

## Top business group voices concern over raid on media outlets

Hurriyet Daily News, 29.10.2015



Turkey's top business group has expressed "serious concerns" over the fate of press freedom and the security of the judiciary after the seizure of two televisions and newspapers owned by the Koza-İpek Group in a statement.

"[All] segments of society have to be informed and satisfied in a way that the measures are not excessive and arbitrary. It will cause grave damage to our country's business and investment atmosphere in terms of security of the judiciary if doubt remains over the proportionality and necessity of a decision to leave the management of the firm [Koza-İpek Group] to the caretakers," said the TÜSİAD in a statement.

It also said the fact the Koza-İpek Group owned media outlets caused more concern. "As the related companies also included media outlets, serious concerns are seen in society over press freedom when the recent pressures on the media organs are considered," said the statement, also calling for a fair and urgent prosecution process over the issue.

The Ankara Chief Public Prosecutor's Office ordered the Koza-İpek Group to be placed under the management of a trustee panel while an investigation was ongoing into the group's purported ties to U.S.-based scholar Fethullah Gülen, a former government ally. President Recep Tayyip Erdoğan and the Justice and Development Party (AKP) now accuse Gülen of heading a purported illegal organization that Erdoğan believes is trying to topple the AKP government with followers working as insiders in the police, the judiciary and other state institutions. The police had fired tear gas and water cannons at the crowd gathered in support outside the media group's office building at around 7:30 a.m., two days after the initial court ruling, Doğan News Agency reported.

# US urges Turkey to ‘live up to its democratic values’

Dogan News Agency, 29.10.2015



Washington urges Turkey to respect a vocal opposition and to “live up to its own democratic values,” State Department Spokesperson John Kirby has said, responding to a question seizure of media outlets owned by the Gülen-linked Koza-İpek Group.

“We continue to urge Turkish authorities to respect not just media freedom but the political process, which includes a vocal opposition. We want to see Turkey continue to live up to its own democratic values enshrined in its own constitution,” John Kirby stated during his daily press briefing.

When asked specifically about the police raid on the Koza-İpek Group media HQ in Istanbul, which hosts Kanaltürk TV, Bugün TV, daily Millet and daily Bugün, Kirby stressed the importance of acting in accordance with international legal standards including “full respect for due process and equal treatment under the law.” During the briefing, a reporter said “Turkey did not seem very concerned that [the U.S.] is concerned,” and inquired whether the U.S. would take any further action.

“We think the [Turkish] approach is clearly not one that we believe is in keeping with their own democratic values. I can just tell you that we’re going to continue to make that concern known both privately and publicly,” Kirby responded. An Ankara court decided to appoint a trustee panel to Koza İpek Holding after the Ankara 5th Court of Peace said a panel was “necessary to assign managers with full control to prevent crime and to protect evidence in a case in which reports have revealed that this company has helped and been involved in the activities of an organization titled FETÖ/PDY [an alleged terrorist group made up of sympathizers of U.S.-based Islamic scholar Fethullah Gülen], which is said to have attempted to topple the government.”

On the morning of Oct. 28, Turkish police used water cannon and tear gas to forcefully enter the headquarters of Koza İpek’s media group in Istanbul. Breaking down the iron gates of the media group’ compound, the police unplugged the wires and halted the TV stations’ live broadcasts, escorting the newly appointed trustees into the building after scuffling with hundreds of employees and supporters of the Koza-İpek Group gathered outside in support.

After the channel’s broadcast cut to black, Bugün TV editor-in-chief Tarık Toros was forcefully removed from the building and was handed a letter stating that he had been removed from his post.

# Little progress at US, Russia, Saudi, Turkey talks on Syria

Hurriyet Daily News, 23.10.2015



Top diplomats from Russia, the U.S., Saudi Arabia and Turkey failed to make any major breakthrough on how to end the Syrian conflict, with the sides sharply at odds on the future of Bashar al-Assad. But Moscow did seem to make progress with getting some more regional players on side, announcing with Jordan that the two countries would begin to “coordinate” their air operations over Syria.

U.S. Secretary of State John Kerry, meanwhile, said he hoped to reconvene another, “broader” meeting on Syria as early as. The crunch talks at a Vienna hotel brought together Kerry and FM Lavrov with Adel al-Jubeir and Turkey’s Sinirlioğlu.

The foreign ministers met three weeks after Moscow thrust itself into the heart of the crisis by launching a bombing campaign in support of Assad that has drawn sharp condemnation from the west. Washington, Riyadh and Ankara -- which all back groups fighting Assad -- were sounding out Lavrov after the embattled Syrian strongman made a surprise visit to Moscow to meet President Vladimir Putin.

But the atmosphere appeared frosty, and there was scant progress on resolving almost five years of war with the sides at loggerheads over the future of Assad. “What we agreed to do today is to consult with all parties and aim to reconvene, hopefully as early as next Friday with a broader meeting in order to explore whether there is sufficient common ground to advance a meaningful political process,” Kerry told journalists after the meeting.

Lavrov said Moscow wanted the negotiating group to be expanded to include key international and regional players including crucially Iran -- which is also backing Assad’s forces on the ground. But Kerry rejected the suggestion of involving Tehran for now. “For the moment Iran is not at the table. And there will come a time perhaps where we will talk to Iran but we are not at the moment at this point of time,” he said.

