

Turkish banks complain of ‘too strict measures’

Reuters, 09.04.2015



Representatives from Turkish banking industry said several strict measures, which were put during extraordinary times, should be lifted during ordinary times at a meeting in Istanbul.

“We have offered the removal of the strict regulations, which were adopted during the extraordinary times in the Turkish economy. We strongly support the adaptation into international standards, but some stricter local regulations make our contributions to the economic growth more costly,” head of the Banks’ Association of Turkey, Hüseyin Aydın, at a press meeting of the association together with MASAK.

The government has recently put a series of measures over the sector to decrease the current account gap and to limit the consumption. In this vein, some limitations have put to limit the use of consumer loans and credit cards across the country, among other measures, including the rise in banks’ compulsory reserve ration as well as premiums to the Savings Deposit Insurance Fund (TMSF). All these measures were for the sake of the banks, Finance Minister Mehmet Şimşek said at his speech in the meeting. “Turkey has been at a good point in adopting and implementing macro-prudence measures and the loan volume is now in more reasonable levels... These measures are all good for the banks to make the banks much stronger,” Şimşek said.

Şimşek noted that it is impossible to maintain robust economic success without a healthy banking system, so maintaining the credibility of the system is of great importance. “It has recently very common to beat up, to hit the banks. This is extremely dangerous. Without a healthy banking system, we cannot maintain robust success in the economy,” he said. “We’ll work with the sector to make it healthier. We see that some of the burdens over the sector are resulting from brokerage activities... The problems will be solved in time,” he said. Şimşek said Turkish banks have very advanced systems, as many global bankers’ told him in Davos a couple of weeks ago. “The banks have achieved a lot in terms of maintaining a good asset base especially since 2012, despite all the geopolitical risks around the country and the fluctuations in the global markets. Amid all these negativities, the share of non-performing loans in all loans is below 3 percent,” he said.

World Bank body to help Turkey grow export sector

Hurriyet Daily News, 07.04.2015



The Multilateral Investment Guarantee Agency (MIGA), the political risk insurance and credit enhancement arm of the World Bank Group, has announced that it will help Turkish Eximbank provide medium- and long-term funds to Turkish exporters.

“MIGA is providing guarantees of \$333 million to a syndicate of banks jointly led by Citibank N.A. and Norddeutsche Landesbank Girozentrale of Germany, against the risk of non-honoring of financial obligations by a state-owned enterprise on their 10-year loan facility to Turkey’s official export credit agency,” it said.

Société Générale S.A. of France is also participating in the loan facility, and the two-tranche facility will complement Turkish Eximbank’s other funding sources, it added. A signing ceremony for the transaction will be held in Washington on April 22, according to the statement. The MIGA-supported loan facility is aimed specifically at helping the bank provide credit to SMEs to support export-led growth, according to the statement. “Export-led growth strategies are an integral part of Turkey’s economic development plans,” said Hayrettin Kaplan, CEO of Turkish Eximbank.

“MIGA’s backing of the 250 million euros dual-tranche loan facility will help us provide longer-term financing for exporters at a lower cost. We are looking to expand this program in order to reach exporting SMEs who have difficulty accessing long-term, lower cost financing from commercial banks,” he added. “MIGA’s coverage will help provide longer-term financing to Turkish Eximbank, which will help them diversify their financing sources and expand their SME portfolio,” said Valentino Gallo, global head of export and agency finance of Citigroup. “We’re pleased to collaborate with Turk Eximbank in achieving its mandate to support Turkish exporters, investors, and contractors operating abroad,” he added. “We’re pleased to continue our efforts to supporting private-sector led growth in Turkey,” said Keiko Honda, MIGA executive vice president and CEO. Turkish Eximbank is fully owned by the government of Turkey and plays a crucial and expanding role in implementing the country’s sustainable export strategy.

Fitch: Turkish banks still vulnerable to investor sentiment

AFP, 09.04.2015



Banks' role as Turkey's largest external borrowers, with their debt the primary source of finance for the country's considerable current account deficit, leaves them vulnerable to sharp changes in investor sentiment, Fitch Ratings said.

"A narrowing current account gap, largely due to slacker credit growth and savings on oil imports, helped slow growth in Turkey's external debt, and that of the country's banks, in 2014. But the smaller increase in banks' external liabilities, which rose by \$17 billion in 2014, was partly also the result of a strong U.S. dollar, which resulted in negative revaluation of banks' euro and Turkish lira debt," it said.

"A shift towards longer-term debt maturities in new borrowing is positive for Turkish banks' risk profiles, but short-term facilities still comprise most of their outstanding foreign liabilities. Furthermore, the overall foreign-currency liquidity positions of Turkey's banks remained largely unchanged in 2014, with no significant build-up in foreign-currency liquid assets," the agency added. Fitch estimated, based on an established track record of high rollover rates, that Turkish banks will retain good access to foreign credit markets.

Turkish packaging industry posts \$366 million trade surplus in 2014

AFP, 08.04.2015



Turkey's packaging industry posted over \$366 million trade surplus in 2014, keeping making a positive contribution to decreasing current account gap of the country, said head of Packaging Industrialists Association (ASD) and Petkim CEO Saadettin Korkut.

"Our sector continues to decrease the share of imported goods gradually and focus on making production with higher added value. In this vein, we achieved to slash the packaging imports by 3 percent last year from the previous year and posted over \$366 million trade surplus," he said at a press meeting to announce the 2014 results of the sector.

