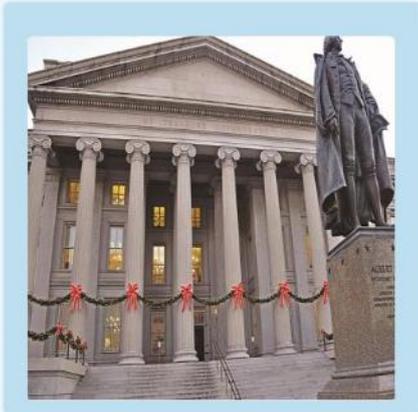


## US adds Turkish companies, individuals to Syria sanctions list

Hurriyet Daily News, 04.08.2015



The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) placed sanctions on a dozen companies and institutions for their role in the ongoing conflict in Syria.

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) added the names of several shipping and energy companies, including Aqua Shipping and Milenyum Energy S.A. in Turkey, to a sanctions list published online, as reported by Reuters. It also added to the list four Turkish individuals tied to Milenyum Energy, a company registered in Panama and operating in Turkey.

Milenyum Energy, was designated (pursuant to E.O. 13582) for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, and having acted or purported to act for or on behalf of, the U.S.- and E.U.-designated Abdulkarim Group and Wael Abdulkarim, said the statement. "Milenyum was also designated for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, the government of Syria. In recent years, Milenyum has responded to the Syrian regime's energy needs by regularly arranging for the shipment of products such as liquefied petroleum gas [LPG] and gasoil to the Syrian Government-controlled port of Baniyas, likely for SYTROL or other Syrian government entities," it added. "[The] Treasury will continue to employ its robust financial tools to weaken [Syrian President Bashar al-]Assad's support network," said Acting Under Secretary for Terrorism and Financial Intelligence Adam J. Szubin. "These targeted sanctions intensify the economic and financial pressure on the Syrian government to cease its campaign of violence against its people," he said.

According to the statement, The Eagles, another company, was among several companies doing business with the U.S.- and E.U.-designated Syrian Petroleum Marketing Department (SYTROL). "In early March 2015, Wael Abdulkarim worked with The Eagles to pay Milenyum Energy S.A. [Milenyum] nearly \$5 million for a shipment of gasoil that Milenyum was believed to have provided to The Eagles for shipment to Syria," it added. Green Shipping Ltd. was also designated for being owned and controlled by, and acting for or on behalf of Milenyum. Aqua Shipping Ltd. was designated for being owned and controlled by Milenyum. "As of March 2015, Milenyum has used Green Shipping Ltd. and Aqua Shipping Ltd. as front companies to register ownership of vessels," said the statement.

## Number of business congresses rises 280 pct in Istanbul

Anadolu Agency, 02.08.2015



The number of business congresses held in Istanbul increased 280 in the past decade, creating around \$190 million income, according to the head of the Istanbul Convention and Visitors Bureau (ICVB).

Istanbul hosted a total of 130 international congresses last year and 97 events are planned for this year, said Istanbul Convention and Visitors Bureau (ICVB)'s Özgül Özkan Yavuz. Istanbul earns almost 70 percent of the total convention tourism revenue, Istanbul ranked ninth in the world last year by hosting 130 conventions, added Yavuz.

"The city has been in the top 10 for the last four years ... Istanbul is followed by the Mediterranean resort of Antalya with 30 business congresses, the Aegean city of İzmir with 12 and the capital city of Ankara with 10," he said. Yavuz noted that the purchasing power of the congress attendees is around five times higher than ordinary tourists. Business tourists stay an average of 3.5 days in a country and spend around \$2,500 in total. "Some 75,864 delegates attended numerous international congresses in Istanbul last year. This figure is around 57,000 for the scheduled events for now, but it will rise in the following weeks," he said. Turkey has been ranked 19th in the world with 190 congresses a year, said Yavuz.

## Turkish Setur in talks to acquire two marinas in Greece

Hurriyet Daily News, 04.08.2015



Turkey's Setur firm is in talks to acquire the operational rights to two marinas in Greece, according to company representatives. "We are now in negotiation process to buy the operational rights of two marinas in Greece. We actually have eyes on almost all the marinas in the Mediterranean," said Setur CEO Üstün Özbey.