Another bone of contention appeared to be the fate of Assad, with Kerry insisting “dozens of countries, if not hundred, understand that Assad creates an impossible dynamic for peace.” Lavrov, however, struck out at the “fixation” with Assad among the other participants and said “the fate of the president of Syria must be decided by the Syrian people.” Russia launched a bombing campaign in Syria, which has shifted the dynamics of the brutal four-and-a-half year war -- allowing Assad’s battle-weary forces to go on the offensive and overshadowing a U.S.-led coalition bombing the Islamic State of Iraq and the Levant (ISIL). The U.S. and its regional allies have decried Russia’s strikes, insisting Moscow is not focusing on ISIL as it claims, but on other groups fighting Damascus, and that the Kremlin’s intervention will only prolong the bloodshed.

Russia has been frantically trying to get the U.S. and its coalition partners to cooperate with its bombing campaign in Syria, and Putin stressed the need for “joint work” to defeat “terrorism” in Syria. In a potential step forward, Lavrov announced that Russia and Jordan -- another member of the U.S.-led coalition -- had agreed to “coordinate” their military actions in Syria and set up a “mechanism” to facilitate that end after meeting his Jordanian counterpart separately.

While the scope of the coordination was not clear, it appears to outstrip the limited understandings Russia has with Israel and the U.S. to avoid accidental air collisions over Syria. “I hope this mechanism will be effective in fighting all terrorism in Syria and beyond,” Jordanian Foreign Minister Nasser Judeh said at a joint press conference with Lavrov. Later Lavrov said that he hoped other countries would participate in the initiative in the Jordanian capital and that if the U.S.-led coalition shared intelligence then Russia could help “patriotic opposition” groups fight ISIL.

“It is also important to agree not only the targets of the adversary, our common enemy -- terrorism -- but to also agree on those areas that are being controlled by the patriotic opposition so that we could also help it fight ISIL,” Lavrov said, without specifying which group Moscow deems the “patriotic opposition.”

## Turkey Central Bank raises inflation forecasts

Hurriyet Daily News, 28.10.2015



Turkey’s Central Bank raised its inflation forecasts for this year and signaled it could hike rates once the U.S. Federal Reserve begins to tighten, in what could be a boost for the long-suffering Turkish currency. In its quarterly report on inflation, the bank forecasted an inflation mid-point of 7.9 percent at the end of 2015, up from 6.9 percent in its previous report.

For the end of 2016, it forecasted the mid-point at 6.5 percent, up from 5.5 percent in its previous report. Governor Erdem Başçı said would not be “totally incorrect” to say Turkey may raise interest rates if the U.S. Federal Reserve does.

Adding that Turkey could move in that direction depending on the inflation outlook, as quoted by Reuters. “In the third quarter of 2015, annual consumer inflation posted a quarterly increase of around 0.75 points compared with the previous quarter and rose to 7.95 percent, remaining above projections of the July Inflation report. Food prices and exchange rate developments are the main drivers of this rise in annual inflation,” said Başçı. Saying that the Central Bank’s upward revision in inflation forecasts is of great importance, Capital Economics analyst William Jackson told Reuters: “When we consider how heavy a pressure the Central Bank faced in any rate hike move in the past, it will be very convenient for the bank to mention the triggering effect of the Fed’s moves for a possible rate hike of its own.”



Başçı said the inflation rates will maintain its current levels for a while and then start to decline. Foreign exchange movements and food prices have influenced Turkey's annual inflation, although the foreign exchange impact on prices is more limited than in previous years, he said, as quoted by Reuters. "Annual core goods inflation posted an upsurge owing to the cumulative depreciation in the Turkish Lira," the report said. This "pass-through" from the devalued currency helped push up inflation, according to the report.

The lira has lost around 25 percent in value against the dollar this year. "Medium-term inflation expectations and repercussions of wage developments on inflation will be critical for the inflation outlook over the upcoming period. The establishment of the Committee on Monitoring and Evaluating Food and Agricultural Product Markets has been an important structural reform regarding inflation. Against this background, inflation is expected to hover around current levels for some time due to exchange rate effects and start slowing down afterwards," noted the report.

The report also cited volatile global financial conditions as a factor in determining monetary policy. Volatility in global markets had repercussions also in the Turkish economy and financial indicators went through fluctuations amid domestic uncertainties. "In the third quarter, similar to other emerging economies, risk premium indicators and long-term rates in Turkey also increased," the report said.

## World Bank: Ease of doing business in Turkey only improves for construction

Hurriyet Daily News, 27.10.2015



Ease of doing business in Turkey has only improved over the past year in terms of acquiring construction permits, the World Bank's Doing Business Report 2016 has revealed, noting that the ease of doing business has otherwise fallen across the board.

Turkey only registered positive development in the ease of acquiring construction permits across 10 indicators, according to the report, which was released. Overall, Turkey regressed four points to 55th compared to last year's report, as developing countries stepped up their pace of business-friendly reforms over the past year.

Turkey's rank in starting a business fell by six points, in generating electricity by one point, in registering property by one point, in obtaining credit by eight points, in paying taxes by five points, in trading across borders by one point, in enforcing contracts by 19 points and in resolving insolvency by 22 points, the report said. Meanwhile, there was no change in terms of protecting minority investors, according to the 2016 report.



Singapore remains the easiest place to do business, according to the report. The dynamic Asian city state held onto its business-friendly top ranking from last year in the “Doing Business 2016: Measuring Regulatory Quality and Efficiency” report, which covers 189 economies. There were barely any changes in the report’s top 10, according to adjusted data using this year’s criteria for both the 2015 and 2016 rankings.