Korkut noted that the global packaging industry grows by 3 percent in annual average and is expected to reach around \$820 billion in volume by 2016 with the largest players, the U.S. and China. "As is the case across the world, the packaging materials' consumption has been increasing in Turkey with the rise of middle-income population and the spread of urban life. The sector's volume has now reached to around \$19 billion," he said.

The annual packaging consumption per capita is around \$240 in Turkey, close to the European average at around \$250-300, but lower than the North American average at around \$350-400 and the Japanese at \$550, he said. "More innovative and more eco-friendly packages have now preferred by consumers around the globe, making the producers of such products more competitive. For instance, such products make possible for many countries to minimize the prodigality levels in food," he said, adding that only 2-3 percent of foods go to waste in Europe, where the packaging industry is fairly innovative, but the same rate is around 50 percent in countries where the sector is underdeveloped.

Sector representatives: Turkish exporters to transport goods via Iran if no new Egypt deal

Hurriyet Daily News, 07.04.2015



Turkish exporters have inked deals on a new route through Iran to transport their goods to Gulf markets if Egypt does not renew its deal with Turkey.

"We'll start to transport our goods via Iran by April 22 if our deal with Egypt expires and is not renewed," said the head of the Turkey-based International Transporters' Association (UND), Çetin Nuhuğlu. The current transportation agreement, which was signed between Turkey and Egypt in 2012, will expire. The agreement allowed the use of Egyptian seaports for the transport of Turkish foodstuffs, electrical appliances and textile products to markets in the Gulf.

The Egyptian government has, however, reportedly decided not to renew the agreement, although there has not been an official notification, according to sector representatives. Turkish exporters have been looking for alternatives for a while. "Iran is a good alternative for us to transport goods to the Gulf... Actually we have wanted to keep our Egyptian route online, but we needed to focus on the Iran route as we didn't see any positive step from the Egyptian authorities to renew the deal. The transportation via Iran will start soon," Nuhuğlu said.

He added the deal with Egypt was also good for the Egyptian economy as well. “Egyptian companies are able to reach several European countries by using Ro-Ro services to our southern port of Mersin. As far as we have known, many Egyptian Ro-Ro companies want to keep that online,” Nuhoğlu said. He noted some 6,000 trucks transported goods to Gulf countries via Egypt annually. “Our deal with Iran has become a good alternative for us, although we actually want to have deals with both Egypt and Iran,” he said. “Iran enables us to have a good alternative. Some six trucks will start test drives this week. All trucks will be directed to Iran by April 22,” Nuhoğlu added.

Egypt ‘has not made an official notification’ Head of the Turkish-Egyptian Business Council of the Foreign Economic Relations Board (DEİK) Zuhul Mansfield said the Egyptian authorities have not made any official notification about the future of the deal. She added both Turkey and Egypt have many reasons to renew the deal. “Egypt has signed an internationally recognized agreement for years. I don’t think Egypt will cancel the deal arbitrarily,” Mansfield said, adding the two countries should not mix politics with economic and trade ties. According to UND representatives, Turkish trucks will enter Iran through the Doğubeyazıt border. They will use three different routes within Iran to go to the Gulf countries. The trucks will go to Kuwait and Saudi Arabia via Iran’s Abadan. There will be Ro-Ro lines from the city of Bushehr to Dammam for Bahrain and Qatar and from the city of Bandar Abbas to Bandar Lengeh for the U.A.E. market.

Passenger traffic of Turkey’s airports up 9.5 pct in March

Anadolu Agency, 08.04.2015



The number of passengers taking domestic flights in Turkey grew 9.5 percent in March year-on-year, the General Directorate of the State Airports Authority said in a statement.

The number on international flights grew 9.3 percent. The total number of domestic passengers for the month was 7.1 million and the number of international passengers reached 4.8 million, the authority said. The number of domestic flights increased 5.7 percent, to more than 62,234, while the number of international flights grew 8.4 percent, to more than 39,781. Turkish airports served nearly 130,000 planes, an increase of 9.4 percent.

Among the busiest airports in Turkey, Istanbul’s Ataturk Airport remains in the top spot with 4.7 million passengers. Sabiha Gökçen Airport, Istanbul’s main air hub on the Asian side of the city, became second with 2 million passengers. Istanbul’s airports were used by 56 percent of all domestic and international flight passengers (12 million) in March. The total number of passengers in all airports increased 7.6 percent, to more than 33 million in the first three months of the year.

TOBB signs deals with Indian business organizations

Doğan News Agency, 06.04.2015



TOBB has signed cooperation agreements with the FICCI and CII. A Turkish-Indian Working Committee was also established between the leading business organizations of the two countries. Ali Babacan and Rifat Hisarcıklioğlu visited India with the aim of developing economic ties.

“The launch of the Turkish-Indian Working Committee and the signing of the cooperation deals are a good start for us to boost our economic ties. We can cooperate in each section of the economy. We believe more cooperation is mainly needed to boost women’s participation in the workforce,” Hisarcıklioğlu said.

He said India is one of the biggest emerging countries of the world and Turkey is one of the most rapidly growing economies of the European and the Middle Eastern regions. “India makes over \$470 billion of imports annually, but the share of Turkey’s exports to India is just around \$586 million. This tiny amount of trade between the two countries is caused by the lack of interest and know-how with each other between Turkish and Indian business circles. We can, however, overcome this problem by building effective and permanent communication lines,” he said. He added Turkey’s aim it so increase the export volume to India by 10-fold.

Turkish business world in panic over contraction in economic growth

Hurriyet Daily News, 06.04.2015



“If the GDP growth slows down in the first quarter and a significant recovery cannot be maintained in the following quarters, 2015 will be a year during which Turkey grows below its potential. This really matters, as we all know. The GDP growth has been slowing down since 2011 and the country has already been growing under its real potential. I call this ‘the inability to grow,’” said one of Turkey’s most prominent economists, Prof. Taner Berksoy.