Koç Holding's Setur has been one of the largest marina chains in Europe with a total of 11 marinas, 10 in Turkey and one in Greece, with a total capacity for 6,058 yachts. Meanwhile, the Turkish privatization board announced a new development plan for the Kalamış Yacht Marina.

The winner of the original tender, Setur, had said it would not sign the deal as the promised development plan had not been published. The company said it would not sign the transfer of operation rights contract due to problems in the development plan, although the company won the tender for \$664 million last year. The second highest bidder's proposal has been assessed now following questions about the Kalamış Marina, Özbey said. "If the second bidder does not [agree], the authority will go to the third highest bidder. If both of them opt out, a new tender may be held. If the conditions are good for us, we could bid in the tender," Özbey said, adding that the company was continuing to provide services at the Kalamış Marina. Turkey has a marina capacity of around 20,000 boats at the moment but plans to increase this to 30,000 by 2023.

## Turkish auto sales jump 38 percent in July

Hurriyet Daily News, 05.08.2015

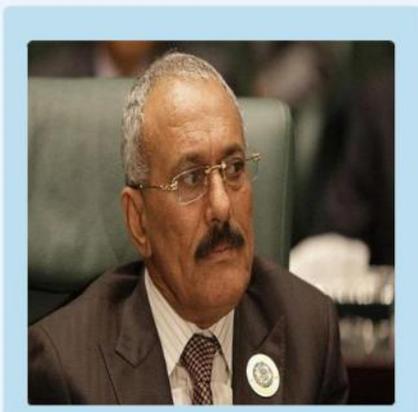


Combined sales of cars and light commercial vehicles grew by 38 percent in July over the previous year, the Automotive Distributors Association. Car sales numbered 64,218, and light commercial vehicles were at 19,618, an increase of more than 47 percent. Total Turkish sales were 83,836 in July, according to the report from the association. Combined sales of automobiles and light commercial vehicles were 59,907 in July last year.

Turkish vehicle sales have been on rise since the start of the year, with combined sales in first seven months of year up 49 percent to 516,386 from 346,768 in same period of last year.

## Ankara freezes former Yemeni president's assets in Turkey

Hurriyet Daily News, 07.08.2015



Turkey has announced the freezing of the assets of former Yemeni President Ali Abdullah Saleh and four former senior Yemeni officials in line with a U.N. Security Council resolution.

The decision on the asset freeze was published in the Official Gazette after its approval by the cabinet, Anadolu Agency reported. The decision includes the assets of Saleh, his son Ahmad Ali Abdullah Saleh and members of the Houthi militias Abdulhaleek al-Houthi, Abdullah Yahya al-Hakeem and Abdulmalik al-Houthi.

The decision will be valid until Feb. 26, 2016, the agency said. Bank accounts, safe-deposit boxes as well as other assets of the mentioned persons will be frozen upon the decision. Saleh, who stepped down in 2012 following a year of deadly nationwide protests against his three-decade rule, is accused of siding with Houthi fighters who ousted U.N.-backed President Abd-Rabbu Mansour Hadi in February.

## Hike in Turkish meat prices, imports trigger debates

Hurriyet Daily News, 06.08.2015



Meat prices in Turkey have begun spiraling upward, with the state-run Meat and Milk Board (ESK) being forced to import high amounts of meat amid promises of further purchases despite reaction from private businesses. The ESK launched a tender to buy 3,200 tons of frozen meat, announcing that the purchases would continue until the Feast of Sacrifice on Sept. 24. This added to a 500-ton purchase.

Kasım Piral, the general manager of the Meat and Milk Board ESK, said they were hoping for a price of 23.50 Turkish Liras per kilogram.

“With the entry of livestock onto the market, our goal is to push meat prices to 23.50 liras. Now looking at the costs, we can see a 10 percent bubble in prices,” Piral said. New meat has been released onto the market in a bid to push prices down, he said. Delicatessens and catering companies will be the main buyers. Daily Habertürk quoted an Agriculture Ministry official as saying the ESK would be used to block price speculation. However, Şemsi Kopuz, the head of the Food and Beverages Associations Federation of Turkey (TGDF), said the bubble was at 30 percent but that imports would not prevent speculators, calling instead for longer-term solutions.

