

## Turkish lira hits historic low against dollar

Anadolu Agency, 16.12.2014



The Turkish lira dropped in value against the dollar hitting a historic low of 2.40 per dollar. Higher U.S. interest rates could spur an outflow of capital from many emerging markets, including Turkey, where private sector- foreign debt is now at \$165.2 billion.

Borsa Istanbul started the trading day at 82.444,48 points, then tumbled 2778.49 points to 79.787,75 points, a drop of almost 3.7 percent. When the lira hit the 2.41 mark, the Central Bank of Turkey announced that the foreign exchange needs of state enterprises will be directly supplied by the bank.

Following the bank's announcement, the lira recovered to around 2.37, and the BIST-100 Index bounced back slightly to 79.830,96 points.

## Turkish energy giant opens \$3 bln. refinery facility

Hurriyet Daily News, 15.12.2014



TUPRAS, opened its \$3 billion fuel-oil recycling facility in Izmit refinery. The facility, which is also known as a resid upgrading project, will help the refinery to perform with maximum capacity and produce more high value added products such as white products including diesel, fuel-oil, jet fuel and Liquid Petroleum Gas.

The project, which will reduce Turkey's budget deficit by \$1 billion, is the highest investment on a single industrial project in Turkey, the company stated. "We invested \$5.2 billion in the refinery sector during the last nine years," said Omer Koc, the head of TUPRAS board.

He said the new facility will have one of the highest conversion ratios globally. He added that TUPRAS is heading towards becoming the most competitive refining company of the Mediterranean region which has to compete with world refineries including 53 in the Mediterranean and 18 refineries in Black Sea region. The fuel oil recycling facility has a conversion capacity of 4.2 million tons of low value added products to nearly 3.5 million tons of white products and 700 thousand tons of petroleum coke.

“The company aims to process 28 million tons of crude oil in the newly-opened facility in 2015,” said CEO of TUPRAS Yavuz Erkut, and added, “With the new facility, TUPRAS will double diesel production reaching 10 to 11 million tons annually. There will be 25-30 percent increase in jet fuel and gasoline production whereas fuel oil production will decrease by 90 percent.”

## Turkey’s new economic action plans urge savings

Hurriyet Daily News, 18.12.2014



Shortly after announcing the first nine programs of a detailed economic transformation plan, the government has announced an additional set of macro-economic reforms, with Prime Minister Ahmet Davutoğlu putting particular emphasis on the need to reduce public expenditures.

“The latest growth figures have been below our expectations ... However, it is a performance that has been appreciated in general,” Davutoğlu said recalling that Turkey’s GDP had grown 1.7 percent year-on-year in the third quarter of 2014, according to official data released on Dec. 10, sharply below forecasts that had predicted growth of around 3 percent.

Speaking at a press conference accompanied by seven members of his Cabinet, Davutoğlu announced a second stage of economic action plans. The measures comprised various prioritized structural reforms, including increasing domestic savings at the national level, preventing wastefulness, rationalizing public expenditure, raising the quality of public revenue, improving the business and investment climate, and developing statistical information on infrastructure.

“From now on, when I make initial visits to a place, none of the local administrations, governorates or other institutions will present me with a plaque or a gift,” Davutoğlu said, striking an austere tone. “Packages or gifts that are just waste and aimed at celebrating a person will not exist in the public [sector] from now on,” he added. “If a gift is to be presented, then planting a tree may be the gift and it may be announced that those trees have been planted in that region on behalf of the visiting person. This would be enough,” Davutoğlu said.

Also speaking at the same press conference, Deputy Prime Minister Ali Babacan drew attention to how new zoning plans and amendments in zoning plans have recently led to considerable unearned revenue in the construction sector, calling for “fairness” in the determination of rental prices. The government has begun a study to provide equal opportunities and justice, and to determine the rent that the state should request on state-owned land, Babacan said at the same meeting. “The construction sector is a field where rents [unearned revenues] develop out of nowhere. We will imminently implement a study that will provide equal opportunity in this area. What matters here is being able to secure justice,” he said. “There is a need for emphasis in order to avoid misunderstandings. The construction sector is a sector that is important for Turkey and has open

prospects. In the upcoming period, we expect to see a rise in the sector's share of national income. However, while this sector develops, revenues need to be taxed and unfair revenues need to be prevented. This is the essence of our study," the deputy prime minister added.

## Turkey hosts first meeting with G-20 representatives, business leaders

Hurriyet Daily News, 15.12.2014



Turkey hosted meetings with representatives of G-20 countries and the inaugural meeting of the B-20, the business branch of the G-20 the first such set of meetings since it became president of the G-20 at the start of the month.

Deputy Prime Minister Ali Babacan said Turkey aims to bring a "new impetus" to the G-20 and B-20 by developing "an inclusive approach" for all countries, companies and genders to contribute to the global economic recovery, speaking at the Dec. 15 meetings. "In 2015, Turkey will support dialogue between the business world and global policymakers by means of the G-20 and the B-20," Babacan said.