This “inability to grow,” in Berksoy’s terms, has caused a feeling of panic among businesspeople, especially when they saw the GDP growth data for 2014.



The Turkish Statistical Institute (TÜİK) announced the GDP growth rate for 2014 as 2.9 percent upon fixed prices on March 31. The GDP grew 2.6 percent in the last quarter of 2014, according to the TÜİK data. There was some shrinkage in the added value of the agricultural sector at around 2 percent and in total investments at around 1.3 percent. Industrial production grew by 3.5 percent and the services sector by 4 percent in 2014. The national income contracted by some \$23 billion in 2014. Turkey's national income, thus, decreased to \$800 billion and the income per-capita by \$418 with the latest updates. The income per capita fell to around \$10,404 in 2014, compared to \$10,822 in 2013.

While investments upon fixed prices fell by 1.3 percent in 2014, household consumption expenditures rose by 1.3 percent. Some 1.9 percent of the 2.9 percent of the GDP growth came from the rise in exports. However, exports were not enough to boost the growth rate in a year when the U.S. dollar gained over 15 percent value against the Turkish Lira. The growth target, which had been set at 4 percent earlier, was revised to 3.3 percent in mid-2014, but the real rate was announced even below the revised target.

The 2014 growth rates were far from being satisfactory. What about 2015? In the medium-term economic program, the growth target was set at 4 percent for 2015. Some zero growth is, however, expected in the first quarter of 2015. Fresh data from the TÜİK has shown the country's foreign trade deficit narrowed by 10 percent in February from the same month of the previous year, but the data does not point to an improvement since it was engineered by a drop in imports rather than an increase in foreign sales. Turkey grew lower than 3 percent in the last three years and business circles are concerned about the process, urging Turkey to write a new growth story.

Union of Chambers and Commodity Exchanges (TOBB) head Rifat Hisarcıklioğlu made key warnings about the economy and said the GDP growth had been slowing down recently, but the current account gap had increased for the last few years. He said the current account gap-to-GDP averaged 4.5 percent between 2003 and 2007, with a GDP growth rate at around 6.9 percent. Although the former figure increased to 7.1 percent between 2010 and 2014, the GDP growth average decreased to 5.4 percent, he said. "We have fallen into the middle income trap. Our national income has remained at the same level since 2008... The welfare per-capita has not been rising as no structural reforms are made. We need to stop being lost in the middle of empty daily discussions and focus on making reforms. Otherwise, it will be no good to us," Hisarcıklioğlu said at a meeting of the Economy Journalists' Association (EGD). Hisarcıklioğlu said businesspeople have had problems with cash proceedings for the last four months and the number of rubber checks increased by 3.7 percent this year from the first months of the previous year. He also noted many exporters have faced problems too, as they purchase goods in advance, but sell their goods on credit. Only 9 percent of exports are made in cash, whereas the number of imports made in cash is around 49 percent, said Hisarcıklioğlu.



The Turkish Confederation of Employers' Unions (TİSK), the top body for employers' organizations, also voiced its concerns over Turkey's recent "inability to grow." In a written statement, TİSK said the industrial sector has been irritated and losing power. The organization noted industrial production decreased in January for the first time in the last four years, causing shrinkage in company revenues and the use of production capacities. "The signs of economic recession and of distrust have been increasing," read the statement. The organization said there was a 2.2 percent decrease in industrial production on an annual basis. "The revenues have been decreasing and the capacity utilization rates fell to 72.4 percent by the end of March. The recent data does not give hope about the growth rates in the first quarters," said the statement.

A number of leading businesspeople have also recently voiced their concerns about the economy, including Akbank Chairperson Suzan Sabancı Dinçer and Anadolu Group Chair Tuncay Özilhan, one of the former presidents of the top business organization, TÜSİAD. Özilhan said the GDP growth of the country has been slowed by the government on purpose in recent years to ease the current account gap. "Turkey could solve its unemployment problem as long as it could grow by and above 7 percent. The problem remains unsolved with any growth rate below this. We see this is happening now as the unemployment rate surpasses 10 percent," he said.

Özilhan emphasized the Turkish economy's biggest problems are the chronic current account gap and the resulting saving gap, but no robust steps have been taken to solve these problems for years. "The higher the current account gap, the more need the authorities feel to put on the breaks in the economy. When the current account deficit decreases, the whole economy reaches a balancing point, but unemployment increases at this point. Investments that will decrease the current account gap needs to be supported. The existing incentives are not enough to meet this goal," Özilhan said. "Politics comes before economics right now. Economics needs to get ahead of politics, appearing in headlines more and being administered better than it is now. We see some disorganization in the administration of the economy. Everybody focuses on the June elections now...After the elections, [Deputy Prime Minister] Ali Babacan may not be leading the economy team. We do not know what will happen then," he added.

The Banker Magazine gave a place to Dinçer's comments about the Turkish economy and the banking sector in its April issue. She said savings decreased by around 51 percent, but the growth in loan rates increased. Dinçer said the saving rates have now regressed to around 12-14 percent, from around 23.5 percent in the 1990s. Dinçer said higher loan-to-deposit rates will constitute a new obstacle for the banking sector. "The oil slump may help Turkey to improve its current account figures, but what Turkey needs is to encourage its citizens to save more to be able to grow steadily in the long-term," Dinçer said.