Bendevi Palandöken, the head of the Confederation of Turkish Craftsmen and Tradesmen (TESK), said the real reason behind the price hike was speculation before the Feast of Sacrifice, also known as Eid al-Adha. “To prevent the hike in meat prices, small cattle raisers should be supported,” he said, citing past experiences that said the rise in demand did not result in price hikes. “Feeders have been having their golden periods for the past one or two years. But we cannot offer consumers meat at a price that doubles the European Union or world markets just for the sake of the feeders,” he said. The ESK also signaled that Turkey would buy halal meat in accordance with Islamic law from accredited European Union producers. The body will consider further solutions once the feast is over. Muslims traditionally sacrifice livestock during the feast and distribute them to neighbors and those who are in need, which first causes an increase in prices before a sharp fall. The ESK official said Turkey might consider buying meat from South American countries, depending on the prices in the global market.

# Turkish FM says comprehensive fight against ISIL to start soon

Hurriyet Daily News, 05.08.2015



Turkey and the United States “have made progress” on the use of the country’s Incirlik Air Base by American military jets, Foreign Minister Mevlut Çavuşoğlu has said, announcing that a joint comprehensive action on the Islamic State of Iraq and the Levant (ISIL) would commence soon. “The U.S. planes have started to come; we will soon launch the comprehensive fight against Daesh all together,” Çavuşoğlu told Anadolu Agency in Malaysia, using the Arabic acronym for ISIL.

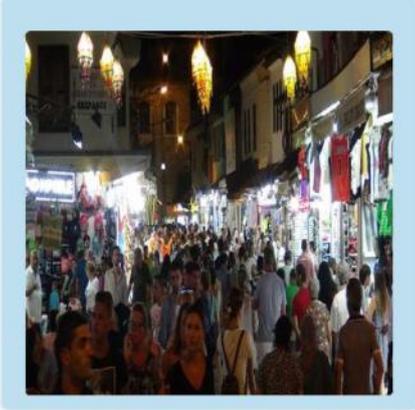
His statement came after holding talks with Russian FM Sergei Lavrov and U.S. Secretary of State John Kerry.

Çavuşoğlu said ISIL was the biggest threat in the region and had to be dealt with in strategy that is “result-oriented.” Ankara has so far concentrated an almost two-week “anti-terror” campaign in Iraq on the outlawed Kurdistan Workers’ Party (PKK), widely seen as the most effective fighters against the jihadists, with only sporadic strikes against ISIL. But Çavuşoğlu indicated that Turkey would be stepping up its campaign against ISIL after it gave permission for U.S. forces to conduct armed missions from Incirlik. “As part of an agreement with the United States, we have technically made progress concerning the use of Incirlik base,” Çavuşoğlu said. Çavuşoğlu said at the start of the meeting with Kerry that the operation would be helped by moderate Syrian rebels that the U.S. and Turkey are hoping to jointly train. “Now we are training and equipping the moderate [Syrian] opposition together with the United States, and we will also start our fight against Daesh very effectively soon,” Çavuşoğlu said. “Then the ground will be safer for the moderate opposition that are fighting Daesh.”

The two top diplomats met at a hotel in Kuala Lumpur on the sidelines of a regional security gathering hosted by the 10-member Association of Southeast Asian Nations. Washington has long been pushing its historic ally Turkey to step up the fight against ISIL amid rumblings that Ankara has either aided the jihadists or, at best, failed to arrest its rise. Kerry “welcomed Turkey’s recent decision to open its bases to U.S. participation in air operations against [the militants] and its support for Syrian refugees,” a senior State Department official told reporters after the meeting. Ankara said it would allow U.S. warplanes to launch attacks from Incirlik, which is just 200 kilometers from ISIL positions in northern Syria. Turkish President Recep Tayyip Erdoğan said the formation of a safe zone inside Syria, free from threats, would speed the return of some of the 1.8 million refugees Turkey is hosting. Çavuşoğlu said the regions cleared of ISIL militants would automatically turn into a “natural safe zone” which would be filled by moderate rebels. Çavuşoğlu also emphasized steps must be taken for a “political solution” in Syria excluding President Bashar al-Assad, Turkey’s onetime ally who Ankara now wants to see ousted from power. Iranian Foreign Minister Mohammad Javad Zarif said he would visit Ankara next week for talks on regional issues, including the Syrian war.