Turkey's presidency of the G-20 group of major economies has opened with a commitment to "fight global inequality." The 2015 G-20 Summit in November is set to be held in the Mediterranean province of Antalya. Stating that the success of Turkey's presidency depends on the contribution and collaboration of all G-20 countries, Babacan said "inclusivity, implementation and investment" are the main goals of Turkey's G-20 leadership role. "I mean inclusiveness with both domestic and global dimensions," he said, adding that domestically they will support small and medium-sized enterprises, commitments on strengthening gender equality in employment, and addressing youth employment. "Both in developed and developing countries small and medium-sized enterprises have a crucial role for boosting employment, competitiveness and growth" said Babacan. "SMEs therefore need to be supported and we'll create facilitating policies during our G-20 presidency," he added. "Turkey will also focus on decreasing the gap between the male and female employment rates and will try to increase women's employment," he added.

Meanwhile, B-20 Turkey Chair and the head of the Union of Chambers and Commodity Exchanges of Turkey (TOBB), Rifat Hisarcıklioğlu, invited Turkish businesspeople to create a business leaders forum in order to voice their interests globally. "There have been very few Turkish companies actively working at the B-20 meetings over the last five years. Turkish businesspeople must change this to become stronger in the world markets. In this vein, we are creating a business leaders' forum that will be composed of 100 C-levels of leading Turkish companies. I invite you to take part in the forum," Hisarcıklioğlu said in his opening speech at the B-20 meeting.

## Turkey's budget performance tops 25 EU members, says minister

Hurriyet Daily News, 15.12.2014



Turkey's overall budget deficit is forecast to be around 0.8 percent in 2014, some 0.3 percent lower than previous estimates, Mehmet Şimşek said in a written statement. "With this figure, Turkey will have a better budget performance than 25 members of the 28-nation EU bloc," Şimşek said.

Turkey's state budget had a surplus of around 3.6 billion Turkish Liras in November and a deficit of around 11.3 billion liras in the first 11 months of the year, he added. "The 11-month deficit is much lower than our previous target. We have also revised our annual budget deficit figure down by 8.8 billion liras in the Medium Term Program Şimşek stated.

"In this vein, our deficit forecast for the year-end is now 0.8 percent, around 0.3 percent lower than our previous forecast. This makes Turkey a better performer than 25 EU members in realizing budget targets," he also said.

## Iran not to enrich Uranium during negotiations

Anadolu Agency, 14.12.2014



Iran will not proceed with Uranium enrichment as long as negotiations with six world powers on a permanent nuclear agreement continue, a high ranking Iranian official said.

Iran's official news agency, IRNA, quoted the Head of the Atomic Energy Organization of Iran Ali-Akbar Salehi to have said that Iran is in possession of the latest generation of IR8 centrifuges but gas has not been injected into them. "As long as talks continue, we do not intend to put the 9,000 centrifuges into operation," Salehi said, adding that this shows Iran's good intention to the other parties. These comments represent a change in Iranian policy.

In September 2014, Iranian President Hassan Rouhani said that Iran would continue with uranium enrichment despite ongoing negotiations with world powers. The U.S., UK, France, China, Russia and Germany comprise the P5+1 group of world powers who are negotiating with Iran over its uranium enrichment, nuclear cooperation and heavy-water reactor plans. An Iranian nuclear negotiating team is due to depart for Geneva, Switzerland. IRNA said that the delegation is headed by two deputy foreign ministers, Abbas Araqchi and Majid Takht-Ravanchi. A new round of negotiations, at the deputy ministerial level, is due to take place in Geneva, Switzerland on Dec. 17. The last round of the nuclear talks ended in Vienna on Nov. 24 without a permanent agreement. However, both sides agreed to extend talks until July 1, 2015.

## Hungary: Large protest in Budapest against government

Ein News Desk, 15.12.2014



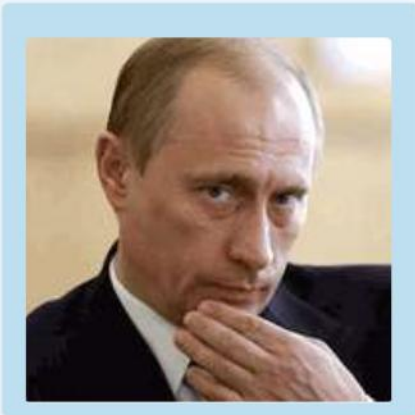
About 2,500 Hungarians demonstrated in front of the country's Parliament Building in Budapest to protest government corruption, and budget cuts. Protesters were angry about the way the government is run, as well as by demands for austerity measures and reduced social welfare programs.

The 2015 state budget to be approved by parliamentarians but the organizers of the protest said that the budget is unworthy of Hungary. Protest organizer Zoltan Vajda said that "the whole system is based on lies, and Prime Minister Viktor Orban himself is a lie."

There have been frequent demonstrations against Orban's government. On Nov. 17, 10,000 Hungarians demonstrated against what they see as the creation of a small oligarchy based on rising corruption. Protesters are also unhappy about Orban's close ties with Russia, and his attempts to move away from a liberal commercial economy. In 2013 Orban proposed an economic plan, and said it will boost Hungary's economy by the end of 2014, but the plan has not met its goals. Despite his lack of popularity, Orban was re-elected in April with his party, the Hungarian Civic Alliance, winning two-thirds of the seats in parliament.