Deteriorating "confidence indexes" have also caused the country's business circles to have and voice concerns about the sustainability of the Turkish economy. The consumer confidence index decreased in March by 5.4 percent from the previous month. The real sector's confidence index decreased from 104 to 100.9, the services sector's confidence index from 101.86 to 101.25 and the retail sector's confidence index from 103.4 to 102.97. The construction sector's index regressed to 83.67 in March, a 1.6 percent decrease from the previous month.

The economic confidence index decreased to 74.85 points in March, a 15.4 percent decrease from the previous month. According to the TÜİK statement, the decrease in the economic confidence index was a result of decreases in the confidence indexes of the manufacturing, service, retail and construction sectors. The economic confidence index indicates an optimistic outlook about the general economic situation when the index is above 100 and a pessimistic outlook when it is below 100. Critics come together under the following motto upon all this data: “We need a new growth story.” That is true, but how? This is the greatest question and we need to find an answer....

Former Turkish President Gül: ISIL must be defeated

Hurriyet Daily News, 10.04.2015



The presidents and former presidents of Eurasian countries attending the 18th Eurasian Economic Summit have stressed the need for international cooperation in struggle against the Islamic State of Iraq and the Levant (ISIL).

“This new phenomenon which is called Daesh definitely must be defeated in the region,” said former Turkish President Abdullah Gül during his speech at the summit, referring to the abbreviation of the jihadist group’s name in Arabic. “Cooperation between the countries of the region is needed for that. Therefore countries of the region must be in close contact with each other,” Gül said.

He added that ISIL is a phenomenon that is the result of “despair, injustice, poverty, lack of education.” “It is not enough to shatter it only by military actions. There should also be soft power used besides hard power in order to sweep it away. Therefore the leaders of the region should strongly convince the people of the region,” Gül said.

Former Albanian President Bamir Topi also highlighted the threat from ISIL, saying that the danger coming from ISIL terror showed the need for bilateral and international cooperation both in the region and in Europe. Bosnia and Herzegovina President Marinko Cavara drew attention to the fact that the presence of ISIL has triggered Islamophobia and xenophobia in Europe. “There are still discussions about Islamophobia in Europe. Xenophobia is a lack of understanding and a lack of knowledge and it provokes fear among people. It is up to us, the politicians, to take a responsible attitude and to avoid the negative influence of xenophobia on humankind in the future,” Cavara said.

The Eurasian Economic Summits are annually organized with the active participation of national and international decision makers and experts in the fields of economy, politics, energy, sociology and security. The purpose of the summits is to bring the countries’ businessmen, politicians and academics together, to help them to cooperate in the fields of economy, democracy and security.

The ISIL threat was also on the agenda of the president of Montenegro, Filip Vujanovic; the president of Macedonia, Gjorge Ivanov; as well as former Bulgarian Presidents Petar Stopyanov, former Czech Republic President Vaclav Klaus, former Mongolian President Punsalma Ochirbat, former Moldovan President Petru Lucinschi, former Serbian President Boris Tadic, former Slovenian President Danilo Türk, former Latvian President Valdis Zatlers, and former Romanian President Emil Constantinescu.

Monitor: ISIL holding 50 civilians after raid on Syria village

AFP, 10.04.2015



Jihadist fighters from the ISIL are holding hostage at least 50 civilians seized in a raid on a village in central Syria, a monitor said.

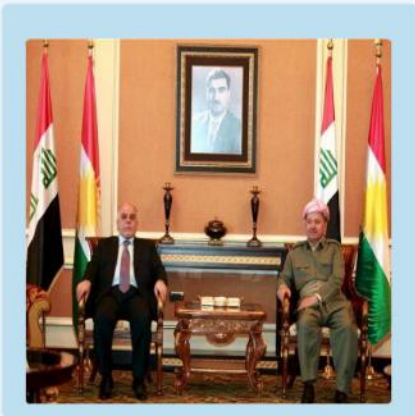
They were kidnapped from the village of Mabujeh in Hama provinc, said the Syrian Observatory for Human Rights. News of the kidnap had been kept quiet because of ongoing negotiations for their release, but the talks have since faltered, said Observatory head Rami Abdel Rahman. Ten of those taken, including six women, are Ismailis, a minority sect that is an offshoot of Shiite Islam. The remaining 40 are Sunni Muslims, including at least 15 women.

“There are fears that the women are being taken as slaves,” Abdel Rahman told AFP. He said the Ismailis were kidnapped because ISIL considers them “infidels,” and that the Sunnis -- although from the same sect as ISIL fighters -- were taken because ISIL viewed them as “loyal to the Ismailis”. Mabujeh, east of the provincial capital Hama, has a population of Sunnis, Ismailis, and Alawites, another offshoot of Shiite Islam that is the sect of President Bashar al-Assad and his clan. ISIL executed at least 37 civilians in Mabujeh, including two children, by “burning, beheading, and firing on them,” the Observatory said.

ISIL has regularly targeted minority sects in Syria, especially Shiites it accuses of apostasy, as well as Sunnis who it alleges have violated its interpretation of Islam. It has carried out mass kidnappings of Kurds and Assyrian Christians in Syria, and members of the Yazidi faith in neighbouring Iraq. It is also accused of mass executions of members of minority sects and Sunni Muslims accused who have refused to submit to its rule.

Iraq PM says will cooperate with Kurds to liberate Nineveh

Reuters, 06.04.2015



Iraqi Prime Minister Haider al-Abadi said the Baghdad government would work with Kurdish authorities to liberate the northern province of Nineveh from Islamic State of Iraq and the Levant (ISIL) militants.