# Domestic tourists spend 3.7 billion TL in first quarter

Hurriyet Daily News, 30.07.2015



Domestic trips by Turkish citizens lasting one or more night increased by 9.6 percent in the first quarter of 2015 compared to the same period in 2014, with denizens making nearly 14 million trips and spending almost 3.7 billion Turkish Liras. Leisure, however, does not rank among the top motivations for trips, with visiting relatives still the top reason for travel in the country.

In the first quarter of the year, 10.8 million Turkish citizens made overnight trips. The average number of overnights was 7.5, while the average expenditure per trip was 265 Turkish Liras.

Between January and March, the trip expenditures of domestic tourists increased by 12.2 percent compared to the same quarter of the previous year, reaching 3.69 billion liras. Domestic tourism expenditures were composed of individual expenditures and package tour expenditures. In this quarter, while 97.8 percent of domestic tourism expenditures were individual (3.614 billion liras), 2.2 percent came from package tour expenditures (80 million liras).

The primary purpose of the travel visiting relatives at 69.9 percent, followed by health at 11.4 percent and travel, leisure, holiday in third at 8.8 percent. In the first quarter, domestic visitors stayed mostly at the house of a friend or relative during 88.6 million overnight trips. Some 6.49 million nights were spent at citizens' own secondary houses, while just 4.23 million nights were spent at a hotel.

# Turkey renews top military brass, appoints Gen. Akar as the top soldier

Hurriyet Daily News, 31.07.2015



Turkey has renewed its top military brass and appointed Land Forces Commander Gen. Hulusi Akar as the new Chief of General Staff, as his predecessor Gen. Necdet Özel has completed his four-year mandate. Gen. Özel is expected to hand over his seat to Gen. Akar.

The appointment was revealed at the conclusion of the Supreme Military Council's (YAŞ) annual three-day meeting, in which the council shaped the military's new upper echelon. The YAŞ's decisions were announced by presidential spokesperson İbrahim Kalın after they were approved by President Recep Tayyip Erdoğan.

As Gen. Akar was appointed as the top soldier, 1st Army Commander Gen. Salih Zeki Çolak will replace him. The new Air Forces Commander will be Gen. Abidin Ünal, who is the commander responsible for the Air Missile Defense System. Outgoing Air Forces Commander Gen. Akın Öztürk will continue to serve the army as a member of the YAŞ. Naval Forces Commander Adm. Bülent Bostanoğlu's tenure was extended for another year, while current Navy Commander Vice Adm. Fevzi Kösele was promoted so he can replace Bostanoğlu next year. Current Aegean Forces Commander Gen. Galip Mendi will replace outgoing Gen. Abdullah Atay. Yaşar Güler, the deputy chief of general staff, will continue to serve in his position. Commander of the 3rd Army Gen. Ümit Dündar was appointed as the commander of the 1st Army in Istanbul while Commander of War Academies Gen. Abdullah Recep will serve as the Commander of the Aegean Forces.

32 generals and admirals have been promoted to a higher rank, 50 colonels appointed as generals and admirals while the tenure of 34 generals and admirals have been extended for another year, the army said in a separate statement. Due to a lack of sufficient cadres, 33 generals and admirals have retired, while one general will be retired due to age limitations, it added. Meanwhile, the status of 46 colonels whose promotions had been suspended due to the "Balyoz" (Sledgehammer) coup plot case was also discussed in the meeting.

Only three of the 46 colonels were promoted to a higher rank, the brigadier general post, while the ones who had completed their 31 years of legal service were sent to retirement and the others who had not completed this term remained in their current positions to be evaluated in the following year's YAŞ meeting. While the tenure of a brigadier general who had been arrested and then released in the Feb. 28, 1997, post-modern coup plot case was extended another year, three other brigadier generals who had also been suspects in the same case were sent to retirement.

## Turkey cool toward Russia's regional anti-ISIL alliance

Hurriyet Daily News, 07.08.2015



Turkey is not eager to embrace a recently-proposed Russian initiative to form a regional alliance to battle the Islamic State of Iraq and the Levant (ISIL). Turkish Foreign Ministry spokesperson Tanju Bilgiç said any other plan regarding the Islamic State of Iraq and the Levant (ISIL) other than the ongoing international coalition effort is not on Turkey's agenda.

Asked about the Russian proposal and the recent meeting between Foreign Minister Mevlüt Çavuşoğlu and his Russian counterpart, Sergey Lavrov, Bilgiç said Syrian issues were one of the topics with the Russian FM.

