

## Turkey keeps rates on hold in post-election uncertainty

Reuters, 23.07.2015



Turkey's Central Bank kept interest rates on hold for the fifth straight month, remaining cautious as political uncertainty blunted consumer confidence and a drop in food prices took pressure off inflation.

PM Ahmet Davutoğlu's Justice and Development Party (AKP) has until late August to find a junior coalition partner or face a snap election after losing its single-party majority at the polls last month. It is in preliminary talks with the main opposition, but progress appears to be slow. Political uncertainty has weighed on investment and consumer confidence.

"Food and energy price developments affect inflation favorably in the short run, while exchange rate movements delay the improvement in the core indicators," the bank said in a statement on its website. The bank kept its one-week repo rate at 7.50 percent and the overnight borrowing rate at 7.25 percent. The overnight lending rate remained 10.75 percent and the primary dealers' overnight borrowing rate 10.25 percent. All 16 economists polled by Reuters had expected key interest rates to be left on hold. The lira has weakened sharply this week on security worries generated by militant violence, but investors have been more focused on the U.S. Federal Reserve and prospects for a U.S. rate hike than on Turkey's Central Bank.

## Türk Eximbank secures 500 mln euros of syndicated loans

Reuters, 21.07.2015



Türk Eximbank has signed syndicated loans worth 500 million euros with the participation of 26 banks, it announced in a written statement.

Türk Eximbank, the official export credit agency of the Turkish government and Turkey's major export incentive instrument, thus refinanced transactions worth 330 million euros that were due on July 16, the statement added. The volume of the bank's syndicated loan usage has exceeded 1 billion euros this year. The same figure was around 630 million euros last year.

The two-year tranche will have a margin of 120 base points (bp) over Euribor/libor, while the one-year tranche will have a margin of 70bp. The transactions were undertaken under the coordination of Mizuho Bank Ltd, according to the statement.

## Simsek: Turkey, US to sign financial information exchange deal

Hurriyet Daily News, 22.07.2015



Turkish Finance Minister Mehmet Şimşek said the Turkish government and the United States administration will sign a deal on which will make financial information exchanges possible between the two countries, as a part of the efforts to fight against tax evasion, as reported by Anadolu Agency.

“With the agreement, some information of American bank account holders in Turkish financial institutions will be given to the U.S. and the same will be the case for the information about Turkish account holders in the U.S.-based financial institutions,” he said.

Şimşek said various agreement models were designated by the U.S. regarding the exchange of financial information for tax collection purposes by considering the differences in the policies and judicial systems between countries. In this vein, two models were prepared, he said, adding Model 1 was based on the reciprocity rule and Model 2 was for the delivering of information to the U.S. The U.S. has signed a Model 1 deal with 61 countries and a Model 2 deal with seven countries so far, Şimşek noted. A Model 1 agreement between Turkey and the U.S. will be signed on, he noted.

In line with the deal, Turkish financial institutions will collect information about American account holders to deliver to the Income Administration Directorate and then to the U.S., he said. Accordingly, the Internal Revenue Services (IRS) of the U.S. will collect data about the Turkish account holders in American financial institutions to eventually report to Turkey, he added. Şimşek said the deal will help the two countries to overcome tax evasion more effectively.

## Yildiz: Over 2,000 MW of new installed power in first half of 2015

Anadolu Agency, 24.07.2015



A total of 2,084 megawatts of new installed power capacity came online in the first half of the year for around 10 billion Turkish Liras of investment, Turkish Energy Minister Taner Yıldız has said. Almost all of the new installed power was produced from renewable sources, he said. “This is specifically very good news for Turkey,” Yıldız added.

“The results of the first six months are very parallel to our previously defined targets. With the new facilities coming online, Turkey’s installed power capacity increased by 3 percent in the first half of the year to 71,605 MWs compared to the same period of 2014.

The number of power plants increased to 1,234 by 9.5 percent in the first six months of the year from the same period of the previous year. While electricity production increased by 2.9 percent in the first half of the year, consumption increased by 2.5 percent over the same period,” he said.

## Turkey calls for Greece to make Aegean a ‘sea of happiness’ through closer economic ties

Hurriyet Daily News, 21.07.2015



Turkish companies are planning to invest in struggling neighbor Greece in five sectors as part of a joint program between two countries.

Let’s act together in economic terms rather than compete with each other,” Nihat Zeybekci has stated about recent economic contacts between Athens and Ankara. The five sectors defined by the Turkish and Greek authorities at the previous meetings agriculture, manufacturing, construction and transportation. At planned upcoming business forums in both countries, business circles from the each will have the opportunity to build closer relations and create new projects.