During his first visit to the Kurdistan region since becoming Prime Minister last year, Abadi said Baghdad and Erbil faced a common enemy and would improve ties to help confront the threat. “Our visit to Erbil today is to coordinate and cooperate on a joint plan to liberate the people of Nineveh,” Abadi said at a joint news conference with Kurdish President Massoud Barzani.

Abadi declined to lay out a timetable for the plan to retake Nineveh, of which Mosul is capital, in order not to lose the “element of surprise”. The trip comes less than a week after ISIL militants were driven out of the city of Tikrit by Iraqi forces including Shi’ite militia, backed by coalition air strikes. Asked about reported abuses by the Shi’ite militia, who are grouped together as Popular Mobilisation Committees or Hashid Shaabi, Abadi said it was not fair to level the accusation at the entire force.

Syria offers Palestinians its firepower in Yarmuk battle

AFP, 08.04.2015



Syria said it is ready to offer Palestinians its firepower to support their battle with the Islamic State of Iraq and the Levant (ISIL) in a refugee camp devastated by clashes and aerial attacks.

The deteriorating humanitarian situation in the Yarmuk camp has pushed the UN Security Council to demand greater access to residents trapped between the encroaching ISIL jihadists and besieging government forces. The fierce clashes that began have ceased, but regime forces continue to drop barrel bombs on the camp, which lies six kilometres (3.5 miles) from central Damascus.



In the capital, Deputy Foreign Minister Faisal Meqdad met with a delegation from the Palestine Liberation Organisation headed by Ahmad Majdalani. "Syrian authorities are ready to support the Palestinian fighters in a number of ways, including militarily, to push ISIL out of the camp," said PLO official Anwar Abdul Hadi, who was at the meetings. The "Syrian government had used all its efforts to present humanitarian and medical aid to Palestinian refugees and ... it had helped them exit Yarmuk safely," Meqdad said. "Syria and the PLO are determined to fight terrorism, which has reached Palestinian camps in Syria, notably Yarmuk," he said, quoted by the official SANA news agency.

Speaking after meeting with Meqdad, Majdalani told AFP they had "agreed on the need for a unified position for the Palestinian forces in Syria, in coordination with the Syrian government." He said there would be continued cooperation between Syrian and Palestinian leaders "to defeat terrorism in Yarmuk". A meeting among Syria's Palestinian factions is set for Wednesday to discuss a broader consensus. If achieved, this rapprochement would be significant for Yarmuk, which had seen fierce clashes since the end of 2012 between regime forces and rebels supported by Palestinian groups. Most of the Palestinian factions in Yarmuk are opposed to the regime of President Bashar al-Assad, but IS's arrival there sounded alarm bells in Damascus as it is the closest jihadists had ever been to the capital. Camp residents described a disastrous humanitarian situation. "I used to call the camp a big prison... Now, it's different, it's even worse," Samer told AFP via Skype from inside the camp. "There was a young man who was killed next to my house by barrel bombs. We picked him up in pieces."

Most of the camp's doctors had already fled, leaving only paramedics to care for the wounded. A sniper shot dead a 12-year-old girl Tuesday on the edge of Yarmuk, another resident said, describing her as a child who "loved singing, music and playing the drums". The Security Council called "for the protection of civilians in the camp for ensuring humanitarian access to the area," said Jordan's ambassador Dina Kawar, the council chair this month. In a meeting with the council, Pierre Krahenbuhl, who heads the UN agency for Palestinian refugees, UNRWA, described the situation as "more desperate than ever" for the camp's roughly 18,000 remaining residents. "What civilians in Yarmuk are most concerned about right now is bare survival," he said.

Since 2012, Yarmuk has been under a nearly-impenetrable regime siege that has left about 200 people dead due to malnutrition and lack of medication, said the Syrian Observatory for Human Rights. ISIL began an assault on Yarmuk last Wednesday and was initially repelled by Palestinian fighters but has since seized large swathes of the district. At least 39 people, among them eight civilians, have been killed in the fighting, the Observatory said. The Britain-based monitor said ISIL forces were present in the south, west and east of the camp, with Palestinian fighters largely confined to the north.

The IS attack is just the latest blow for Yarmuk, which was once a thriving, working-class residential district of the capital, home to some 160,000 people, Syrians and Palestinians. In violence elsewhere, two car bombs and heavy clashes erupted in Marea, a strategic city in northern Syria controlled by Islamist groups including Al-Qaeda affiliate Al-Nusra Front, as Islamic State militants sought to expand their reach. Fifteen people were killed in the twin car bombs but there was no immediate information on the casualties from the fighting, said Rami Abdel Rahman, head of the Britain-based Syrian Observatory for Human Rights.

Netanyahu once again blasts Iran nuclear deal

AFP, 05.04.2015



Israeli Prime Minister Benjamin Netanyahu again denounced the agreement between Tehran and world powers as a “bad deal” that will strengthen Iran’s military and leave it with a large nuclear infrastructure.

An outline deal agreed in Switzerland paves the way for Tehran to curtail its nuclear activity in exchange for relief from punishing economic sanctions. “It doesn’t roll back Iran’s nuclear program,” Netanyahu told CNN, one of several US networks he appeared on to slam the deal. “It keeps a vast nuclear infrastructure in place. Not a single centrifuge is destroyed.

Not a single nuclear facility is shut down including the underground facilities that they built illicitly. Thousands of centrifuges will keep spinning enriching uranium. That’s a bad deal.” Israel’s government reacted angrily to the historic deal, which is set to be finalized by June 30, with Netanyahu demanding that Iranian recognition of the Jewish state’s right to exist be written into the deal. “If a country that vows to annihilate us and is working every day with conventional means and unconventional means to achieve that end, if that country has a deal that paves its way to nuclear weapons, many nuclear weapons, it endangers our survival,” the prime minister said. “I’ll tell you what else will happen,” he added. “I think it will also spark an arms race with the Sunni states,” a reference to Gulf monarchies.