"The international community already conducts a battle against Daesh [ISIL]. Turkey is part of an international coalition and provides concrete support to these efforts. Apart from that, we don't have any other methods or plan in our agenda concerning the struggle against Daesh," Bilgiç said, speaking at a press conference. Russian President Vladimir Putin earlier expressed his country's readiness to facilitate dialogue between countries in the region, including Turkey and Saudi Arabia, to join a regional anti-terror coalition. The Iranian foreign minister will pay a visit to Turkey and the U.N. secretary general's special envoy for Cyprus, Espen Barth Eide, will visit Ankara, Bilgiç said.

## US denies pact with Turkey against YPG in ISIL-free zone

Anadolu Agency, 05.08.2015



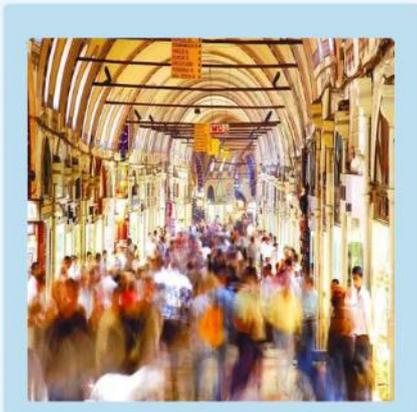
The United States denied reports that Washington and Ankara had agreed to keep Kurdish fighters out of a proposed zone in northern Syria that will be freed of the Islamic State of Iraq and the Levant (ISIL). "Details for the effort to clear ISIL from the border remain to be worked out and no parameters have been set," according to a senior administration official who spoke to Anadolu Agency on condition of anonymity.

"We are working with Turkish partners on the next steps and are not going to give out further operational specifics," the official said.

“We’ve been clear that the coalition will continue to support the efforts of anti-ISIL forces to include Syrian Kurdish, Arab, and Turkoman fighters to drive ISIL out of northern Syria border regions,” the official added. The Wall Street Journal reported that the U.S. and Turkey agreed to keep the Kurdish People’s Protections Units (YPG) out of a swath of north Syria that ISIL has managed to keep control of, if the group is successfully removed.

## Asset management firms set eyes on unpaid bills of indebted Turkish citizens

Hurriyet Daily News, 07.08.2015



Asset management companies, which have already been de-facto managing the non-performing loans of the ten largest banks in Turkey, have now set their eyes on unpaid telecommunication, natural gas and water bills, according to an exclusive report in daily *Dünya*. These companies manage some one-third of the 62 billion Turkish Liras in bad loans distributed by lenders, said Hilmi Güvenal, the deputy president of the Asset Management Companies Association.

“The debt of the citizens is not limited to debit and credit cards. We want to manage receivables telecommunications and energy debts linked to the BTK and the EPDK,” he said.

Some 21 billion liras worth of bad bank loans have been acquired by 11 asset management companies since 2008 and some 3 billion liras have been paid to the banks, as they have collected 2.5 billion liras, he noted. “There are 1.5 million individuals in the portfolios of asset management companies,” the executive said, revealing the number of Turks having large difficulties in paying their loans to banks. “We have saved some 500,000 customers from indebted status,” he added. In 2014 alone, banks sold 6 million liras worth of loans only in capital money which excluded interests and fees, which refers to some 20 percent of the delayed collections, according to the data provided by Güvenal. According to data from the Banking Regulation and Supervision Agency (BDDK), the non-performing loans of the banks stand at 41.7 billion liras, not 62.7 billion liras, thanks to another 21-billion-lira portion sold to asset management firms. “If the calculation was made over [62.7 billion liras], then the ratio of the belated receivables to the overall loans would stand at 4.4 percent, not 2.9 [percent],” he said. “We see problems in the too-fast loans distributed by banks via SMS,” he told *Dünya*. “The banks work to collect a non-performing loan for two years, while we do it for seven years,” he said. Some 70 percent of such companies’ portfolios are made up of individual loans, as mortgage and car loans constitute only a small portion, he said, adding they could collect the receivables of only 25 out of every 100 credit cards. The number of indebted citizens is rising rapidly he said, citing an approximate figure of 3 million people. In cases of death, families of indebted people usually prefer to give away their rights to avoid paying past loans, according to Güvenal. However, once the procedure is over, families try to pay the past debts of their late relatives, he said.

