to send a battle group of 1,350 troops to take part in NATO military exercises in Poland in order to demonstrate their commitment to the collective security of their allies in Eastern Europe and Baltic states.

# House Republicans vote to sue Barack Obama over Obamacare

The Guardian, 31.07.2014



The Republican-led US House of Representatives has accused Barack Obama of overstepping his authority in carrying out his healthcare reforms. The 225-201 vote to authorise the suit will allow House lawyers to draft legal documents over a five-week recess starting on Friday.

The lawsuit is expected to generate campaign rhetoric from Republicans and Democrats ahead of November elections that will determine the political control of Congress next year. The suit is expected to claim that the president exceeded his executive authority in making unilateral changes to the Affordable Care Act, known as Obamacare.

Republicans argue that by delaying some healthcare coverage mandates and granting various waivers, he bypassed Congress in violation of the US constitution. Republicans have complained about other unilateral actions that Obama has taken to advance his agenda, from executive orders on immigration policy to same-sex partner benefits. But they have narrowly focused the suit on the healthcare law because “it is the option most likely to clear the legal hurdles necessary to succeed,” said Republican representative Pete Sessions of Texas, who chairs the House rules committee.

“This administration has effectively rewritten the law without following the constitutional process,” Sessions added. Democrats have slammed the lawsuit effort as a politically motivated waste of taxpayer resources while Congress has failed to act on other pressing issues including emergency funding to deal with a flood of migrant children. “This is a veiled attempt at impeaching the president,” said Democratic representative Sheila Jackson-Lee of Texas.

# US economy bounces back with 4% GDP growth in second quarter

The Guardian, 30.07.2014



The US economy bounced back strongly in the spring, shaking off the effects of an unusually harsh winter, the Commerce Department said on Wednesday. Gross domestic product, the broadest measure of the economy, grew by 4% on an annual basis, better than the average of 3% predicted by economists.

In the first three months of the year the economy shrank by 2.1%, the Commerce Department announced, softening its first estimate of a 2.9% fall. Annual revisions also released on Wednesday show the economy grew by 4% in the second half of 2013, its fastest pace of growth in a decade.

Despite the good news the economic recovery remains the weakest since the second world war. GDP has grown by just 1% in the first six months of the year. The pick up in the economy in late 2013 was wiped out by one of the harshest winters on record and even at 4% the pace of recovery remains sluggish. The Commerce Department said the increase in GDP in the second quarter reflected growth in consumer spending, private inventory investment, exports, nonresidential fixed investment, state and local government spending and residential fixed investment. The figures come as the Federal Open Markets Committee concluded its latest two-day meeting. The Fed announced another \$10bn cut to its monthly quantitative easing (QE) economic stimulus programme. It is now buying \$35bn of Treasury and mortgage backed securities a month in an attempt to keep rates low and spur investment. The plan is to finish the programme by the end of the year.

“Labor market conditions improved, with the unemployment rate declining further. However, a range of labor market indicators suggests that there remains significant underutilization of labor resources,” the Fed said in a statement. “The bottom line for today’s report is that it validates the ‘one off’ thesis pertaining to Q1 and as such, we hold to our current view that the economy will expand by 3.0% or so in the back half of the year, interest rates should drift higher and the Federal Reserve will feel vindicated in exiting the asset purchase program,” Dan Greenhaus, chief strategist at broker BTIG wrote in a note to investors. On Friday, the Bureau of Labour Statistics releases its latest closely watched tally of new jobs added to the economy.

Last month the BLS said the US had added 288,000 jobs to the nonfarm payrolls report in June and unemployment fell to 6.1%, its lowest rate since September 2008. ADP, the America’s largest payroll supplier, released its latest monthly jobs poll on Wednesday. The report found private sector employment increased by 218,000 jobs from June to July, the fourth straight month of job gains above 200,000 but lower than the 281,000 jobs added in the last report. Mark Zandi, chief economist of Moody’s Analytics, which helps compile the ADP report, said: “The July employment gain was softer than June, but remains consistent with a steadily improving job market.



# Announcements & Reports

## ▶ *Taking to the Streets: The Transformation of Arab Activism*

**Source** : Carnegie Endowment for International Peace

**Weblink** : <http://carnegie-mec.org/2014/04/16/taking-to-streets-transformation-of-arab-activism/hbmi>

## ▶ *Turkey's 2014 local elections*

**Source** : SETA

**Weblink** : [http://file.setav.org/Files/Pdf/20140322163202\\_turkeys-2014-local-elections.pdf](http://file.setav.org/Files/Pdf/20140322163202_turkeys-2014-local-elections.pdf)

## ▶ *PwC global portfolio and programme management study*

**Source** : PwC

**Weblink** : [http://www.pwc.com.tr/en\\_TR/TR/publications/arastirmalar/pages/pwc-global-project-management-report-small.pdf](http://www.pwc.com.tr/en_TR/TR/publications/arastirmalar/pages/pwc-global-project-management-report-small.pdf)

## ▶ *2013 global report*

**Source** : Deloitte

**Weblink** : <http://dupress.com/periodical/asia-pacific-economic-outlook/july-2014/>

## ▶ *The global workforce crisis: \$10 trillion at risk*

**Source** : Boston Consulting Group

**Weblink** : [https://www.bcgperspectives.com/content/articles/management\\_two\\_speed\\_economy\\_public\\_sector\\_global\\_workforce\\_crisis/](https://www.bcgperspectives.com/content/articles/management_two_speed_economy_public_sector_global_workforce_crisis/)



# Upcoming Events

## ► *RAND Public Policy Analysis Workshop*

**Date** : 05 – 06 August 2014  
**Place** : Washington - USA  
**Website** : <http://www.rand.org/events/2014/08/06.html>

## ► *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>

## ► *Launch of the Memos to the new EU leadership*

**Date** : 04 September 2014  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/view/450/>

## ► *Annual Meeting - Europe: the way ahead | Read more at Bruegel*

**Date** : 05 September 2014  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/451-annual-meeting-europe-the-way-ahead/>

## ► *Business Opportunity and Political Risk in the Gulf and Middle East*

**Date** : 07 - 08 September 2014  
**Place** : Manama - Bahrain  
**Website** : <https://www.iiss.org/en/events/geo-economics%20seminars/geo-economics%20seminars/archive/2014-fea4/business-opportunity-8b49>

## ► *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](http://iippe.org/wp/?page_id=1943)



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

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

► *Europe's strategic choices: building prosperity and security*

**Date** : 17 – 19 October 2014  
**Place** : Berlin - Germany  
**Website** : <http://www.chathamhouse.org/Berlin2014>

► *The New Shape of Banking: Regulation, Reform and Resilience*

**Date** : 20 October 2014  
**Place** : Berlin - Germany  
**Website** : <http://www.chathamhouse.org/Banking>

► *7<sup>th</sup> International Energy Congress Expo*

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

► *Food security: mapping risks, building resilience*

**Date** : 01 – 02 December 2014  
**Place** : London – United Kingdom  
**Website** : <http://www.chathamhouse.org/foodsecurity2014>