New Zealand remained number two, followed by Denmark (3), South Korea (4), Hong Kong (5), Britain (6) and the United States (7). Sweden moved up a notch to number eight, switching places with Norway. Finland kept its 10th place. The world’s top 10 improvers – economies that implemented at least three reforms during the past year and moved up the rankings scale – are Costa Rica, Uganda, Kenya, Greek Cyprus, Mauritania, Uzbekistan, Kazakhstan, Jamaica, Senegal and Benin, according to the report.

By region, Sub-Saharan Africa accounted for about 30 percent of the improved global regulatory reforms and half of the world’s top 10 improvers. Multiple reforms were also implemented in Côte d’Ivoire, Madagascar, Niger, Togo and Rwanda. The region’s highest ranked economy is Mauritius, which has a global ranking of 32.

The Europe and Central Asia region was also a major reformer during the past year, with Greek Cyprus, Uzbekistan and Kazakhstan among the world’s top 10 improvers. The region had both the largest share of economies implementing at least one reform and the largest average number of regulatory reforms per economy.

In South Asia, six of the region’s eight economies implemented a total of nine reforms – the second largest share of any region after Europe and Central Asia. Economies that implemented several reforms included India, Bhutan and Sri Lanka. The region’s highest ranked economy is Bhutan, which has a global ranking of 71, according to the report.

Reform activity continued apace in East Asia and the Pacific, with more than half of the region’s 25 economies implementing a total of 27 reforms in the past year. The region hosts four of the top five economies in the world, including Singapore, according to the report. In the Middle East and North Africa, reform activity picked up slightly with 21 reforms implemented in 11 of the region’s 20 economies. Economies that undertook more than one reform included the United Arab Emirates, Morocco, Tunisia and Algeria. The UAE is the region’s highest ranked economy, with a global ranking of 31.

Latin America and the Caribbean region had the smallest share of reforms, with less than half of the region’s 32 economies undertaking a total of 24 reforms. Costa Rica and Jamaica were among the world’s top 10 improvers, while Mexico is the region’s highest-ranked economy, with a global ranking of 38.

“It is heartening to see so many economies, particularly low-income economies and fragile states, undertaking reforms to improve the business environment for local entrepreneurs. In time, this can result in increased job creation, economic growth and greater prosperity for their people,” said Rita Ramalho, manager of the Doing Business project.

# Turkey reaches ‘certain clarity’ on national missile defense system

Hurriyet Daily News, 17.10.2015



Turkey has reached “certain clarity” on the decision for a tender on its long-range missile defense system, Undersecretariat for Defense Industries (SSM) head İsmail Demir has said. “We are reviewing several parameters. We want to make a decision without a further extension,” he said, speaking at a Political, Economic and Social Research (SETA) panel.

The negotiations over Turkey’s long-range missile defense system were held up by technical reasons, not because Turkey was stalling or had changed its mind, the chief procurement officer added.

A reversal in the procurement is out of question, but the talks have moved beyond initial price point or technical requirement discussions to the parameters of “what can we do with whom and with whom can Turkey have long-term cooperation,” Demir said. “In this procurement process, Turkey wants several of its actors in the industry to get involved, get into partnerships when necessary and gain maximum technical competence while working with foreign actors,” he stated.

One of the offers included a financial model but two others did not, Demir said, noting obtaining financing was advantageous but there were no financing problems for this project, therefore a financing package was not “essential” at the moment. The deputy chairman of Turkish defense producer Aselsan, Mustafa Kaval, for his part, said earlier bids had not included much technology transfer and were composed of production packages, adding the current negotiations were continuing with an “increasing technology transfer” focus.

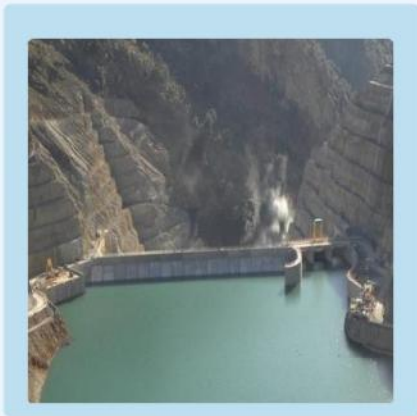
Ankara selected a Chinese company in September 2013 to build its air defense architecture, but immediately came under heavy pressure from its Western allies for the decision. It also opened parallel negotiations this summer with a European contender in the multi-billion-dollar competition. Following an assessment by Turkey’s top defense procurement agency, the Defense Industry Executive Committee selected China’s CPMIEC as the best bidder and Eurosam second.

A U.S. partnership of Raytheon and Lockheed Martin came third in the bidding. Patriot missiles deployed by NATO were not capable of meeting Turkey’s air defense requirements in the region, Kaval said, noting they realized the “range of the missile were not covering the region when the systems arrived [in Turkey].” “When those Patriot systems arrived, they indicated they didn’t cover the entire region and were not suitable to meet our ballistic missile defense requirements in that region,” Kaval said. Recalling a Syrian missile which crossed Turkey’s border and hit the southern Reyhanlı district in March 2015, causing a debate over why Patriots had not intervened at the time, the Aselsan official said they “were not surprised.”

“Because the missile had nothing to do with the range [covered by where the] Patriot batteries were located anyway,” he stated. The case showed that Turkey needs its own ballistic missile defense systems, he said. The U.S. and German Patriot missiles were removed in October and only Spanish batteries are currently on duty as part of the NATO mission in the region.