## Media: Syria foreign minister in first visit to Gulf since conflict

AFP, 06.08.2015



Syria's Foreign Minister is to head to Oman in his first visit to a Gulf country since the beginning of his country's brutal war in 2011, according to Syrian media. "Walid Muallem will head Thursday to Muscat, the Omani capital, for his first visit to an Arab state in nearly four years, at the official invitation of his Omani counterpart Yussef bin Alawi," reported the Al-Watan daily, which is close to the government.

Muscat has not cut diplomatic and political ties to Damascus, Al-Watan said. The publication wrote of a potential meeting in Muscat between diplomats from Syria, Iran, and Saudi Arabia.

Iran, along with Russia, is a key backer of the embattled regime of Syrian President Bashar al-Assad, while Saudi Arabia is a prominent supporter of the opposition. Muallem would be travelling from Tehran, where he has been meeting with high-level Iranian officials, including President Hassan Rohani. The Syrian minister also met with Mikhail Bogdanov, Russia's deputy foreign minister and special representative to the Middle East. Muallem's visit to Tehran coincided with Iran's announcement of a new peace plan to put an end to Syria's four-year conflict, which has killed more than 230,000 people.

According to pro-regime Al-Mayadeen television, the peace plan proposes "an immediate ceasefire in Syria, the formation of a national unity government, the amendment of the Constitution... to guarantee rights for ethnic and religious minorities and for elections supervised by international observers."

# Rouhani: Iran deal can speed solutions in Syria, Yemen

AFP, 03.08.2015



Iran's president said his country's nuclear deal with the West would create better prospects for faster solutions in Syria and Yemen, two of the Middle East's worst conflict zones.

Hassan Rouhani said the July 14 agreement had shown diplomacy and engagement were the only way to solve political problems and end crises. "The final solution in Yemen is political, in Syria the final solution is political," he said. "The agreement will create a new atmosphere. The near two years of talks between Iran and world powers - Britain, China, France, Russia, the United States and Germany - was a "Herculean task" but was worth it, Rouhani argued.

"I was never despondent," he said of the talks which seemed to be faltering at numerous stages, with negotiators at loggerheads over the terms of the deal. "Not for a single second did I doubt our success," he said, noting that "interaction" had triumphed over possible confrontation and surrender, neither of which "held much water" as options. Under the agreement, Iran will curb some but not all aspects of its nuclear programme in exchange for a lifting of international sanctions that have pulverised its economy in recent years. But Iran remains at odds with the West over Syria and Yemen. Tehran backs Syrian President Bashar al-Assad and has sent money and military advisers to aid his fight against Sunni rebels seeking to topple his regime. And in Yemen, a Saudi-led air campaign against Iran-backed Shiite Huthi rebels has been heavily opposed in Tehran, leading to a near collapse of its ties with Riyadh. The kingdom accuses Iran of meddling in Arab states, including Yemen which is majority Sunni, and Bahrain, a Sunni monarchy with a Shiite majority.

US Secretary of State John Kerry, the chief American negotiator in the Iran nuclear talks, sought to assure Middle East allies Sunday that the deal would make them safer, as he began a regional tour in Egypt and later flew to Qatar.

# Syria says fight against ISIL must include Damascus

Reuters, 05.08.2015



Syria supports any efforts to combat Islamic State of Iraq and the Levant (ISIL) if they are coordinated with Damascus but anything else would “be a breach of Syrian sovereignty”, state television quoted the country’s foreign minister as saying. Walid al-Moualem made the comments during a visit to top regional ally Tehran to meet with his Iranian counterpart, the TV channel said.

The United States said earlier it had decided to allow airstrikes to defend Syrian rebels trained by the U.S. military from any attackers, even if the enemies were the Syrian army and allied fighters.

The United States said that it had indications that Syrian rebels trained by the U.S. military were captured by fighters from al Qaeda’s Syria wing, Nusra Front, in the latest blow to a fledgling program at the center of America’s war strategy. The Pentagon said in a statement it was monitoring the situation but had “no further details to provide.” A U.S. defense official, speaking to Reuters on condition of anonymity, said at least five Syrian rebels were believed to have been captured. That followed an attack by Nusra Front on July 31 believed to have killed one of the so-called “New Syrian Forces,” in what would be their first battlefield casualty.