## Will Russia retreat in Ukraine?

World Bulletin, 17.12.2014



The Russian economy is unquestionably in crisis. Western sanctions are, at least, making that crisis hurt more, and in sensitive spots. Will economic woes ultimately affect policy, and spur a retreat from Ukraine?

“The question is whether Ukraine can raise the costs on Russia to where eventually the Russian leadership says, ‘it’s not worth it,’” said one congressional GOP aide, quoted in Politico. That won’t be easy, as Russian President Vladimir Putin sees the sanctions for the conflict in Ukraine as a challenge to his regime, and he has a history of taking on such challenges.

But the parlous state of the Russian economy could certainly force his hand. The Russian ruble has lost about 50 percent of its value since October. Russia’s central bank has sharply hiked key interest rates to a historic high of 17 percent, but the ruble continues its slide.

“Russia’s ruble now beats Ukraine’s Hryvnia as the world’s worst performing currency in 2014. There’s a certain irony in that,” says Brookings Institute expert Steven Pfifer.

The slide in the price of oil is behind the ruble’s plunge, as Russia had earned about \$300 billion annually from sales of the commodity. The International Energy Agency estimates that 68 percent of Russia’s foreign currency earnings come from the oil-export business and around 50 percent of its annual budget comes directly from oil revenue. The government distributes oil revenue to the state banks, and, as that revenue declines, bank credit becomes more difficult for industry to obtain. But Russia’s companies need hard currency, because a large number are highly leveraged in foreign currency loans. This is where the sanctions bite. Normally Russian firms could borrow abroad. But European and American banks won’t lend to them with the sanctions in force.

For now, the ordinary consumer isn’t feeling the effects of the crisis, comments Bryan MacDonald, a journalist based in Russia, and who specializes in Russian affairs, in an article this week. “Russians don’t feel a tangible crisis, not yet anyway. Despite months of tumult, prices haven’t risen substantially and the shops are fully stocked. Of course, this situation could change if the decline accelerates.” What is likely to make it change is rising food prices, due largely to sanctions, and spiraling inflation, driven by the falling value of the ruble. The average Russian household already spends about 40 percent of its income on food, according to International Monetary Fund statistics. But Putin has imposed sanctions on Western food imports, in retaliation for those imposed on Russia.

This is already making food more expensive. Russia also imports a majority of its consumer products, and these will also become more expensive as the ruble sinks in value. Analysts say that the official prediction of 10 percent to 11 percent inflation for the coming year is much too low. So sanctions will bite here too, and Putin’s popularity is bound to suffer. As MacDonald points out:



“Since 1999, under President’s Putin and Medvedev, Russian living standards have mushroomed. During this period, Russians attained a level of affluence and prosperity unprecedented in the country’s chequered history. Citizens have become accustomed to a standard of living their grandparents could only have dreamed about. Of course, this feeling of wealth is now in peril and conditions are almost certain to precipitate.”

It is clearly possible that a sharp downturn in Putin’s popularity could spur a change of direction in Ukraine. Already, U.S. Secretary of State John Kerry noted that “Russia is making constructive choices in recent days,” in its discussions about Ukraine. What are Russia’s options? Most likely to retain its annexation of the Crimea – where Russia is clearly welcome – but to move its troops away from the Ukraine border, and to allow the national government to retake the disputed eastern territories.

German Chancellor Angela Merkel has already, on Nov. 26, called for trade talks between the EU and a Russia-led economic bloc as a way of maintaining dialogue with President Vladimir Putin. Merkel’s olive branch might offer Putin an alternative to his continuing saber rattling. And on Wednesday, the Kremlin announced that the leaders of Russia, Ukraine, Germany and France have agreed that a meeting of a contact group is urgently needed to kick-start dialogue between Kiev and the country’s East and achieve a lasting ceasefire, all are already talking about concessions. President Vladimir Putin has held a teleconference with the German Chancellor Angela Merkel, and his Ukrainian and French counterparts, Petro Poroshenko and Francois Hollande, the Kremlin said in a statement on Tuesday night.

The Russian President stressed “the importance of a swift meeting of the Contact Group with the aim of implementing the Minsk agreements and facilitating dialogue between Kiev and [Ukraine’s] southeast,” Kremlin press release reads. The exchange of prisoners and the removal of heavy weapons from the demarcation line are some of the “priorities now”, the Kremlin noted. The need to provide economic and humanitarian assistance to the affected regions in eastern Ukraine was also stressed. The EU has also suffered from Russia’s food export ban. In 2013, total EU agricultural exports to Russia were worth €11.3 billion. The estimated value of exports affected by the ban in the EU is €5.1 billion or 45 percent of the total, according to experts at the London-based law firm Norton Rose. So a change in attitude from both sides may come soon. It will be difficult for Putin to make such a change, but the loss of prestige and influence, capital flight, declining foreign direct investment, the loss of the Ukrainian market, and growing isolation from the international community and the West are beginning to wear.

# Ruble stabilizes in Russian crisis, but Putin and Kremlin remain at risk

The Washington Post, 17.12.2014



Russia's leaders took drastic action to combat the worst threat to financial stability in President Putin's 15 years in power, calling in the nation's economic and security elite and by day's end erasing the ruble's losses for the week.