## Turkey’s Enerjisa ‘looking to sell three new hydropower plants’

Reuters, 28.10.2015



Turkey’s Enerjisa, a joint venture between Sabancı Holding and Germany’s E.ON , plans to sell three hydroelectric power plants to rationalize its portfolio and cut debt, and has appointed bankers to manage the sale, three banking sources said. Enerjisa has put up for sale the 400 megawatt (MW) Pervari, 280 MW Alpaslan and 168.4 MW İncir plants, all of which are still under construction, the sources said.

The three plants are expected to be operational by the first quarter of 2018, according to the company’s website. “The sale represents an optimization of Enerjisa’s portfolio. It also wants to cut its indebtedness,” one of the sources said.

Enerjisa declined to comment. Helped by government incentives, the Turkish power industry has expanded its generating capacity to 70,000 MW (70 gigawatts), which far outstrips demand and is driving down prices. That has prompted some companies to reconsider their holdings in the industry.

The head of Sabancı’s energy business, Mehmet Göçmen said this month the conglomerate wanted to reduce debt levels at Enerjisa to prepare it for an eventual initial public offering. Over the last decade Turkey’s energy industry attracted \$64 billion in investment, with more than 60 percent of that through borrowing. Enerjisa invested about \$11 billion in the same period, Göçmen said. “The high indebtedness of energy companies is pushing them to diversify their portfolios and sell inefficient assets. Yet, the problem is there are very few buyers outside,” one of the sources said.

Enerjisa had previously appointed Goldman Sachs to look for a financial investor in Başkent Elektrik, its electricity distribution grid in Ankara, but there were no interested parties, two of the sources said. Turkish electricity demand is expected to grow 2.5 percent in 2015, lower than the expected 3 percent growth for the whole economy, continuing to put downward pressure on prices, Göçmen has said. Enerjisa aims to have an installed capacity of 3.5 GW by April 2016 under its current investment plan.



# Iran considered nuclear weapons during 1980s Iraq war, ex-president says

Reuters, 29.10.2015



Iran considered pursuing a nuclear deterrent when it began its nuclear programme in the 1980s, during an eight-year war with Iraq, a former president has been quoted as saying.

Ayatollah Akbar Hashemi Rafsanjani's comments comes at a sensitive moment, as Iran implements an agreement reached with world powers in July aimed at curbing its nuclear programme, to allay Western fears it was trying to build an atomic bomb. The International Atomic Energy Agency (IAEA), the United Nations nuclear watchdog, is investigating whether Iran's nuclear programme ever had a military application. It is due to issue a report by Dec. 15.

Throughout the negotiations, Iran insisted its programme had only ever been for peaceful purposes. In an interview with Iran's Nuclear Hope magazine this week, Rafsanjani suggested that officials were thinking about a deterrent capability when the nuclear programme first began but it never took shape. "When we first began, we were at war and we sought to have that possibility for the day that the enemy might use a nuclear weapon. That was the thinking. But it never became real," Rafsanjani said in the interview, which was carried by state news agency IRNA.

Iran fought a devastating eight-year war against Iraq in the 1980s. Iraqi dictator Saddam Hussein, the aggressor, had a nuclear programme throughout the war. He never developed a nuclear weapon but used chemical weapons later in the war. "We were still at war and Iraq had come close to enrichment before Israel destroyed it all," Rafsanjani said, referring to an Israeli air strike against Iraq's Osirak reactor in 1981.

"Our basic doctrine was always a peaceful nuclear application, but it never left our mind that if one day we should be threatened and it was imperative, we should be able to go down the other path," he added. Rafsanjani was parliament speaker during the war and became president shortly after. The 80-year-old cleric now heads the Expediency Council, a powerful unelected body, and some observers consider him a candidate to become Supreme Leader after Ayatollah Ali Khamenei. But he has been targeted by conservatives after clashing publicly with Khamenei. In June, the hardline judiciary upheld a ten-year prison sentence against his son, a businessman, on corruption and security charges.

Rafsanjani also said he had travelled to Pakistan to try to meet Abdul Qadeer Khan, the father of Pakistan's nuclear weapons programme, who later helped North Korea to develop a bomb, but did not meet with him. Khan was at the centre of the world's biggest nuclear proliferation scandal in 2004, when he confessed to selling nuclear secrets to Iran, North Korea and Libya.

# US Official: Iran to be invited to next round of talks on Syria

Reuters, 28.10.2015



Iran will be invited to participate in talks in Vienna on Oct. 30 to discuss ending the conflict in Syria, a dialogue aimed at finding a framework for political transition in Damascus, the U.S. State Department said.

An official in the region, however, told Reuters that Iran had already been invited by the United States and Russia, and Iranian Deputy FM Hossein Amir-Abdollahian would attend the talks, while the presence of Iranian FM Zarif was still under discussion. Zarif and Russian Foreign Minister Sergei Lavrov held a phone call e to discuss ways to resolve the Syrian crisis, the Russian FM said in a statement.

Lavrov also spoke to U.S. Secretary of State John Kerry, the ministry said. State Department spokesman John Kirby said Kerry will travel to Vienna, and from there he will head to Central Asia for discussions with counterparts from Kyrgyzstan, Uzbekistan, Kazakhstan, Tajikistan and Turkmenistan. Kirby said about a dozen participants were expected in Vienna for the next round of discussions on Syria. The different countries hope to eventually reach agreement on a “multilateral framework for a successful political transition in Syria which leads to a government not led by Bashar al-Assad,” Kirby said.