The incidents underscore the extreme vulnerability of the New Syrian Forces, a still tiny group thought to number less than 60 who only deployed to the battlefield in recent weeks. Earlier reports depending on local sources said the number of the abducted trained rebel fighters was higher but the U.S. had ruled out the claims. When questioned in Kuala Lumpur on reports that fighters trained by the U.S. and Turkey had been detained by the al-Nusra Front militant group in Syria, Turkish Foreign Minister Mevlüt Çavuşoğlu said the kidnappings showed the lack of ability of a sole train-and-equip program in the field.

# Fitch rates Iraq 'stable' but with elevated risks

Anadolu Agency, 07.08.2015



Credit agency Fitch Ratings has described the Iraqi economy as “stable,” but warned of “elevated political risks” in a note. Fitch gave Iraq a “-B” rating which denotes a significantly elevated default risk relative to other issuers or obligations.”Political risk and insecurity are among the highest faced by any sovereign rated by Fitch,” agency said.

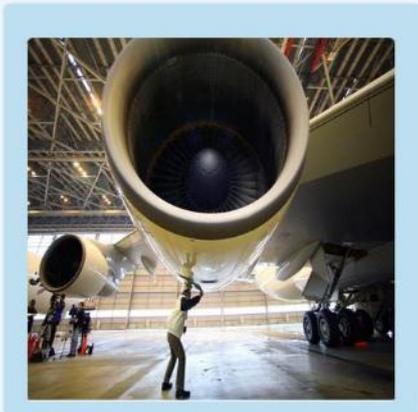
“Sectarian conflict has raged with varying intensity since 2003, ISIS militants currently effectively hold 3 of the 18 provinces, relations with the Kurdish regional government are volatile and governance indicators are exceptionally weak,” Fitch warned.

However, Iraq’s oil production provides a relatively stable resource, Fitch said. “Iraq holds the world’s fifth largest oil reserves and significant amounts of gas. Oil production has risen rapidly to 3.3 million barrels per day in May 2015, from an average of 2.4 million barrels per day in 2010, with Iraq becoming the world’s second largest exporter in 2014. “Production costs are low. The bulk of oil production facilities and infrastructure are away from areas of domestic insecurity. Investment is under way to further raise production capacity, although infrastructure bottlenecks remain a constraint and investment plans were set back by payment arrears in 2014,” according to Fitch. Fitch pointed out arrears in payments to international oil companies have been cleared.”Commodity dependence is among the highest of all rated sovereigns. Oil accounts for around 40 percent of GDP and over 90 percent of fiscal and current external receipts,” the agency said. “Despite some modest initiatives to introduce new excise and consumption taxes this year, there is little prospect of revenue diversification over our forecast period to end 2017,” Fitch said.

Government finances are still a major challenge for Baghdad. “Iraq’s fiscal position has deteriorated rapidly since 2013 and Fitch forecasts a double-digit fiscal deficit for 2015, owing to lower oil prices, higher military spending and costs associated with civil conflict. Savings buffers built during previous years of high oil prices have been largely eroded, and the deficit will be financed by debt, likely including a euro bond and funding through an IMF [International Monetary Fund] rapid financing instrument that was approved. “Rising oil production and prices should lead to a narrowing of the budget deficit in 2016.”

## Iran plans to buy 80-90 Boeing, Airbus planes a year, post sanctions

Reuters, 02.08.2015



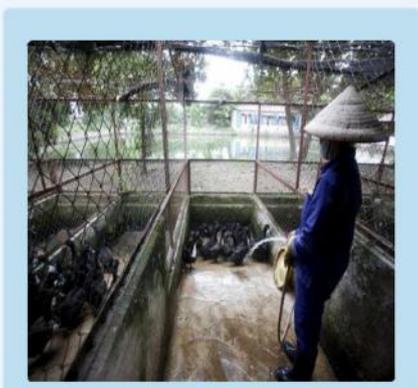
Iran plans to buy as many as 90 planes per year from Boeing and Airbus to revamp its antiquated fleet once Western sanctions are lifted, its state news agency IRNA quoted a senior aviation official as saying. "Iran will buy a total of 80-90 planes per year from the two aviation giants in the first phase of renovating its air fleet," said Mohammad Khodakarami according to IRNA.

Nuclear deal between Tehran and world powers has raised the prospect of banking and trade sanctions on Iran being lifted, which would mean a chance to renew commercial aircraft whose age is almost twice the international average.