“We can work together to use the Aegean Sea together. By developing plans to use the tourism sites in the region, we can turn the Aegean region into a global tourism center. The Aegean could become a sea of happiness in economic terms as well,” said Zeybekci. He added that he had met the former Greek economy minister twice before Greek Prime Minister Alexis Tsipras’ cabinet was established. Meanwhile, in the worst days of concern over the potential Greek default and “Grexit” at the end of June, groups of prominent Turkish and Greek businessmen gathered on the Greek island of Rhodes to brainstorm ways to further boost their annual \$5.5 billion trade. The field trip was organized by the Office for Commercial and Economic Affairs of the Embassy of Greece in Ankara and the General Consulate of Greece in İzmir. The visiting delegation comprised of diplomats, mostly deputy heads of mission and economic counselors in Ankara and İzmir, from 22 countries from the EU and the Americas.

## Simsek: Turkey’s 50-year-old tax code to change

Anadolu Agency, 19.07.2015



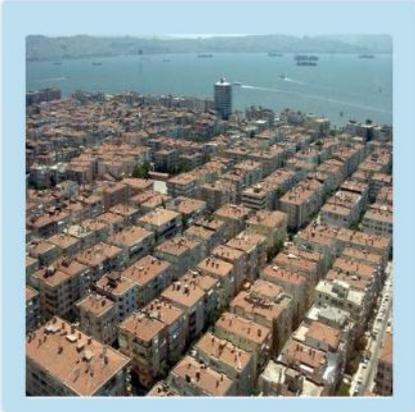
Turkey’s tax procedure code has been revised and will be in effect soon, said Finance Minister Mehmet Şimşek. “We are about to finalize our revision on the drafted code. The number of articles has decreased from 521 to 321 in the Turkish tax procedure law thanks to the revision, which started two years ago,” Şimşek said.

Şimşek noted that the existing code has been in effect since 1961 and such a big change in the half century-old code constitutes a considerable reform. The first revision started in September 2013, according to Turkish Finance Minister Mehmet Şimşek.

“In the rewriting process, we took views from the Union of Chambers of Certified Accountants of Turkey (TÜRMOB), the Union of Chambers and Commodity Exchanges of Turkey (TOBB), universities, Turkish Industry and Business Association (TÜSİAD), the Independent Industrialists’ and Businessmen’s Association (MÜSİAD), Turkey’s Banking Association and Turkey’s Bars Association. We also examined the draft law, which was prepared by the Tax Council,” Şimşek said. The views of the General Directorate of Revenue, court decisions and several publications about the issue were also examined, he said, adding that the rewriting process started in December 2014 after these examinations and exchanges of opinions. Şimşek said the details of the new drafted law will be announced in the coming days. Many articles were revised in line with the new electronic procedures and applications, he noted, adding that a number of new articles were written in accordance with the conditions of several international treaties. In line with the fight against informal economy, many articles were revised, especially in penalty conditions. “The concept of the tax payers has been emphasized in the new law. By detecting the tax payers’ taxing adaptation degrees, we’ll apply positive discrimination against highly adaptable tax payers,” he said.

## Turkish house sales rise by 19.1 percent in June

Dogan News Agency, 24.07.2015



The house sales in Turkey have increased by 19.1 percent to 110,657 units in June 2015, in comparison with last year's rates, according to data released by the TÜİK.

TÜİK reports showed that the mortgaged house sales have also increased to a volume of 40,503, with a rise of 26.5 percent over the same period. While first house sales have increased by 20.1 percent to 51,202 units, second hand house sales have risen to 59,455, having increased by 32.5 percent. The TÜİK report also revealed that house sales to foreigners in Turkey has increased by 32.5 and exceeded the level of 2,256.

In this regard, Istanbul was the first in house sales per province, with a volume of 718 sales in June 2015. The Mediterranean coast of Antalya followed Istanbul with 610 sales, the Aegean province of Aydın with 198 house sales, the northwestern city of Bursa with 125 house sales, Yalova with 123 house sales and Sakarya with 92 house sales June.

## Turkish economy re-gains 45 tons of gold 'under mattresses' through campaigns

Anadolu Agency, 19.07.2015



A total of 45 tons of gold worth \$1.7 billion have re-entered the Turkish economy through a number of gold collection campaigns, said Istanbul Gold Refinery's Alternative Sale Channels-Gold Banking Director, Enver Yaşar.

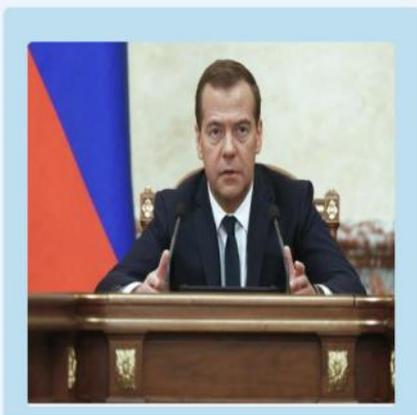
The gold collection campaign started in 2010 with the attendance of one bank. There are now 11 banks in the system. Yaşar said around 5,000 tons of gold have been "under mattresses" in Turkey, as many people see it a safe way of saving. With the new campaigns, some 45 tons of it have entered the economy again, according to Istanbul Gold Refinery's Alternative Sale Channels-Gold Banking Director.