Saudi Arabia, like most of the Gulf countries, is wary of its regional rival Iran. Relations between Israel and its traditionally staunch US ally are at an all-time low and were hugely damaged when Netanyahu took the unprecedented step of addressing Congress last month to attack the nuclear negotiations with Iran. When asked if he trusts President Barack Obama, Netanyahu replied: “I trust that the president is doing what he thinks is good for the United States, but I think that we can have a legitimate difference of opinion on this because I think Iran has shown to be completely distrustful.” One part of the complex deal would see Iran slash by more than two-thirds the number of uranium centrifuges -- which can make fuel for nuclear power but also the core of a nuclear bomb -- to 6,104 from around 19,000 for 10 years.

Nordic nations to boost joint defense against Russia

Anadolu Agency, 10.04.2015



Nordic nations have agreed to boost their defense ties and increase solidarity with Baltic States, calling Russia “the biggest challenge to European Security.”

Defense ministers of Norway, Sweden, Denmark, Iceland and Finland said in a joint declaration that their countries must be prepared for emergencies that may arise. The ministers said in the declaration: “(Russia) has shown that it is ready to use military means to achieve their political goals, even when it involves violations of international law.” “There is increasing military and intelligence activity in the Baltics and in our northern areas,” the ministers said.

“The Russian military is challenging us along our borders and there have been several border infringements in the Baltics,” they added. The statement comes amid deteriorating relations between Russia and Europe in the wake of the Ukraine crisis and the annexation of Crimea. The heightened tensions have also led to the traditionally neutral Scandinavian countries upgrading their defense capabilities. Finland and Sweden are not NATO-member countries, but they have increased their cooperation with the Alliance in response to what they call “Russian aggression.”

Sweden accused Russia in October last year of having a submarine in Swedish territorial waters. Russian Defense Ministry spokesman Igor Konashenkov later accused the Swedish government of hyping-up tensions in the Baltic Sea region. Sweden and Denmark also summoned their respective Russian ambassadors in December in response to a Russian military plane reportedly turning off its location device and nearly colliding with a Swedish civilian airliner. Russia was accused of violating Finnish airspace with its aircraft three times in a week in late August 2014 and twice in May the same year. Under the joint agreement, Nordic countries will exchange information about their airspace and on how to meet cyber attacks. The joint statement also said the countries would conduct joint military training operations. Experts say Russia will perceive the joint declaration as aggression and will react.

FedEx to buy TNT Express for 4.4 bn euros

Reuters, 07.04.2015



FedEx has reached a deal to buy Dutch rival TNT Express for 4.4 billion euros, ramping up its presence in Europe as global e-commerce continues to expand.

The companies “reached conditional agreement on a recommended all-cash public offer of 8.00 (euros) per ordinary TNT Express share,” a joint statement said. “The transaction represents an implied equity value for TNT Express of 4.4 billion” euros. The offer represents a premium of 33 percent over the closing share price of April 2, 2015 and a premium of 42 percent over the average share price over the last three calendar months.

Dutch mail service PostNL, which owns 14.7 percent of TNT Express, has agreed to the offer. “This transaction allows us to quickly broaden our portfolio of international transportation solutions to take advantage of market trends - especially the continuing growth of global e-commerce - and positions FedEx for greater long-term profitable growth,” FedEx CEO Frederick W. Smith was quoted as saying. TNT Express boss Tex Gunning said the unsolicited offer came at a time of “important transformations” for the company. “Our people and customers can profit from the true global reach and expanded propositions, while with this offer our shareholders can already reap benefits today that otherwise would only have been available in the longer run,” he said.

The European regional headquarters of the combined companies will be at TNT Express’s current headquarters at Hoofddorp outside Amsterdam, while the TNT Express hub in Liege, Belgium will be maintained as “a significant operation for the group”. TNT Express will sell its airline operations in compliance with applicable airline ownership regulations, and both companies said they were confident that any anti-trust concerns could be addressed. They expect the deal to close in the first half of 2016. The combined companies will seek to avoid significant redundancies, the statement said. TNT Express operates in more than 200 countries and maintains a leading role in the road freight network in Europe. It currently employs some 65,000 people.

EU official: European asylum rules must change

AFP, 07.04.2015



The European Union is “concerned” by its existing asylum regulations and is looking at ways to amend them with large numbers of migrants fleeing conflict crossing the Mediterranean, the bloc’s top immigration official said.

“I know the Greek government is concerned by [the regulations] – the European Commission is also concerned,” European Migration Commissioner Dimitris Avramopoulos said during a visit to Athens. “There is a collective conscience that something must now change,” the commissioner, who is also Greek, said after talks with Greek Prime Minister Alexis Tsipras.

As one of the key ports of entry into Europe for thousands of migrants every year, Greece has long called for a revision of the “Dublin Regulation,” under which the first EU country that migrants enter is obliged to take care of their asylum applications. “Greece has become a repository for human souls,” Tsipras said. “This is not a Greek problem, it is a European problem. These are all victims of an untenable dream for thousands of people from war zones.” The Greek prime minister added that the EU should look “with great attention” at the “redistribution of asylum claimants and economic refugees inside the EU.”

The ruling radical left Syriza party that came to power in January has made overhauling the country’s immigration strategy one of its priorities, starting by shutting down migrant detention centres opened by the previous conservative government. Overcrowding at the centers and complaints of police abuse led to numerous hunger strikes by inmates and one apparent suicide in February. Athens has in recent years also demanded more money from the EU to handle the influx of asylum seekers from war-torn countries such as Syria and Afghanistan.