The efforts eased the most immediate dangers. Nation still appeared to be heading into uncharted territory, with the rising living standards that have formed the backbone of Putin's rule receding into memory. Even if the ruble holds steady, Russia faces a recession, steep inflation and a constrained economic future, officials say a perilous combination that Putin has long been able to avoid.

In a sign that the Kremlin viewed the crisis not just as an economic threat but as a danger to Russia's fundamental security, the Russian Security Council said Wednesday that it had drawn up a response plan and given it to Putin to review. The head of the council, Nikolai Patrushev, a former head of the successor agency to the KGB, did not disclose details. The body usually focuses on matters of war and peace, and it is highly unusual for it to become involved in economic policymaking.

"The government and central bank have begun working seriously on stopping this bacchanalia on the currency market," Putin aide Andrei Belousov told Russian news agencies after Prime Minister Dmitry Medvedev convened an emergency meeting of top economic officials and the heads of major energy companies. The measures came a day ahead of Putin's end-of-year news conference, when Russians will look to him for plans to deal with a looming recession, spiking inflation and a fall in the value of wages. The event was being heavily promoted on Russian state television Wednesday in a 40-second trailer with images of Russian triumph against the perils of the world. Putin's press secretary on Wednesday promised "a number of measures" in coming days to fight the crisis.

"In 2008, if you remember, Putin came out and said, 'This is a crisis, I am assuming responsibility, and everything will turn out right,' "spokesman Dmitry Peskov told the state-run Rossiya 24 television channel, referring to the global economic crisis that began in 2008.

The Russian central bank and Finance Ministry helped fuel a soaring ruble that on Wednesday took back nearly the full 17 percent it had lost against the dollar earlier in the week. Both agencies said they would sell reserves to bolster the currency, and the central bank unveiled a package of measures to soften the impact on banks of sanctions and the ruble's devaluation. The measures offered reassurance to nervous Russians who a day earlier had rushed to switch their savings into dollars.





Russian leaders also have sounded somewhat more conciliatory toward Ukraine in recent days, perhaps in a bid to ease sanctions. The measures were imposed after the Kremlin annexed Crimea in March and then helped to fuel a pro-Russian rebellion in eastern Ukraine.

The ruble settled Wednesday near 61 to the dollar, a recovery from Tuesday, when it had spiked as high as 80, but still far above 33, its level at the start of the year. The weakened currency drives up prices, makes it harder for companies to repay loans that were taken out in dollars or euros, and waters down Russians' savings.

The rapid depreciation of the ruble stirred bad memories of Russia's 1998 default. Putin took office in the aftermath and solidified his control of the nation with the promise that such a crisis would never occur again. But many Russian newspapers that are usually reliably pro-Kremlin warned Wednesday in editorials that the country was steps away from a full-blown bank run. "The central bank has buried the ruble" was a headline on the front of Moscow's *Nezavisimaya Gazeta*.

The turmoil this week was scoring a direct hit on the urban middle class, which has greatly prospered under Putin. Several carmakers temporarily suspended sales in Russia until they could determine what prices would protect them against losses. Apple's online store in Russia remained offline Wednesday for the second day in a row.

The overall economic mood remained pessimistic. Many here said they had abandoned or curtailed plans for European winter travel, which became a beloved ritual during the Putin years and had been accessible even to the lower middle class. Russians have effectively taken a 50 percent pay cut in euro terms in the space of a year, making large swaths of Europe again inaccessible to them and dimming support for the Russian government.

Svetlana Kudryashova, 47, a Moscow-based business consultant, said she had abandoned a two-week New Year's vacation to Austria in favor of a shorter trip just over the border to Finland. She said she will pack all the groceries and supplies she will need, right down to toilet paper, since she can no longer afford to buy European products.

"All these years I could afford" going to Europe, she said. "This year, I think I can afford it, but I just don't know how I will live the rest of my life after the trip." One analyst said that the years of prosperity fueled by rising oil prices during Putin's first years in power were no guide to the future. "People associate that prosperity with Putin. And that's normal," said Grigory Golosov, a professor at the European University at St. Petersburg. "But no one really knows how that populace will react to the rapidly deteriorating economic circumstances."

# NATO: Russian air force 'risk' to air traffic in Baltic

Reuters, 15.12.2014



NATO accused Moscow of posing a threat to civilian air traffic in both the Baltic and Black Sea after a Russian military plane reportedly turned off its location device and nearly collided with a Swedish civilian airliner. NATO Secretary General Jens Stoltenberg told reporters in Brussels on Monday that the alliance had seen a substantial increase in Russian activity around NATO borders.

Stoltenberg said: "it's not only question of increased number of flights but the way they are conducted. They're not communicating with civilian air traffic control and not turning on transponders. That poses a risk to civilian air traffic."