“Thus, a total of \$1.7 billion of savings have come online in the official economy,” Yaşar said. He noted that the expected monetary value of the 5,000 tons of gold is around \$200 billion. “The inclusion of such big amount of money into the formal savings system will enable the total savings of the country to increase from 13 percent of the GDP to around 20 percent,” he noted. The Central Bank has started to accept gold as the required reserve ration on the Turkish Lira, a first in the world, said Yaşar.

Gold banking will be more attractive for Turkish people if the interest rates and yields are increased in this sector and gold transfer becomes possible between banks, making the gold more liquefied, according to Yaşar. “Through such measures, the sector will soar in the future,” he said. Yaşar noted that gold banking’s volume was just around 34 tons in 2010, with this figure gas increasing to 108 tons as of May 2015.

## Russia says hopes to sign agreement on Turkish Stream after Turkey government formed

Hurriyet Daily News, 24.07.2015



Russia hopes to sign an intergovernmental agreement on the Turkish Stream natural gas pipeline after a new government is formed in Turkey, Prime Minister Dmitry Medvedev said in an interview with Slovenia’s national broadcaster RTV Slovenija, as reported by Russia’s TASS news agency. “Indeed, an intergovernmental agreement has not yet been signed. The reason is primarily that there is no government there [in Turkey],” Medvedev said.

“Our partners, our counterparts in Turkey are due to form this government. It’s not that simple as experience sometimes shows,” he said as quoted by TASS.

“We are holding negotiations with them. I hope that after all political problems are resolved there and the political process is completed, we will be able to reach a final agreement on all issues,” he said. Medvedev noted that Slovenia could play “quite a significant role” in the construction of the pipeline. He said a number of countries that receive Russian gas, including Hungary and Serbia, had already expressed their interest in the Turkish Stream project. “I would therefore recommend that your top executives should take a closer look at the project,” he also said.

# FBI chief: ISIL group bigger threat than al-Qaida

AP, 23.07.2015



The Islamic State of Iraq and the Levant (ISIL) group's effort to inspire troubled Americans to violence has become more of a terror threat to the U.S. than an external attack by al-Qaida, the FBI director said.

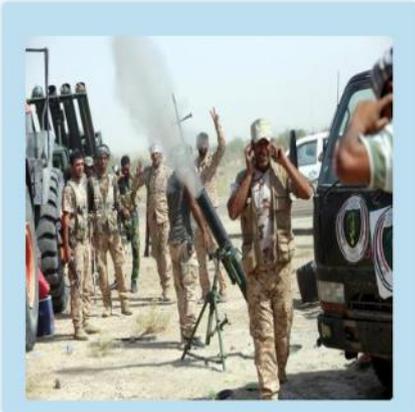
FBI Director told an audience at the Aspen Security Forum that the ISIL group, has influenced a significant but unknown number of Americans through a year-long campaign on social media urging Muslims who can't travel to the Middle East to "kill where you are." Twitter handles affiliated with the group have more than 21,000 English-language followers worldwide, thousands of whom may be U.S. residents.

The FBI has arrested a significant number of people over the last eight weeks who had been radicalized, Comey said, without specifying a number. He repeated his previous disclosure, without elaborating, that several people were arrested who were planning attacks related to the July Fourth holiday. The bureau has hundreds of investigations pending into such cases across the country. Comey said it was too soon to say how Muhammad Youssef Abdulazeez, the Chattanooga gunman who killed five U.S. troops, became radicalized. Abdulazeez's relatives have said he had a history of drug use and depression. Comey noted that "the people the ISIL is trying to reach are people that al-Qaida would never use as an operative, because they are often unstable, troubled drug users." Asked if the threat from the ISIL group had eclipsed that of the rival organization that attacked the U.S. on September 11, 2001, Comey said, "Yes." The U.S. has tracked dozens of Americans, ranging in age from 18 to 62, who have traveled to Syria or Iraq to fight with the ISIL group, he said. "I worry very much about what I can't see," Comey added, because he said ISIL group recruiters use encrypted communication software to avoid U.S. eavesdropping.

Comey has sounded the alarm about domestic radicalization before, but his remarks signal a deepening concern among U.S. officials about the impact of the Islamic State's effort to inspire terrorist violence. As recently as September, senior U.S. intelligence officials were downplaying the group's capacity to attack the U.S. Matt Olsen, then the head of the National Counter Terrorism Center, told Congress in September that the U.S. had "no credible information that ISIL is planning to attack the United States." Intelligence officials last year were saying they worry most about a mass casualty attack against a U.S. airliner by al-Qaida's Yemen affiliate, or by the Khorasan Group, a cadre of al-Qaida operatives in Syria. But Comey said Wednesday the threat from the Khorasan Group has been "significantly diminished" by U.S. military strikes. The Pentagon announced that it had killed the Khorasan Group's leader, Muhsin al-Fadhli, in a airstrike in Syria.