“There will be bilateral and multilateral discussions in Vienna on Friday [Oct. 30] and participation is very much still being worked (on),” Kirby said. But a Western diplomat said the decision on whether to invite Iran was first discussed with Saudi Arabia, which is financing some of the militants fighting Assad and is a bitter rival of Tehran. The White House also said that President Barack Obama and Saudi King Salman had discussed increased support for the moderate Syrian opposition in a call. It is unclear whether they discussed this week’s meetings in Vienna.

While Washington has opposed Iran’s support of Assad and Lebanon’s Hezbollah in Syria, it has insisted that Iran needs to be included in the talks on Syria’s future. A top U.S. military officer said there were fewer than 2,000 Iranian troops in Syria helping Assad’s forces. “Iran will be asked to participate. Now, whether they come or not, that’s up to Iranian leaders,” said Kirby.

# Israel premier orders review of status for east Jerusalem

AP, 27.10.2015



PM Benjamin Netanyahu has ordered a review of the status of certain Palestinian neighborhoods in east Jerusalem, an official confirmed, a decision that could potentially strip tens of thousands of Palestinians of their Israeli residency rights.

Such a move is unlikely to overcome Israeli legal hurdles, but the very prospect has unnerved Palestinians in the city. The review comes after weeks of Israeli-Palestinian violence, much of it concentrated in east Jerusalem, the section of the city claimed by the Palestinians for their future capital. Many of the Palestinian attackers involved in deadly assaults came from east Jerusalem neighborhoods.

Any move to change the status of the city's Palestinians would threaten unleashing new unrest and draw international condemnations. The current round of violence began last month with clashes at Jerusalem's most sensitive holy site, a hilltop compound in the Old City that is revered by Jews and Muslims. The clashes quickly spread to other areas of east Jerusalem, across Israel and into the West Bank and Gaza Strip. In all, 10 Israelis have been killed, mostly in stabbings, while 52 Palestinians, including 30 identified by Israel as attackers, have been killed by Israeli fire. Palestinian neighborhoods in east Jerusalem have experienced frequent clashes between stone-throwing youths and Israeli security forces.

The Israeli official said that Netanyahu recently ordered a review of Palestinian neighborhoods located outside of Israel's West Bank separate barrier. Roughly-one third of the city's Palestinian population, about 100,000 people, live outside the barrier. Israel captured east Jerusalem and the West Bank from Jordan in the 1967 Mideast war. It immediately annexed east Jerusalem as part of its capital in a move that has never been internationally recognized.

Few Palestinians accepted Israeli citizenship, fearing it would recognize Israeli occupation, and the vast majority now holds residency rights. As residents, they enjoy freedom of movement, the right to work in Israel and access to Israeli social services and health care. But Palestinians claim that this status is fragile, noting that people can be stripped of residency if they leave the city for extended periods of time. Israeli rights groups, citing official Israeli statistics, say a total of about 14,000 Palestinians have lost residency rights since 1967. Israel's West Bank separation barrier, built a decade ago, slices through Arab neighborhoods of Jerusalem, leaving about 100,000 city residents on the "West Bank" side of the barrier. "The separation barrier has fully cut off eight Palestinian neighborhoods from the city. Netanyahu's statement exploits the current emergency situation to further undermine Palestinian existence in east Jerusalem by threatening to expel an estimated 100,000 Palestinian Jerusalemites from the city," said Yudith Oppenheimer, executive director of If Amim, an advocacy group that promotes coexistence in Jerusalem.



Netanyahu has said the current wave of violence is the result of Palestinian incitement. But Palestinians say it is the result of years of Israeli occupation, failed peace efforts and dwindling hopes of ever gaining independence. Neighborhoods in east Jerusalem suffer from poor infrastructure, and a lack of classrooms, resources and services when compared to wealthier Jewish neighborhoods. Some 75 percent of the city's Palestinians live in poverty, according to Israeli statistics.

The situation is especially dire in those areas outside the barrier, which suffer from overcrowding and lack of municipal services as Palestinians have fled a housing crunch in Arab neighborhoods inside the barrier. Israeli police often do not venture into these areas, and Israeli utilities offer only limited services. Netanyahu's plans to review the residency of these Palestinians was first reported by Channel 2 TV.

The Israeli official said no decisions have been made. "The prime minister has asked that there be a discussion on the status" of these areas, he said. Asked whether residency rights were included, he said the matter "deserves a serious discussion." The issue is front page news on all three major Palestinian newspapers and has sent a shockwave through the Palestinian public.

"If this desire by Netanyahu is translated into a decision, then this will be an act of ethnic cleansing because it targets one-third of the Palestinian residents of Jerusalem," said Adnan Hussein, Palestinian minister of Jerusalem affairs. He said Israeli officials have been pressuring Palestinians in attempts to reduce their numbers in the city. "They demolish houses and don't give permits for building, they besiege the Palestinian quarters in the city. All of this will only lead to more deterioration in the city," Hussein said.

Mohannad Khaled, a resident of Kufur Aqab, a Jerusalem neighborhood located outside the barrier, said his life is tied to the city. "I pay city taxes all the time, and also the national insurance fees. My work is in Jerusalem, my kids study in the schools of the city, my parents live in the Old City," said Khaled. "If this decision is implemented ... I will be cut off from my life."

Violence continued in the West Bank. A Palestinian stabbed an Israeli soldier in the neck and severely wounded him near the West Bank city of Hebron, before being shot and killed by forces, the military said. A few hours later, a Palestinian who attempted to stab a soldier was shot near a Hebron holy site revered by Jews and Muslims, the military said. Later in the day, a Palestinian was killed in clashes with Israeli forces in the West Bank, Palestinians said.