Sweden and Denmark summoned Monday the Russian ambassadors in their respective capitals, in response to a Russian military plane reportedly turning off its location device and nearly colliding with a Swedish civilian airliner, which was flying from Danish capital Copenhagen to Poznan in Poland. The Russian Defense Ministry denied that one of its jets had nearly collided with the Swedish SAS civilian airliner. While civilian airliners are required to have their location devices - transponders - on at all times, officials say military planes do turn their transponders off. Russia's Defense Ministry spokesman Major General Igor Konashenkov said in a statement that the Russian military plane flew "strictly in compliance with international airspace rules." "Flights of NATO warplanes, which have become threefold more intensive in the last few months, are always made with switched-off transponders in international airspace near Russian borders," Konashenkov was quoted as saying by Russian news agency Itar-Tass. However, NATO Secretary General Jens Stoltenberg said that all NATO planes turn on their location devices. "All NATO planes [evacuations planes and jets] are conducting their flights in compliance with international safety standards and that NATO jets are turning on their transponders," Stoltenberg said on Monday at a press conference in Brussels. However, Wallstrom told reporters in Brussels: "Swedish [military] planes have flown without transponders and NATO planes do that as well; this is a larger problem that needs to be sorted out."

# Spanish news publishers want Google News back

Business Insider, 15.12.2014



Spanish news publishers want the government to negotiate with Google after the giant tech company decided to close its Spanish news service following a new copyright law that requires Google to pay for using publishers' content.

Spanish news organizations are calling on the government to reach an understanding with Google because the company is too "dominant" in the market. The Spanish Newspaper Publishers' Association said that Google is "free to close their business" should the government fail to respond, but that would undoubtedly mean the downfall of several Spanish news organizations as well.

According to The Spain Report, Spanish Newspaper Publishers' Association issued a statement last night stating that the action was damaging, given that in Spain Google controls almost all of the searches in the market and is an authentic gateway to the Internet. "Given the dominant position of Google, AEDE requires the intervention of Spanish and community authorities, and competition authorities, to effectively protect the rights of citizens and companies," the association said, referring to itself by its initials. Last week Google announced that it would shut down its news service in Spain on Dec.16 after the country's government approved a new intellectual property law that will come into effect on Jan. 1, 2015. The new copyright law is also known as the "Google tax," which requires services that post links to, and excerpts of, news articles to pay a fee to the Association of Editors of Spanish Dailies. The tech giant argued that Google News itself makes no money, and that "publishers can choose whether or not they want their articles to appear in Google News -- and the vast majority choose to be included for very good reasons," Richard Gingras, Head of Google News said. Germany passed a similar law and Google removed newspapers from Google News but publishers later reached an agreement with the company after traffic to its sites plunged.

# UK to send “hundreds” of military personnel to Iraq

The Telegraph, 15.12.2014



The U.K. is to send “the very low hundreds” military personnel to Iraq to train Kurdish and Iraqi forces in the fight against the Islamic State of Iraq and the Levant (ISIL), the country’s defense secretary has said.

Michael Fallon told the Daily Telegraph that military trainers would be sent there next month to work at four “safe areas” with one in Kurdish region and the other three others close to capital Baghdad. In addition to 50 British troops who are already in Iraq training local forces, Fallon noted that a small team of combat-ready soldiers will also be sent to defend the military training personnel the coming up month.

Underscoring that combat-ready troops are not going to be taking part in defeating against ISIL but to defend the British personnel if necessary, he added that “The trainers themselves will have to be protected but the training areas are not where the fighting is. They are in safe areas but obviously there’s always a small element of force protection.” Fallon also noted that British position will focus onto the training apart from air strikes: “Our role now, apart from the air strikes, is increasingly going to be on training. Particularly, a key skill we are going to be helping with is counter-IED, particularly vehicle explosive devices which the Iraqi army hasn’t come across for some time, they don’t know how to handle, they haven’t got the kit or the bomb disposal people to deal with it. We have not finalised numbers yet - obviously we have got a lot of kit back from Afghanistan that we can make available - but we are talking very low hundreds.” In September, U.K. lawmakers voted for airstrikes against ISIL targets in Iraq and last month the government announced that they were to send military personnel to Iraq to train Iraqi forces in the fight against the ISIL, to join a team of 12 other British troops who were already in Iraq.

## Around \$6B needed for Syrian refugees, says German FM

Anadolu Agency, 18.12.2014



Foreign Minister Frank-Walter Steinmeier said Germany was ready to do its bit to provide humanitarian assistance for Syrian refugees. At a joint press conference in the Foreign Ministry with UN High Commissioner for Refugees Antonia Guterres and Germany's Development Minister Gerd Mueller, Steinmeier said more than 200,000 people were killed in the ongoing civil war in Syria during the last five years.

Moreover, there were 12 million Syrians in need of humanitarian aid. "We need \$6 billion to provide humanitarian aid for Syrian refugees," Steinmeier said. "This is a call on all countries for solidarity." the German minister said.

He said the crisis in Syria threatened the stability of neighboring countries and the region. "We need a political solution for the crisis in Syria as soon as possible," he added. Guterres said Turkey had already spent \$4.3 billion in humanitarian aid on Syrians so far. "The load imposed by refugees should be fairly shared," he said. He recalled that over 60,000 Syrians requested asylum in Germany in 2014 and stressed on the need for a comprehensive solution to the complicated conflict. He also said that neighboring countries like Jordan and Lebanon needed aid. "They need financial and structural aid to strengthen infrastructure," he added. Mueller called for ending terrorism and killings in Syria. "This is the responsibility of all of us, we should be aware of it," he said. The opposition forces in Syria began protests to topple President Bashar Al-Assad in March 2011, a struggle that turned into a civil war in July of that year after regime forces violently suppressed the protests. More than 190,000 people have been killed in Syria since the conflict began, according to UN figures published last August. According to Amnesty International, more than 10 million people have been forced out of their homes; at least four million of them have become refugees, mostly in Turkey, Lebanon, Jordan, Iraq and Egypt.