# Pentagon: Air strike kills Al-Qaeda leader in Syria

AFP, 23.07.2015



A US-led coalition air strike earlier this month killed the leader of an Al-Qaeda offshoot in Syria that American officials accuse of plotting attacks against the US and its allies, the Pentagon said. Muhsin al-Fadhli was killed in a “kinetic strike” while traveling in a vehicle near the northwestern Syrian town of Sarmada, said Captain Jeff Davis, a Pentagon spokesman. He did not confirm whether a drone or a manned aircraft had killed Fadhli, 34.

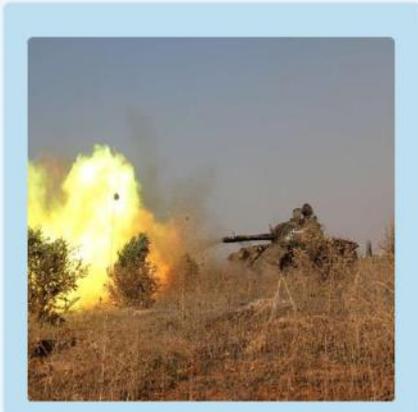
Fadhli was allegedly the leader of the Khorasan Group who have traveled from Central Asia and elsewhere in the Middle East to Syria to plot attacks on the West.

The Kuwaiti-born militant was so trusted by the inner circle of late Al-Qaeda supreme leader Osama bin Laden that he was among the few who knew in advance about the September 11, 2001 attacks on the United States, according to US intelligence. “His death will degrade and disrupt ongoing external operations of Al-Qaeda against the United States and its allies and partners,” said Davis, who heads the Defense Department’s press operations. Counterterrorism expert Bruce Riedel, however, a former CIA analyst, called Fadhli’s death a “serious but not fatal” blow to Al-Qaeda in Syria. Davis said Fadhli was also involved in October 2002 attacks against US Marines on Kuwait’s Failaka Island and on the MV Limburg, a French oil tanker. He was reported to have been previously targeted in a US air strike in September, but his death was not confirmed by US officials at the time.

Officials say Khorasan is part of Al-Qaeda’s Syrian branch, Al-Nusra Front, though experts and activists cast doubt on the distinction between the two groups. In a September interview, US President Barack Obama listed Khorasan among “immediate threats to the United States,” warning that “those folks could kill Americans.” The US State Department had posted a \$7 million reward for information leading to Fadhli’s death or detention. He was wanted by law enforcement authorities in Kuwait, Saudi Arabia and the United States for terrorist activities. The diminutive fighter -- US intelligence says he measured just five feet five inches (165 centimeters) -- fought alongside the Taliban and Al-Qaeda in Pakistan, according to the State Department. The US National Counterterrorism Center has said he had become Al-Qaeda’s senior leader in Iran. Fadhli was a major facilitator to late militant Abu Musab al-Zarqawi, who once led Al-Qaeda in Iraq, and other fighters against US and multinational forces. The US Treasury Department alleged that he provided financial and material support to Zarqawi’s network and Al-Qaeda. The UN Security Council’s Al-Qaeda Sanctions Committee cited him in 2005 for his role in planning, facilitating and financing Al-Qaeda attacks, which triggered a freeze on his assets and a travel ban.

## Monitor: Syria rebels rain rockets on Shiite villages

AFP, 21.07.2015



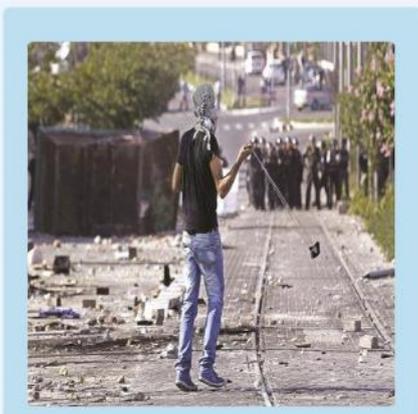
Syrian rebels, including Al-Qaeda-affiliated fighters, have fired hundreds of rockets and mortar shells on two besieged Shiite-majority villages in the northwestern province of Idlib, a monitor said.

At least seven people were reported killed in the shelling by the Army of Conquest alliance on the regime-held villages of Fuaa and Kafraya, the Syrian Observatory for Human Rights said. It was unclear if the victims were civilians or government troops, the Britain-based monitor said. Hundreds more were wounded in the bombardment. Fighting continued with opposition forces including al-Qaeda affiliate al-Nusra.

Front battling regime forces and fighters from Lebanon's Shiite Hezbollah movement. Al-Nusra, like many of Syria's extremist groups, considers Shiite Muslims to be heretical. The escalating clashes prompted concern in Damascus, where pro-regime militiamen and their families from the two villages held demonstrations asking to be sent there to defend them. Most of Idlib province, including its provincial capital, is now held by fighters from the Army of Conquest and other rebel groups after a sweeping offensive earlier this year. Fuaa and Kafraya are among the few remaining outposts of regime control in the province, and are now completely besieged.