The latest violence is linked to tensions over a sensitive Jerusalem holy site revered by Jews and Muslims. Palestinians have accused Israel of trying to expand the Jewish presence at the site in violation of decades-old arrangements. Israel adamantly denies such allegations, saying they amount to incitement to violence. Israeli police blocked Muslim officials from installing security cameras at the city's most sensitive religious site, the officials said, despite a new agreement to place the surveillance equipment there.

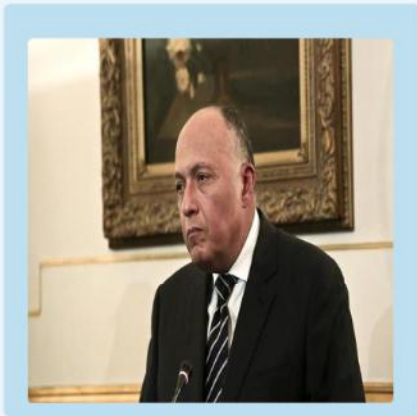
U.S. Secretary of State John Kerry announced over the weekend an agreement between Israel and Jordan to install security cameras at the hilltop compound that has been at the center of weeks of unrest. Netanyahu has welcomed the plan, saying the cameras will prove that Israel is not doing anything wrong at the site.



But Azzam Khatib, director of the Islamic authority that oversees Muslim affairs at the site, said that Israeli police prevented work crews from installing cameras at the entrance to the compound. Israeli police said they “would not permit tampering with the status quo” at the site, and that the arrangement to set up cameras at the site was still being discussed by officials. “When a decision is made it will be implemented with coordination and approval of all the relevant parties,” police spokeswoman Luba Samri said.

## Iran, Egypt, EU join key Syria summit in Vienna

Hurriyet Daily News, 28.10.2015



A ministerial-level summit on the future of Syria that will start, less than a week after an initial four-way meeting, will bring together a wider range of countries, including ones with whom Turkey is at diplomatic loggerheads, as well as Iran. Egyptian Foreign Minister Sameh Shoukry will attend the talks, Egypt’s state news agency said.

Russia asked for participation in the talks to be widened to include both Egypt and Iran, Syrian President Bashar al-Assad’s closest regional ally. Egypt’s decision to take part in the talks is the latest signal of warming relations between Russia and Egypt.

Cairo has publicly come out in support of Russian air strikes in Syria, saying they would curtail the spread of terrorism and deal a blow to the Islamic State of Iraq and the Levant (ISIL), whose local affiliate is battling Egyptian security forces in the Sinai Peninsula. Turkey is not represented at the ambassador level in Egypt, along with Syria, as ties deteriorated after then-army chief and now President Abdel Fattah el-Sisi overthrew Mohamed Morsi in July 2013.

Foreign Minister Feridun Sinirlioğlu will represent Turkey at the event. Probably the most surprising name to join the Vienna meeting is Iranian Foreign Minister Mohammad Javad Zarif, who will be part of the multilateral talks on Oct. 30 along with three of his deputies. It will be the first time that Tehran, the main regional backer of al-Assad, attends an international summit on the four-year war.

Other participants, notably the United States and Turkey, say al-Assad can play no part in Syria’s future. “Deputy Foreign Ministers Hossein Amir Abdollahian, Abbas Araqchi and Majid Takht Ravanchi will accompany Zarif on this trip,” Foreign Ministry spokeswoman Marzieh Afkham was quoted as saying by Iran’s ISNA news agency. Iraq, Lebanon, the European Union and France also said they would attend talks, which are coming after a smaller round of negotiations between the United States, Russia, Saudi Arabia and Turkey. Around a dozen participants are expected in total. It was not clear if any invitations had been issued to either the Syrian government or the opposition, though neither side was present at the last talks in Vienna.

Iran says it has sent “military advisers” to bolster al-Assad’s forces, while Russia last month began carrying out air strikes in support of the government. Tehran and Moscow say they are fighting ISIL militants, but other rebel groups say they have also been targeted.

The Syrian National Coalition (SNC), a political opposition group based in Turkey and supported by Western powers, said Iran’s participation in the talks would undermine the political process. “Iran has only one project – to keep al-Assad in power... they don’t believe in the principle of the talks,” said the coalition’s vice president, Hisham Marwa. Iran says it supports a political solution in Syria, but says al-Assad should be part of the process. Opposition groups, and their regional backers including Saudi Arabia, Qatar and Turkey, say al-Assad must leave power as a precondition for peace.

“This is an acknowledgement of reality, four years into the conflict,” said Julien Barnes-Dacey, a senior policy fellow at the European Council on Foreign Relations in London. “Having Iran at the table complicates the goal of getting rid of al-Assad, but potentially opens the door to some kind of de-escalatory track,” he added. Foreign policy chief Federica Mogherini will represent the EU at the meeting.

The bloc’s absence from talks had raised questions about the EU’s role in resolving a conflict that has this year triggered a major crisis in Europe due to the influx of Syrian refugees. “The European Union is very involved, in terms of what is happening in Syria, to try and get everyone around the table,” an EU spokeswoman told a news briefing.

## EU pushes to end migrant chaos with Balkans plan

AFP, 28.10.2015



The EU pledged to help set up 100,000 places in reception centres along the migrant route through the Balkans, in a bid to defuse rising tensions on its eastern frontier over how to deal with the crisis. EC President Jean-Claude Juncker made the announcement after emergency talks with the heads of 10 EU nations, including German Chancellor Angela Merkel, plus the leaders of non-EU Albania, Serbia and Macedonia.