# European Parliament approves EU 2015 Budget

Anadolu Agency, 17.12.2014



The European Parliament approved the EU Budget for 2015, as presented by the European Commission. The budget was backed by 443 votes, with 250 voting against, and with 7 abstentions.

The €315 billion investment plan presented by Jean-Claude Juncker and his commission has been widely criticized, as only €21 billion will actually come from EU funds. Presenting the budget, Juncker explained that the European Fund for Strategic Investment was based on reallocating funds and luring private investors into the scheme, instead of taking on new debt in an effort to revive the struggling EU economy.

He explained that the three-year scheme, starting in June 2015, would use public “seed money” of €21 billion, with the EU financing €16 billion from its budget, and with the European Investment Bank providing the remaining €5 billion. It is understood that “seed money” would come in the form of guarantees to be used to raise private funding for investment in high-risk projects valued at the estimated €315 billion. However, his plan was not welcomed by lawmakers in Strasbourg.

Dimitrios Papadimoulis, a Greek member of parliament of the left-wing Europe United Left - Nordic United Left group, said Juncker’s scheme did not provide “fresh money.” He told Juncker: “The package you presented is just empty words. €16 billion comes from the EU budget and €5 billion from the EIB. There is not one euro of fresh money in there, and you promised that you are going to create some kind of leverage effect multiplying funds by 15. In these times of stagnation and recession in the Eurozone, there is no economist in the world that would believe this.” Gerolf Annemans of the Vlaams Belang party said that the investment package was “basically a recycling, a relabeling. This is a useless watering can; hocus pocus, abracadabra, and just monopoly money.” Carsten Brzeski, a senior economist at the banking group ING, told the Danish news website “business.dk” ahead of the presentation: “This looks like financial abracadabra. I am very skeptical about whether it is possible to multiply the fund 15 times through private investments. We have heard about similar plans that have not succeeded.” “It is a shame, because the idea of an investment plan with focus on infrastructure is a good idea, only member countries need to put serious money in it,” he added. France has said the EU must inject up to €80 billion (\$99.6 billion) of “real money” into the struggling European economy, and warned that the investment plan risked failure if enough hard cash was not used to stimulate demand.

Socialist group leader and Italian deputy Gianni Pitella said that his group welcomed the plan as a “first step,” but added there was “a long way to go” in spurring investment in Europe. Investment in Europe was about 15 percent to 20 percent behind pre-financial crisis investment levels, according to European Investment Bank statistics. But European Investment Bank President Werner Hoyer s

aid he supported the plan. "I believe that the plan, while not a silver bullet, can make a real difference to investment in Europe," he said.

## China approves \$8 million grant for Bosnia

World Bulletin, 16.12.2014



Bosnia has revealed that it is to receive a major \$8 million grant from the Chinese government. The chairman of Bosnia's Council of Ministers, Vjekoslav Bevanda, came after bilateral meetings between the Serbian prime minister Aleksandar Vucic and his Chinese counterpart Li Keqiang in Belgrade.

Li was in the Serbian capital as part of a four-day visit to the region. Belgrade is hosting a summit of heads of government of China and Central and Eastern European countries. Fifteen nations are represented, including many of the former Yugoslav states, the Baltic countries plus EU members.

Bevanda told reporters that he discussed opportunities for joint regional economic projects such as an overhaul of the Belgrade-Sarajevo railway, the Adriatic-Ionian motorway and European route E73.

## Taliban go on killing spree at Pakistan school, 132 students dead

Reuters, 16.12.2014



At least 132 students and nine staff members were killed when Taliban gunmen broke into a school in the Pakistani city of Peshawar and opened fire, witnesses said, in the bloodiest massacre the country has seen for years. More than eight hours after militants slipped into the heavily guarded compound through a back entrance, the army declared the operation to flush them out over.

The attack on a military-run high school attended by more than 1,100 people, many of them children of army personnel, struck at the heart of Pakistan's military establishment, an assault certain to enrage the country's powerful army.



Wounded children taken to nearby hospitals told Reuters most victims died when gunmen, suicide vests strapped to their bodies, entered the compound and opened fire indiscriminately on boys, girls and their teachers. "One of my teachers was crying, she was shot in the hand and she was crying in pain," said Shahrukh Khan, 15, who was shot in both legs but survived by hiding under a bench. "One terrorist then walked up to her and started shooting her until she stopped making any sound. All around me my friends were lying injured and dead." The Taliban, waging war against Pakistan in order to topple the government and set up an Islamic state, immediately claimed responsibility. "We selected the army's school for the attack because the government is targeting our families and females," said Taliban spokesman Muhammad Umar Khorasani. "We want them to feel the pain."