## Israel troops shoot dead Palestinian in West Bank

AFP, 22.07.2015



Israeli troops shot dead a Palestinian near the city of Jenin in the northern West Bank in clashes following an arrest raid, medical and security sources said. The shooting came after weeks of low-level violence in the occupied Palestinian territories, and amid regular Israeli arrests in the West Bank.

Mohammed Alawneh, 22, was killed in clashes that followed raids and searches by Israeli soldiers on several houses in the village of Birqin, west of Jenin, the Palestinian sources said. One Palestinian, identified as Mohammed Atiq, was arrested during the operation.

Afterwards, dozens of Palestinians hurled rocks at soldiers, and the army responded with tear gas and gunfire. Alawneh was shot in the chest and died shortly after arriving at hospital in Jenin, the medical source said. He was to be buried later on. A military source told Israeli public radio that “the army and border guards carried out an operation in the village to arrest wanted Palestinians. “Stones and Molotov cocktails were thrown and tyres were burned,” and “forces used riot-dispersal means,” including tear gas and rubber-coated bullets against the stone-throwers. No live ammunition was used, the source said.

The nearby Jenin refugee camp is the scene of frequent clashes between Palestinians and Israeli troops, with the army carrying out regular raids to arrest suspected militants. Last month, soldiers shot dead a Palestinian who opened fire at troops at a checkpoint in the Jordan Valley during the Muslim fasting month of Ramadan. Also in June, a Palestinian stabbed an Israeli policeman in Israeli-annexed east Jerusalem’s Old City, before being shot and wounded. Israel arrested five Palestinians suspected of involvement in the murder of an Israeli who was shot in his car in the occupied West Bank.

## New Greek ministers sworn in after Tsipras’ cabinet reshuffle

Reuters, 18.07.2015



New ministers in Greek Prime Minister Alexis Tsipras’ government were sworn in on after a reshuffle expelled dissidents from his cabinet and began a new phase of negotiations for a third bailout package. Tsipras sacked hardline former Energy Minister Panagiotis Lafazanis and two deputy ministers in a change that marked a split with the main leftist faction in the ruling Syriza party following a rebellion over the bailout terms.

Panos Skourletis, a close Tsipras ally who left labor ministry to take over the vital energy portfolio, said the reshuffle marked “an adjustment by the government to a new reality.”

The deal, approved with the support of opposition parties after 39 Syriza rebels withheld their backing, agrees a painful mix of tax hikes, spending curbs and pension cuts as well as a rollback of collective bargaining agreements. In addition, 50 billion euros (\$54.14 billion) in public assets are to be placed in a special privatization fund to act as collateral for loans of up to 86 billion euros that must now be agreed with European partners.

In place of the rebels, Tsipras named allies of his own or his junior coalition partners, the right-wing Independent Greeks party, aiming to seal the bailout accord with European partners over the next few weeks before likely new elections. “Our aim is to negotiate hard for the terms of the agreement, not just to seal it, but on how it will be implemented. There are many vague terms in the text,” said newly-appointed Labour Minister George Katrougalos. He said the government, elected in January on an anti-austerity platform, would fight for an agreement that was “socially just” and dismissed suggestions that it would have to take on the powerful labor unions and risk street protests. “The Left is with demonstrations. The Left wants the people on the streets,” he said.

Acceptance of the tough bailout terms marked a turnaround for Tsipras after months of acrimonious talks and a referendum that resoundingly rejected a less stringent deal proposed by the lenders. But opinion polls suggest the prime minister’s own popularity remains high. A poll published in the leftwing Efimerida Ton Syntaknon newspaper suggested Syriza would get 42.5 percent of the vote if an election were held now, almost double conservative New Democracy’s 21.5 percent. In addition, 70 percent said they would prefer to accept the bailout deal if it kept Greece in the euro. Negotiations on the package are set to begin from next week after parliaments in Germany and other European countries gave their asset and European authorities approved emergency funding that should enable Athens to avoid defaulting on a 3.5 billion euro debt repayment due on Monday. The European Central Bank has also agreed to release 900 million euros in emergency credit next week to the stricken Greek banking sector. But banks remain closed until at least and it is still unclear whether they will be able to reopen immediately.

## Greece passes second crucial bailout bill

AFP, 23.07.2015



Greece’s parliament passed legislation on a second batch of reforms needed to help unlock a huge international bailout for the country’s stricken economy.

The bill passed by a resounding 230 votes out of the 298 members of parliament present, after a marathon debate stretching into the early hours that nonetheless exposed deep divisions in the governing Syriza party. The legislation covers changes to the civil justice system, a bank deposit protection scheme and measures to shore up the liquidity of Greece’s banks -- reforms that had to pass if Athens was to move forward in bailout negotiations with its creditors.