“Managing migration flows together is the only way to restore order, to slow down the uncontrolled flow of people. The uncontrolled flow of people must be stopped,” Juncker told in Brussels.

“It cannot be that in the Europe of 2015, people are left to fend for themselves, sleeping in fields.” The meeting comes after Bulgaria, Romania and Serbia warned they could close their borders to stop them becoming a “buffer zone” for the tens of thousands of people streaming into Europe every day.



More than 670,000 people have reached European soil this year -- many of them fleeing violence in Syria, Iraq and Afghanistan -- in the continent's worst migration crisis since World War II. "This is one of the greatest litmus tests Europe has ever faced," Merkel told the press conference with Juncker.

Some 3,000 have died making the dangerous Mediterranean sea crossing and, with winter fast approaching, the fear is that more could face the same fate on the land route through the Balkans. The reception places, to be provided with the help of the United Nations' refugee agency, the UNHCR, will help provide shelter and speed up registration of migrants, Juncker said.

Some 50,000 places will be created across Balkans countries such as Macedonia and Serbia, while the other half will be located in Greece. That includes 30,000 to be made available this year, and another 20,000 will be set up with families or in rental housing subsidised by the UNHCR. By trying to separate genuine refugees from economic migrants, the centres would also help speed the planned relocation of 160,000 asylum seekers from overstretched Greece and Italy throughout the 28-nation EU.

Most migrants land first in Greece but, desperate to get to Germany and wealthier northern European countries, thousands have pushed on rather than staying there to have their asylum applications processed as is required under EU rules. Moving up through the Balkans they have overwhelmed many countries, with Hungary clamping down on border crossings with Serbia and then Croatia to halt the flow into the country.

Budapest's move has sparked tensions with Brussels, fellow EU members and particularly its neighbours, with tiny Slovenia swamped by more than 60,000 migrants in recent days. Fears are rising that the crisis is threatening the cherished "Schengen" system of borderless travel, one of the bedrock achievements of the EU since it was founded in the chaos following World War II.

"Europe has to show itself a continent of values and solidarity," Merkel said, adding: "This evening was a building stone in the edifice." Slovenian Prime Minister Miro Cerar warned that the EU itself was at stake when he arrived for the talks.

"If we do not deliver some immediate and concrete actions on the ground in the next few days and weeks, I believe the EU and Europe as a whole will start falling apart," he said. Juncker issued a statement with 17 proposals, including an undertaking that no country will let migrants through to an adjoining state without first getting their neighbour's agreement.

A key element of the plan will be speeding up information exchanges between countries to coordinate efforts, especially on border controls, so as to avoid migrants inundating their neighbours as a result. "Today we need a dialogue and talks among Balkan leaders to avoid unnecessary possible misunderstandings and tensions in the whole region," European Council President Donald Tusk said as the talks opened.

Turkey, the starting point for most of the migrants, was absent from the meeting but was on leaders' minds, with officials viewing its help as crucial in stemming the influx to Europe. Ankara has demanded three billion euros (\$3.3 billion) a year and visa-free travel for Turks in return for its cooperation.

The 10 leaders from the EU who attended the mini summit were from Austria, Bulgaria, Croatia, Germany, Greece, Hungary, The Netherlands, Romania, Slovenia and Sweden. The meeting took place amid a clear split in the EU over how to best handle the crisis. Some see it mainly as a border security problem, while others believe it is a humanitarian challenge requiring the bloc to show solidarity and redistribute refugees among them all.

Germany, which expects up to a million migrants this year, saw 4,000 arrive in Passau on the border with Austria. "Today, we're drowning," the area's police spokesman Frank Koller told the DPA news agency.

## Blair concedes link between Iraq invasion and rise of ISIL

AFP, 25.10.2015



Britain's Tony Blair again apologised for certain aspects of the 2003 invasion of Iraq, adding there were "elements of truth" to the view it was connected to the rise of ISIL group. However, Blair insisted he still did not regret the removal of Saddam Hussein as Iraq's leader as he said sorry over intelligence failings and planning mistakes.

"I apologise for that the intelligence we received was wrong," he told CNN. "I also apologise for some of the mistakes in planning and, certainly, our mistake in our understanding of what would happen once you removed the regime."

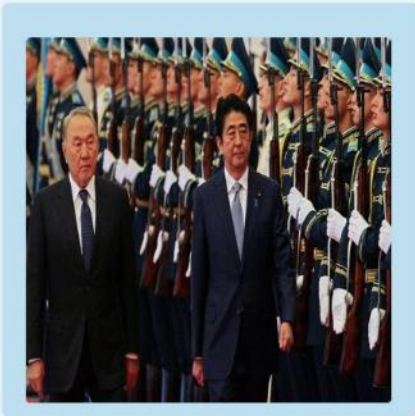
He added: "I find it hard to apologise for removing Saddam. I think, even from today in 2015, it is better that he's not there than that he is there." Blair acknowledged there were "elements of truth" to the argument that the US-led and British backed invasion of Iraq eventually led to the rise of ISIL jihadists in Syria and Iraq, according to a transcript on the CNN website. "Of course, you can't say that those of us who removed Saddam in 2003 bear no responsibility for the situation in 2015," he said.