As night fell on Peshawar, a teeming, volatile city near the Afghan border, security forces wrapped up an operation that lasted more than eight hours and involved intense gun battles. The military said about 960 pupils and staff were evacuated. The Taliban said the gunmen had been equipped with suicide vests and at least three explosions were heard inside the high school at the height of the massacre. Outside, as helicopters rumbled overhead, police struggled to hold back distraught parents who were trying to break past a security cordon and get into the school. Officials said 121 pupils and three staff members were wounded. A local hospital said the dead and injured were aged from 10 to 20 years old. A Reuters correspondent visiting the city's major Combined Military Hospital said its corridors were lined with dead students, their green-and-yellow school uniform ties peeping out of the white body bags. The gunmen, who several students said communicated with each other in a foreign language, possibly Arabic, managed to slip past the school's tight security because at least some of them were wearing Pakistani military uniforms, some witnesses said. Pakistanis, used to almost daily militant attacks, were shocked by the scale of the massacre and the loss of so many young lives. It recalled the 2004 siege of a school in Russia's Beslan by Chechen militants which ended in the death of more than 330 people, half of them children. The United States, Pakistan's ally in its fight against Islamist militants operating in Pakistan and Afghanistan, swiftly condemned the attack. "This act of terror angers and shakes all people of conscience ... the perpetrators must be brought to justice," said U.S. Secretary of State John Kerry.

The Pakistani Taliban have vowed to step up attacks in response to a major army operation against the insurgents in the tribal areas. But despite the crackdown this year, the military has long been accused of being too lenient toward Islamist militants who critics say are used to carry out the army's bidding in places like Kashmir and Afghanistan. The military denies the accusations. So far the Taliban have targeted mainly security forces, military bases and airports, but attacks on civilian targets with no logistical significance are relatively rare. In September, 2013, however, dozens of people, including many children, were killed in an attack on a church, also in Peshawar in Pakistan's northwest. The assault on a school where officers' children studied could push the armed forces into a more drastic response. Army chief Raheel Sharif's first public remarks after the attack reflected rising anger. "These terrorists have struck the heart of the nation. But our resolve to tackle this menace has gotten a new lease of life. We will pursue these monsters and their facilitators until they are eliminated for good," he said. Prime Minister Nawaz Sharif used similarly strong words. "We will take revenge for each and every drop of our children's blood that was spilt today," he said. In India, Pakistan's long-time rival, Prime Minister Narendra Modi expressed his shock. The Afghan Taliban, which are separate to the Pakistani Taliban, put out a statement condemning the attack as "against the basics of Islam." Pakistani teenager Malala Yousafzai, joint winner of this year's Nobel peace prize for education campaign work and survivor of a Taliban attack in 2012, said she was



devastated. “I am heartbroken by this senseless and cold-blooded act of terror in Peshawar that is unfolding before us,” Malala, who now lives in central England, said in a statement.

## US will not support Palestinian draft UN resolution

Anadolu Agency, 18.12.2014



The United States will not support a draft resolution submitted to the UN that demands Israel’s withdrawal from Palestinian lands, according to a US official. “We have seen the draft of the resolution in the UN Security Council and it is not something that we would support,” said Jen Psaki, a State Department spokeswoman.

The draft submitted by Jordan sets a deadline of 2017 for the withdrawal of all Israeli forces from land it seized in 1967. Palestinian-American diplomat Riyadh H. Mansour said despite the position of the US, the effort will continue in order to get the Security Council to adopt language to move forward.

“We will continue negotiating with all of them and with the Americans if they are ready and willing so that we perhaps can succeed in having something adopted by the Security Council to open a serious door to peace,” he said. The draft resolution further seeks “a just, lasting, comprehensive and peaceful solution [to the conflict] that brings an end to the Israeli occupation.”

Meanwhile, Israeli Foreign Minister Avigdor Lieberman called the draft an “act of aggression.” The roots of the Israel-Palestine conflict date to 1917, when the British government, in the now-famous “Balfour Declaration,” called for “the establishment in Palestine of a national home for the Jewish people.” Israel occupied East Jerusalem and the West Bank during the 1967 Middle East War. It later annexed the holy city in 1980, claiming it as the capital of the self-proclaimed Jewish state – a move never recognized by the international community. Palestinians want a state of their own in the Gaza Strip and the West Bank, with East Jerusalem, currently occupied by Israel, as its capital.

## U.S. imposes sanctions on Syrian Regime supporters

The Wall Street Journal, 17.12.2014



The U.S. Treasury Department said it imposed sanctions on a network of people and companies helping the Syrian government procure fuels for its military campaign in the country's civil war.

Using powers that target the Syrian government and those evading sanctions on Syria, Treasury designated a total of 11 individuals and entities, located in four countries, for providing support to the Syrian regime, as well as to Pangates International Corp. "We are committed to exposing, isolating, and targeting the Syrian regime's support networks," said David Cohen.

Treasury, in its statement, detailed an alleged pattern of deception by Syria-based Abdulkarim Group, which it said, among other things, arranged in November 2013 with Netherlands-based Staroil B.V. for the shipment of aviation fuel products to Syria through an intermediate port in Poland to avoid sanctions against the Syrian government. Representatives of Pangates, Abdulkarim and Staroil couldn't be reached for comment.