While the new law will come as a relief to Prime Minister Alexis Tsipras -- who is negotiating a new bailout worth up to 86 billion euros (\$93 billion) over three years -- it saw him suffer a major rebellion amongst MPs in his leftist Syriza party for the second time in a week. Thursday's vote was seen as a key test of Tsipras' authority after he was forced to reshuffle his cabinet following a mutiny by nearly a fifth of his MPs in a separate vote on the first tranche of tough economic reforms demanded by Athens' creditors. While the prime minister trimmed the rebellion from 39 'no' votes and abstentions to 36, in both cases he was forced to rely on opposition parties to get the legislation passed.

Government spokeswoman Olga Gerovassili admitted the government was facing a "political problem" and said "planned procedures" would be implemented to address it. "The divide in the parliamentary majority is clear," she told reporters after the vote. While Tsipras is riding high in the opinion polls personally, analysts believe the deep divisions within Syriza are likely to force the government to call early elections after being voted into power at the beginning of the year. The tough reform package sparked five hours of fiery debate night, with weary lawmakers clashing on everything from Marxism to submarines as dawn neared, and the speaker of parliament comparing the bailout deal to "a coup".

In a passionate speech to the chamber, Tsipras insisted the deal was the result of a "difficult compromise" with Greece's paymasters -- the European Union, European Central Bank and International Monetary Fund -- necessary to prevent Greece from tumbling out of the Eurozone. The youthful premier, who blazed to power in January promising to end austerity, warned that Greece had to adapt to "the new realities" of the bailout agreement. "The painful path does not stop here, unfortunately," he said. "We have been forced to make a difficult compromise under urgent conditions. We were at the limits of our economy and our banking system, and at the limits of Europe -- where conservative forces, obsessed with austerity, dominate," he added.

Some 6,000 anti-austerity demonstrators had protested near parliament ahead of Wednesday night's debate, lobbing a handful of petrol bombs in the direction of the police, who had thrown up a ring of steel around the building after riots during last week's vote on austerity measures. Katerina and George Sergidou Kokkinavis, two Syriza members in their thirties taking part in the protest, said they had come because "the government is no longer listening to the people. Ahead of the vote, Vassiliki Georgiadis, a political science professor at Athens' Panteion University, said it would be "difficult" for Tsipras's Syriza-led coalition to remain in power if he is forced to rely on opposition MPs to get laws passed. She said the split within Syriza was between hard-left MPs -- "some of whom have spoken of a Greek exit from the eurozone as the only solution" -- and those more sympathetic to Tsipras's arguments. Tsipras was forced to reshuffle his cabinet, having sacked three ministers for voting against the first bailout bill. Government spokeswoman Gerovassili previously said the administration had "no intention" of calling early polls, and Tsipras told parliament that he would keep fighting for Greece's best interests, adding he would not "voluntarily abandon" the job. "The left's presence in government is a bastion for the defence of the interests of the people," he said. "We will not be cowards. We will fight the battles we face with determination." Gerovassili said negotiations with Greece's creditors would resume immediately after Thursday's vote. The EU's Economic Affairs Commissioner Pierre Moscovici said they were aiming to finalise the deal by mid-August. Both sides are under huge pressure to finalise the terms of the rescue before August 20, when Greece owes the ECB a loan repayment of 3.2 billion euros it cannot afford.

## S&P raises Greece rating by two notches on bailout talks with creditors

Reuters, 22.07.2015



Standard & Poor's upgraded Greece's sovereign credit rating by two notches and revised its outlook to stable from negative, citing eurozone countries initial agreement to start negotiations with the country on a third bailout.

S&P raised its rating for Greece to CCC+ from CCC-, saying the country's liquidity perspective has improved. "We think opportunities for Greece to default on commercial debt this year are few," S&P said. S&P is first to upgrade Greece after it clinched a last-minute deal with its lenders which opened way for bridge financing that will cover Athens' funding needs through July and for bailout talks.

Greece's leftist government urged disgruntled lawmakers to back reforms required for talks on a rescue deal to start, as Prime Minister Alexis Tsipras faced his second major test in parliament in a week. A first set of reforms that focused largely on tax hikes and budget discipline triggered a rebellion in his party and passed only thanks to votes from pro-EU opposition parties. The bill lawmakers due vote on late to open negotiations on a 86 billion euro rescue loan with the EU.

## Eyeing Russia, US leads fresh military drills in Ukraine

AFP, 20.07.2015



Ukrainian and U.S. troops launched fresh drills near the war-torn country's Polish border in a bid to show unity and resolve in the face of an increasingly resurgent Kremlin. The annual Rapid Trident exercises involve 1,800 soldiers from 18 countries and last for just under two weeks.

Their immediate aim is to build resolve and cohesion within the ex-Soviet state's outdated and woefully underfunded armed forces - caught in a 15-month east Ukrainian quagmire against pro-Russia militias that has claimed more than 6,500 lives.