Shock, defiance in Kenya after Shebab massacre 147 at university

AP, 06.04.2015



The bodies of dozens of students massacred by Somalia's Shebab Islamists at a Kenyan university arrived in the capital Friday, as grieving relatives faced a desperate wait to receive the remains of their loved ones.

The day-long siege of Garissa University in which 147 people were killed was Kenya's deadliest attack since the 1998 bombing of the US embassy in Nairobi, and the bloodiest ever by the Al-Qaeda-affiliated militants. The Kenyan government, however, vowed that it would not be "intimidated". Survivors recounted how the masked gunmen taunted students before killing them.

As the gunmen prowled university rooms hunting down more people to kill, some students smeared blood from their dead friends over their bodies to pretend they too had been shot. There were bodies everywhere in execution lines, we saw people whose heads had been blown off, bullet wounds everywhere, it was a grisly mess," said Reuben Nyaora, an aid worker who helped the wounded. Others appeared to have been killed by knives. The day-long seige ended with four gunmen being killed in a hail of heavy gunfire, and one suspect reportedly arrested. At least 79 people were also wounded in the attack on the campus, which lies near the border with Somalia.

A huge crowd of shocked and traumatised survivors and relatives of those killed or missing gathered at the university gate. "I am so worried, I had a son who was among the students trapped inside the college, and since yesterday I have heard nothing," said Habel Mutinda, an elderly man, his face streaming with tears. "I tried to identify his body among those killed... I have to do that before the body goes bad in the heat." Emergency workers set about collecting the bodies, while Kenyan soldiers patrolled the campus.

Visiting the scene of the carnage, Kenya's Interior Minister Joseph Nkaissery vowed his country would not give in to the Shebab, who despite losing territory inside Somalia have stepped up operations in Kenya. "Kenya's government will not be intimidated by the terrorists who have made killing innocent people a way to humiliate the government," he told reporters, promising that the government would "fight back". "We shall win this war against our enemies." Hurling grenades and firing automatic rifles, the gunmen stormed the university at dawn as students were sleeping, shooting dead dozens before setting Muslims free and holding Christians and others hostage.

Just before darkness fell, Kenyan troops move in on the dormitory where the gunmen were holed up, apparently determined to prevent a drawn-out siege like that seen in the Westgate shopping mall in September 2013. Maureen Manyengo, a 21-year-old education student from western Kenya, said she hid inside her wardrobe after seeing several friends killed. “I could hear the attackers telling my friends, ‘Do not worry, we will kill you, but we will die too’,” she recalled, saying the attackers spoke in Kenya’s Swahili language, not Somali. “I could also hear them, saying ‘You will only be safe the day your president removes the soldiers from Somalia’.”

Several buses were transporting the traumatised students from the university -- now ordered to close permanently -- back to their home areas, as the bodies of those killed were being flown back to the capital Nairobi. Scores of weeping family members gathered Friday at the main Nairobi mortuary to identify their relatives, where a line of the dead students were laid out. The university siege marks the worst attack on Kenyan soil since the 1998 bombing of the US embassy in Nairobi by Al-Qaeda, when 213 people were killed by a huge truck bomb. The Shebab also carried out the Westgate shopping mall massacre in Nairobi in September 2013 when four gunmen killed 67 people in a four-day siege.

Shehab spokesman Sheikh Ali Mohamud Rage said the killings were in revenge for the presence of Kenyan troops in Somalia as part of the African Union’s force supporting the internationally-backed government in Mogadishu. “Kenya is at war with Somalia,” Rage said. A \$215,000 (200,000 euro) bounty was offered for the capture of alleged Shebab commander Mohamed Mohamud, a former Kenyan teacher believed to now be in Somalia and said to be the mastermind behind the Garissa attack. Newspapers were critical that intelligence warnings had been missed. “The attack was preceded by a number of intelligence alarm bells,” The Star newspaper said. But newspapers also called for national unity in the wake of the killings. “Even as we struggle to rise from the rubble of yesterday’s attack, we must once again realise what the enemy wants to trigger,” The Standard’s editorial read. “They want an internal war in Kenya.”

North Korea fires missiles into sea as U.S. defense chief visits region

AFP, 09.04.2015



North Korea has fired two surface-to-air missiles off its west coast, South Korea said, with the latest in a string of short-range firings by the North coming shortly before the U.S. defense secretary arrived in the region.

The two short-range missiles were fired, South Korea’s defense ministry said, and followed the launch of four short-range missiles off the west coast of North Korea. U.S. Secretary of Defense Ash Carter arrived in Japan afternoon and travelled to South Korea, where he was expected to discuss a response to North Korea’s growing missile and nuclear threat.

“It’s just a reminder of how tense things are on the Korean peninsula. That’s the reason I’m going,” Carter told reporters at Yokota air base in Japan before departing for South Korea. “If it was a welcoming message to me, I’m flattered.” A senior U.S. official described the missile test as a provocative act ahead of Carter’s visit. “Their missile inventory is growing and their willingness to test those missiles appears to be growing as we’ve just seen today,” the official said, speaking on condition of anonymity.

U.S. military officials have said a sophisticated air defence system is needed in South Korea to counter the North’s missile threat, although Washington has not made a formal proposal for deploying THAAD and it is not officially on the agenda for Carter’s visit. “These are missiles launched and it reinforces the missile defense preparations we’ve long had on the Korean peninsula and have here, by the way in Japan,” Carter said when asked if the latest North Korean missile launch underscores the need for THAAD deployment in South Korea. China and Russia have both spoken out against placing THAAD, or Terminal High Altitude Area Defense, in South Korea.