## Ukraine Freedom Support Act authorizes economic confrontation with Russia

The Guardian, 19.12.2014



The Ukraine Freedom Support Act, signed by US President Barack Obama, empowers intensified economic confrontation with Russia, Executive Director of the Ron Paul Institute for Peace and Prosperity told Sputnik News Agency.

"This bill serves as a standing authorization for an escalated economic war with Russia, and perhaps more," Daniel McAdams said Thursday, adding that it is "designed to escalate tensions with Russia." US President Barack Obama announced Thursday that he signed the Ukraine Freedom Support Act, which had been passed in both chambers of Congress last week.



The bill authorizes providing lethal and non-lethal aid to the Ukrainian government and imposing a new round of economic sanctions on Russia. Earlier in December, Resolution 758, condemning Russia for alleged aggression against its neighbors Ukraine, Georgia and Moldova, passed the House by a vote of 411 to 10. The bill calls Obama to impose visa bans, asset freezes and sanctions against Russia and its leadership until Moscow stops violating “Ukraine’s sovereignty and territorial integrity.”

McAdams stressed that the Ukraine Freedom Support Act is stronger than the Resolution 758, “authorizing even more sanctions on Russia, directly arming the US-backed government in Kiev, and encouraging another Kiev attack on eastern Ukraine.” The expert added that although US President said he did not immediately intend to impose new sanctions, the bill reminds of the authorization passed by Congress just before the US attack on Iraq in 2002.

“It says to the president, “go ahead and escalate if you want to, whenever you feel like it,” McAdams asserted. McAdams, who worked on the Capitol Hill for 12 years, claimed that members of Congress read only the mainstream press so their information about Russia comes “exclusively from sources like the Washington Post, probably the most anti-Russian newspaper on earth.” “There is literally no counter-weight within Congress that argues against the anti-Russia propaganda. A handful of Members who question the wisdom of the increasingly confrontational US policy toward Russia are easily ignored,” he explained.

In his statement, Obama stated that the Administration does not intend to impose sanctions under the new law, and added that they can roll back those already imposed if Moscow implements the Minsk protocols. The United States, the European Union and a number of other countries, have introduced several rounds of sanctions against Russia in the recent months, targeting its banking, energy and defense sectors, over Moscow’s alleged involvement in the Ukrainian crisis, although Russia has repeatedly denied the allegations.

# Announcements & Reports

## ► *Bad banks in the EU: the impact of Eurostat rules*

**Source** : Bruegel

**Weblink** : <http://www.bruegel.org/publications/publication-detail/publication/864-bad-banks-in-the-eu-the-impact-of-eurostat-rules/>

## ► *Normalizing U.S.-Cuban Relations*

**Source** : Baker Institute

**Weblink** : <http://bakerinstitute.org/research/normalizing-us-cuban-relations-long-overdue/>

## ► *U.S. Security-Related Agreements in Force Since 1955*

**Source** : RAND Corporation

**Weblink** : [http://www.rand.org/pubs/research\\_reports/RR736.html](http://www.rand.org/pubs/research_reports/RR736.html)

## ► *A Database of U.S. Security Treaties and Agreements*

**Source** : RAND Corporation

**Weblink** : <http://www.rand.org/pubs/tools/TL133.html>

## ► *Lessons from 13 Years of War*

**Source** : RAND Corporation

**Weblink** : <http://www.rand.org/events/2014/12/10.html>

## ► *Territoriality, self-determination and Crimea after Badinter*

**Source** : Chatham House

**Weblink** : <http://www.chathamhouse.org/publication/territoriality-self-determination-and-crimea-after-badinter>

## ► *Europe's democracy trilemma*

**Source** : Chatham House

**Weblink** : <http://www.chathamhouse.org/publication/europe%E2%80%99s-democracy-trilemma>

## ► *The Rise of the Palestinian Diplomatic Intifada*

**Source** : Brookings

**Weblink** : <http://www.brookings.edu/research/opinions/2014/12/18-rise-of-palestinian-diplomatic-intifada-sharqieh-shabaneh>



# Upcoming Events

## ► *Ageing and Health: Policy-making in an Era of Longevity*

**Date** : 09 February 2015  
**Place** : London – United Kingdom  
**Website** : <http://www.chathamhouse.org/conferences/ageing>

## ► *The Future of Medical Device Safety and Innovation*

**Date** : 23 February 2015  
**Place** : Washington  
**Website** : <http://www.brookings.edu/events/2015/02/23-future-of-medical-device-safety-and-innovation>

## ► *Security and Defense*

**Date** : 23 February 2015  
**Place** : London – United Kingdom  
**Website** : <http://www.chathamhouse.org/Defence2015>

## ► *Diversifying MENA Economies*

**Date** : 02 - 03 March 2015  
**Place** : London – United Kingdom  
**Website** : <http://www.chathamhouse.org/conferences/MENA-Economies>

## ► *Creating an Effective Financial System*

**Date** : 09 March 2015  
**Place** : London – United Kingdom  
**Website** : <http://www.chathamhouse.org/conferences/financialsystem>

## ► *Innovation Forum 2015*

**Date** : 26 March 2015  
**Place** : Chicago – USA  
**Website** : <http://www.economist.com/events-conferences/americas/innovation-2015>