But they also deliver a transparent message to the Kremlin about Washington and its allies' determination to thwart any expansionist ambitions Russian President Vladimir Putin may have. "These joint manoeuvres... display a broad support for Ukraine in its struggle for freedom and sovereignty," Ukrainian forces commander Oleksandr Syvak told the festive flag-raising ceremony. His U.S. counterpart Alfred Renzi said the participating countries - most of them NATO member but also such former Soviet nations as Moldova and Azerbaijan - "will prove an ability to cooperate as one unified force for stability."

Putin has always denied charges of orchestrating Ukraine's separatist revolt to unsettle the pro-Western leadership that rose to power in the wake of last year's ouster of a Moscow-backed president. But the veteran Russian leader - immensely popular at home for his patriotic fervour and increasingly isolated abroad -- has done little to hide that he sees much of eastern Europe as part of Moscow's traditional sphere of influence. Russia set nerves jangling across Europe by sending its fighter jets shooting toward the skies of Baltic and Nordic nations with increasing regularity in recent months. Washington and NATO have denounced such steps as both hostile and dangerous to civilian aircraft. The Kremlin counters that it is only doing what the United States has been for decades -- flexing its military muscle in far-off countries to build a "unipolar world." The launch of Rapid Trident was quickly followed by the Russian navy's announcement that one of its warships stationed off Ukraine's Kremlin-annexed Crimean peninsula would conduct live rocket fire drills. "After a long interruption and in order to demonstrate the navy's combat capabilities, the Ladny frigate will attack a dummy target from an anti-submarine system," Black Sea Fleet spokesman Vyacheslav Trukhachyov told Moscow's news agencies.

Russia marks its annual navy day Sunday and such activities are planned well in advance. But the scale of Russia's celebration this year has been grander than most. Trukhachyov said that more than 30 naval vessels and another 30 jets and military helicopters would show off their capabilities near their tsarist-era base in the Crimean port of Sevastopol. The ships will be accompanied by 27 interceptor and Su-25 ground attack jets. It was not immediately clear if any senior Russian officials intended to oversee the festivities. Both Putin and Prime Minister Dmitry Medvedev have stirred outrage in Kiev by visiting Crimea in the past year. Yet the Western drills in Yavoriv - a village lying just 15 kilometers east of Poland - are upsetting to Moscow as well.

## After Iran deal, EU's Mogherini to visit Tehran, Saudi Arabia

Reuters, 23.07.2015



The European Union's foreign policy chief Federica Mogherini will travel to Tehran following the West's historic nuclear deal with Iran, also going to Saudi Arabia in her first official visit to the two regional powers.

Mogherini's first stop will be Saudi Arabia on Monday, where she will meet officials including the country's new foreign minister Adel al-Jubeir, with whom she is expected to discuss regional issues following the nuclear accord with Iran.

Mogherini will then go on to Iran, where she will meet Iranian Foreign Minister Mohammed Javad Zarif and senior officials.

The European Union formally approved this week the deal it struck with Iran and other world powers, a step towards lifting its economic sanctions against Tehran, which the bloc hopes will send a signal for the U.S. Congress to follow. Mogherini follows on from German Vice Chancellor Sigmar Gabriel's visit to Iran at the start of this week, the first senior figure from a large Western government to visit the country since the deal. France's Foreign Minister Laurent Fabius and other European foreign ministers are due to travel there soon.

## French foreign minister says will visit Iran 'next week'

AFP, 21.07.2015



France's foreign minister Laurent Fabius said he would visit Iran "next week", after the historic deal on its nuclear programme. Although Fabius did not provide more precise details, his aides told AFP that the trip would likely take place next Wednesday. "I will be there next week," Fabius told French radio.

"My colleague (Mohammad Javad Zarif) invited me. I was invited before but didn't go, but now I think everything is in place for me to go," he said, adding that he would also hold talks with Iranian President Hassan Rouhani.

Fabius's trip will be hot on the heels of a similar visit from German Economy Minister Sigmar Gabriel, who was the first top Western official to visit the country since world powers and Tehran struck a nuclear deal after years of negotiations. Gabriel, who is also Chancellor Angela Merkel's deputy and energy minister, embarked on a three-day trip with a small delegation of representatives from companies and industry groups. Western powers are scrambling to get their feet in the door in Iran's economy after the long-delayed nuclear pact. France used to have a strong presence in Iran before the sanctions went into effect, with Peugeot and Renault being major players in the Iranian auto industry and energy giant Total heavily involved in the oil sector. But two-way trade has fallen from four billion euros (\$4.4 billion) in 2004 to just 500 million euros in 2013, according to French statistics. The French employers' federation, MEDEF, is due to visit Iran in September to try to kickstart ties. Some 107 representatives from the body travelled to Iran early last year, triggering anger in the US which said it was still too early to do business with Tehran.

## 13 dead as triple attacks hit northeast Nigeria

AFP, 18.07.2015



At least 13 people were killed in triple blasts in the northeastern Nigerian city of Damaturu as residents prepared to celebrate the Eid festival marking the end of the Muslim holy month of Ramadan.