US, Japan trust each other but both wary of China

AFP, 08.04.2015



Over seven decades after Japan attacked Pearl Harbor and dragged the U.S. into a global war, Americans and Japanese overwhelmingly trust each other and are wary of China, an opinion poll has shown.

In contrast to the oft-heard calls from Beijing for more Japanese contrition over World War II, around two-thirds of Americans believe Tokyo has apologized enough or has no need to say sorry. The findings, released by Pew Research Center come just weeks before Shinzo Abe is set to travel to the U.S., where he will become the first Japanese prime minister to address a joint session of the U.S. Congress.

His speech will be carefully watched for any indication of how he will mark the 70th anniversary of the end of WWII later in the year, with Beijing urging him to “show sincerity” over his nation’s past crimes. But the poll by Pew found no significant animosity exists between people in Japan and the U.S., despite their four years of war until 1945 and the subsequent American occupation until 1952. “Adversaries in World War II, fierce economic competitors in the 1980s and early 1990s, Americans and Japanese nonetheless share a deep mutual respect,” the think tank said in its annual report based on the survey of 1,000 people from each country. About 68 percent of Americans trust Japan and 75 percent of Japanese trust the United States, the survey showed, while only 30 percent of Americans and seven percent of Japanese trust China.



Six in 10 Americans believe that the rise of China as a military and economic power makes relations between Japan and the United States more important, it said. At the same time, “more Americans, especially young Americans, think it is important to have strong economic ties with China than believe it is important to have such ties with Japan,” it said. “A majority of Americans see Japan as a status-quo economic power, neither rising nor declining.” Japanese brands fare well in U.S. public opinion, with Sony seen in a favorable light by 88 percent of respondents and carmaker Toyota by 85 percent.

However, for Brand Abe, the news was not so good: “only 11 percent of Americans have a favorable view of current Japanese Prime Minister Shinzo Abe.” “But this can largely be attributed to the fact that 73 percent say they have never heard of him,” it said. On questions of history, the atomic bombings of Hiroshima and Nagasaki, which killed 140,000 people and 70,000, respectively, has long divided Americans and Japanese. In the latest survey, 56 percent of Americans say they believe the use of nuclear weapons was a justified means of ending the war; 34 percent said it was not. In Japan, only 14 percent say the bombing was justified, versus 79 percent who say it was not. “Despite this lingering disagreement over the justification for Hiroshima and Nagasaki, few Americans or Japanese believe Japan owes an apology for its actions during WWII,” it said. A total of 61 percent of Americans say either Japan has apologized sufficiently for the war or no apology is now necessary, against 29 percent who say Japan has not apologized enough for its actions during the conflict.



Announcements & Reports

▶ *A Legacy of Peace: The US-Japan Partnership after 70 years*

Source : CSIS

Weblink : <http://csis.org/publication/issues-and-insights-vol-15-no-5-legacy-peace-us-japan-partnership-after-70-years>

▶ *A new Security Policy for Japan: HA/DR Capacity Building and Disaster-Mitigation Social Infrastructure Export*

Source : CSIS

Weblink : <http://csis.org/publication/pacnet-22-new-security-policy-japan-hadr-capacity-building-and-disaster-mitigation-socia>

▶ *Pass Trade Promotion Authority and enable conclusion of the Trans-Pacific Partnership negotiations*

Source : Brookings

Weblink : <http://www.brookings.edu/research/opinions/2015/04/09-trade-promotion-authority-trans-pacific-partnership-negotiations-meltzer>

Upcoming Events

▶ *Trade and The Digital Economy: Opportunities for U.S.-Japan Global Leadership*

Date : 11 April 2015

Place : Washington - USA

Website : <http://www.brookings.edu/events/2015/03/30-trade-digital-economy-opportunities-us-japan>

▶ *Changing the Odds? Achieving Stability in Afghanistan*

Date : 12 April 2015

Place : London - UK

Website : <http://www.chathamhouse.org/event/changing-odds-achieving-stability-afghanistan>

▶ *Evaluating Interventions That Encourage Healthy and Sustainable Diets*

Date : 12 April 2015

Place : London - UK

Website : <http://www.chathamhouse.org/event/evaluating-interventions-encourage-healthy-and-sustainable-diets>



► *Iraq's Foreign Policy In A Turbulent Region*

Date : 12 April 2015
Place : Doha - Qatar
Website : <http://www.brookings.edu/events/2015/04/12-iraq-foreign-policy-in-a-turbulent-region>

► *Acquisition Reform: Increasing Competition, Cutting Costs, and Out-Innovating The Enemy*

Date : 13 April 2015
Place : Washington - USA
Website : <http://www.brookings.edu/events/2015/04/13-dod-acquisition-policy>

► *Water Security in the Middle East*

Date : 14 April 2015
Place : London - UK
Website : <http://www.chathamhouse.org/event/water-security-middle-east>

► *The Google Antitrust Investigation and The Case for Internet Platform Regulation in Europe*

Date : 15 April 2015
Place : Brussels - Belgium
Website : <http://www.bruegel.org/nc/events/event-detail/event/511-the-google-antitrust-investigation-and-the-case-for-internet-platform-regulation-in-europe/>

► *The Implications of Decarbonisation for Business and The Financial Sector*

Date : 27 April 2015
Place : Brussels - Belgium
Website : <http://www.bruegel.org/nc/events/event-detail/event/515-the-implications-of-decarbonisation-for-business-and-the-financial-sector/>