"But it's important also to realise, one, that the Arab Spring which began in 2011 would also have had its impact on Iraq today, and two, ISIS actually came to prominence from a base in Syria and not in Iraq," he added, using another acronym to refer to ISIL. The comments from Blair, a divisive figure for leading Britain into the Iraq war, come shortly before a timetable for the publication of the much-delayed public inquiry into the Iraq war is due to be announced. Amid intense pressure to publish from MPs and families of military personnel killed in the war, John Chilcot will write to Prime Minister David Cameron by November 3 saying when the inquiry, launched in 2009, will be completed. A spokeswoman for Blair said of the CNN interview: "All of this he has said before". She added: "Tony Blair has always apologised for the intelligence being wrong and for mistakes in planning. He has always also said, and says again here, that he does not however think it was wrong to remove Saddam."



# Japan PM oversees Central Asia business deals worth \$26 bln

AFP, 28.10.2015



Japanese Prime Minister Shinzo Abe and business leaders are due to return evening from a week-long tour of Central Asia after striking business deals worth more than \$26 billion.

The conservative leader, Japanese Prime Minister Shinzo Abe who has been striving to kick-start the world's number three economy, visited five countries with representatives of about 50 Japanese firms to strengthen business ties in the region where arch-rival China is investing heavily. "I'm the first Japanese prime minister to visit five Central Asian countries at one time," Abe said in a speech in Kazakhstan, his last stop.

He also traveled to Uzbekistan, and made the first-ever official visit by a Japanese premier to Turkmenistan, Tajikistan and Kyrgyzstan. "I believe there is a huge potential in the future" of Japan and Central Asia, he said.

During his stay in major gas exporter Turkmenistan, the premier signed deals worth 2.2 trillion yen (\$18 billion) for the construction of a plant linked to natural gas fields and for other businesses. In neighboring Uzbekistan, Abe signed agreements worth \$8.5 billion in the energy, transport and communications sectors.

The Japanese leader also promised more than \$100 million in aid to Kyrgyzstan and a smaller sum to Tajikistan, Central Asia's two poorest countries. As rival China seeks to tap the region through its new Asian Infrastructure Investment Bank (AIIB), Abe has pledged to triple the value of infrastructure orders for Japanese firms globally, including in Central Asia, to 30 trillion yen by 2020. The AIIB is seen as a rival to the Washington-based World Bank and the Manila-based Asian Development Bank, which has been headed by biggest donor Japan since it was founded in 1966.

# Announcements & Reports

## ► *The Systemic Roots of Russia's Recession*

**Source** : Bruegel

**Weblink** : <http://bruegel.org/2015/10/the-systemic-roots-of-russias-recession-2/>

## ► *Internationalising The Currency While Leveraging Massively: The Case of China*

**Source** : Bruegel

**Weblink** : <http://bruegel.org/2015/10/internationalising-the-currency-while-leveraging-massively-the-case-of-china/>

## ► *Enhancing Financial Stability in Developing Asia*

**Source** : Bruegel

**Weblink** : <http://bruegel.org/2015/10/enhancing-financial-stability-in-developing-asia/>

# Upcoming Events

## ► *TATRA Summit 2015*

**Date** : 05 November 2015

**Place** : Brussels - Belgium

**Website** : <http://bruegel.org/events/tatra-summit-2015/>

## ► *Secular Stagnation in Europe and Japan*

**Date** : 17 November 2015

**Place** : Brussels - Belgium

**Website** : <http://bruegel.org/events/secular-stagnation-in-europe-and-japan/>

## ► *The Role of The Nordic Social Model in The Future*

**Date** : 18 November 2015

**Place** : Brussels - Belgium

**Website** : <http://bruegel.org/events/the-role-of-the-nordic-social-model-in-the-future/>



### ► *Lebanon's Deepening Domestic Crisis*

**Date** : 19 November 2015  
**Place** : Washington DC – The USA  
**Website** : <http://www.brookings.edu/events/2015/10/12-lebanon-domestic-crisis>

### ► *The Politics of The Fed: Past, Present and Future*

**Date** : 22 November 2015  
**Place** : Washington DC – The USA  
**Website** : <http://www.brookings.edu/events/2015/10/22-politics-of-the-fed-past-present-and-future>

### ► *Supporting Military Families and Veterans, Sustaining The All-Volunteer Force*

**Date** : 29 November 2015  
**Place** : Washington – The USA  
**Website** : <http://www.brookings.edu/events/2015/10/29-military-families-veterans-lifestyle-survey>

### ► *Competitive Gains in the Economic and Monetary Union*

**Date** : 23 December 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/534-competitive-gains-in-the-economic-and-monetary-union/>

### ► *The Future of Capitalist Democracy: UK-Japan Perspectives*

**Date** : 24 December 2015  
**Place** : London - UK  
**Website** : <http://www.chathamhouse.org/event/future-capitalist-democracy-uk-japan-perspectives>

### ► *Emerging Markets and Europe: Time for Different Relationships?*

**Date** : 26 December 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/524-emerging-markets-and-europe-time-for-different-relationships/>

### ► *What future for Europe's Social Models?*

**Date** : 27 December 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/526-what-future-for-europes-social-models/>

### ► *Challenges for Growth in Europe*

**Date** : 28 December 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/521-challenges-for-growth-in-europe/>



► *Global Governance of Public Goods: Asian and European Perspectives*

**Date** : 28 December 2015

**Place** : Paris - France

**Website** : <http://www.bruegel.org/nc/events/event-detail/event/529-global-governance-of-public-goods-asian-and-european-perspectives/>

► *The Future of the Welfare State*

**Date** : 29 December 2015

**Place** : Berlin - Germany

**Website** : <http://www.bruegel.org/nc/events/event-detail/event/541-the-future-of-the-welfare-state/>