The attacks, in an area hard hit by the Boko Haram insurgency, came just days before Nigeria's new President Muhammadu Buhari is to meet his U.S. counterpart Barack Obama. Buhari is expected to push at the meeting for U.S. help to tackle the Islamist violence, which has surged since he took office in May.

Residents said twin explosions near a prayer ground in Damaturu had killed two people, before a third blast went off moments later near a mosque leaving another 11 people dead, according to medics. They followed a double bombing at a market in the town of Gombe, south of Damaturu, evening that killed at least 49 people who were shopping for the Eid celebrations. This year's Ramadan has been particularly deadly, with suicide bombers hitting mosques and worshippers attacked by gunmen as they prayed. "There were two blasts near the Eid prayer ground," said Ahmad Adamu, a security volunteer in Damaturu said attacks. "The first blast went off around 7:15 am (0615 GMT) while security volunteers who had come earlier than worshippers were waiting for the worshippers so they could assist in crowd control. Two were killed and three were injured," he said. "While we were attending to the victims we heard another blast about 500 meters away." A medical source who wished to remain anonymous told AFP that 13 bodies had been brought to the hospital.



Damaturu is the capital of Yobe, one of three northeastern states hit hardest by the insurgency that has left 15,000 people dead and 1.5 million homeless since 2009. Nigeria's new army chief Major General Tukur Buratai was due to visit Damaturu on to celebrate Eid with soldiers battling the jihadists, who have pledged allegiance to the Islamic State of Iraq and the Levant (ISIL) that has seized swathes of Iraq and Syria. Buhari, a former military head of state, has made the fight against Boko Haram one of the main planks of his administration - but more than 700 people have been killed in attacks since he came to office. Top of the agenda in the talks with Obama "will be measures to strengthen and intensify bilateral and international cooperation against terrorism in Nigeria and west Africa", a statement from the Nigerian presidency said.

Relations dipped late last year under the regime of former Nigerian president Goodluck Jonathan, after Abuja considered U.S. aid to fight Boko Haram insufficient. The west African nation decided to halt a U.S. training programme for an army battalion which would have developed into a unit to take on the militants. The U.S. State Department reacted swiftly, saying it would do what was needed to assist Nigeria. But it also expressed concern over respect for human rights and protection of civilians during military operations. The Islamist militants have taken advantage of a period of transition between Buhari's installation and the deployment of a regional force of 8,700 troops, scheduled for late July, launching deadly attacks on almost a daily basis. The group has also carried out suicide bombings in neighbouring Chad and Cameroon.

# Announcements & Reports

## ▶ *The Dubious Joys of Standing Up Militias and Building Partner Capacity*

**Source** : Brookings

**Weblink** : <http://www.brookings.edu/research/papers/2015/07/21-afghanistan-mexico-security-policy-felbabbrown>

## ▶ *China's Rise As A Regional and Global Power: The AIB and The 'One Belt, One Road'*

**Source** : Brookings

**Weblink** : <http://www.brookings.edu/research/papers/2015/07/china-regional-global-power-dollar>

## ▶ *The Dual Policy Challenge of the South China Sea*

**Source** : CSIS

**Weblink** : <http://csis.org/publication/dual-policy-challenge-south-china-sea>

# Upcoming Events

## ▶ *National Perspectives on The Euro Area*

**Date** : 25 July 2015

**Place** : Brussels - Belgium

**Website** : <http://www.bruegel.org/nc/events/event-detail/event/536-national-perspectives-on-the-euro-area/>

## ▶ *Capital Requirements and Loss Absorbing Capacity for Large Banks*

**Date** : 26 July 2015

**Place** : Brussels - Belgium

**Website** : <http://www.bruegel.org/nc/events/event-detail/event/538-capital-requirements-and-loss-absorbing-capacity-for-large-banks/>

## ▶ *The Meaning of Russia's Nuclear Threats*

**Date** : 26 July 2015

**Place** : Washington DC – The USA

**Website** : <http://www.brookings.edu/events/2015/07/08-russia-nuclear-threat>



► *Financing The Post-2015 Sustainable Development Agenda: What Are The Issues and What Is The Role of The IMF?*

**Date** : 27 July 2015  
**Place** : Washington DC – The USA  
**Website** : <http://www.brookings.edu/events/2015/07/08-financing-post-2015-sustainable-development-lagarde>

► *The Productivity Gap: Why is Innovation Not Increasing Growth?*

**Date** : 28 July 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/544-the-productivity-gap-why-is-innovation-not-increasing-growth/>

► *The Kuwait Crisis 25 Years Later*

**Date** : 28 July 2015  
**Place** : Washington – The USA  
**Website** : <http://www.brookings.edu/events/2015/07/15-kuwait-crisis-25-years-later>

► *Competitive Gains in the Economic and Monetary Union*

**Date** : 30 July 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** : 31 July 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** : 07 September 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** : 08 September 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 September 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** : 01 October 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** : 17 November 2015

**Place** : Berlin - Germany

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