"We will purchase planes from Boeing and Airbus in equal numbers," Khodakarami was quoted as saying, adding that Iran would initially need to add at least 80 planes to its fleet each year. That would mean a total of 300 planes within five years, he added. Iran will finance the purchases through mechanisms including leasing, foreign loans and state funds, Khodakarami said. Iranian and Western industry officials had earlier estimated that Iran, a country of 80 million people, would need a total of 400 aircraft in the next decade, assuming implementation of the nuclear deal proceeds smoothly and the sanctions are lifted.

## EU announces free trade deal with Vietnam 'in principle'

AFP, 04.08.2015



The EU announced a free trade deal "in principle" with Vietnam aimed at removing nearly all tariffs on goods traded between the two countries. "We have a deal," EU Trade commissioner Cecilia Malmstroem announced as her office said it was "an agreement in principle" in two and a half years of "intense" negotiations for a free trade agreement.

"This finely balanced agreement will boost trade with one of Asia's most dynamic economies," Malmstroem said. "It sets a new, better and modern model for free trade agreements between the EU and developing countries."

The announcement followed a telephone conversation between Malmstroem and Vietnamese Industry and Trade Minister Vu Huy Hoang. The two sides had agreed on “all issues of substance” and that the “agreement will remove nearly all tariffs on goods traded between the two economies,” Malmstroem’s office said. Malmstroem said the deal would boost opportunities for both EU and Vietnamese companies “by increasing market access for goods and services.” She added that more than 31 million jobs in Europe -- which is suffering from high unemployment -- depend on exports. “So having easier access to a growing and fast developing market like Vietnam, with its 90 million consumers, is great news,” the commissioner said. Malmstroem said the negotiating teams will now work on the finer points, “settle some remaining technical issues and finalise the legal text.” The final version will then have to be approved by the EU member states and the European Parliament.

## Greece makes loan interest payment to IMF

AFP, 07.08.2015



Greece made a loan interest payment the International Monetary Fund, the institution said, avoiding another default as the debt-riddled country negotiates a third rescue plan. “Greece has paid the interest charges due to the IMF today,” which amount to about 186.3 million euros (\$203.6 million), the IMF said. The payment was the first time since early June that Greece had met the deadline for its loan payments.

Cash-strapped Greece missed a 1.5 billion euro repayment becoming the first developed country to default on an IMF loan. Greece missed a 456 million euro payment to the IMF.

When it first defaulted at the end of June, the IMF froze Greece’s access to its resources, including the Fund’s ongoing financing program for the country. However Greece paid the IMF about two billion euros in arrears, after it received an emergency bridge loan from the European Union, restoring its eligibility for IMF financing. Representatives of the IMF, the European Commission and the European Central Bank -- the international creditors of Greece’s two bailouts since 2010 -- are currently in Athens holding negotiations with the Greek authorities on a third bailout. Greece needs a deal that will unlock bailout funds by August 20, when it must repay some 3.4 billion euros due to the European Central Bank. After the payment to the IMF, Athens still owes about 22 billion euros, according to the Washington-based institution’s website. The next IMF payment, of about 307 million euros, is on September 1.

## Kyrgyzstan joins Russia-backed economic bloc

AFP, 06.08.2015



Kyrgyzstan became the fifth member of a Moscow-backed economic bloc of former Soviet countries, a move firmly linking the Central Asian state to Russia at the risk of disrupting trade with China. The impoverished nation of six million people signed accession papers for the EEU in December, but had to wait for the bloc's four other members - Armenia, Belarus, Kazakhstan and Russia - to ratify its entry.

The bloc's main regulatory body, the EEC, said that ratification process was "completed" it was waiting for a final note from Kazakhstan, it expects "in the next few days."

"After the note is deposited by the Eurasian Economic Commission, and in accordance with the contract, the Kyrgyz Republic will become a full participant of the Eurasian Economic Union," said the Commission in a statement distributed to media. In 1998, Kyrgyzstan was the first of the ex-Soviet states to join the World Trade Organization (WTO) and has since grown into a hub for the re-export of Chinese goods throughout the region after Beijing joined the WTO in 2001. But Eurasian Union tariffs on imports are significantly higher than WTO tariffs, raising fears that EEU membership will lead to a rise in prices in the mainly agrarian economy. Union membership may however ease bureaucratic troubles for up to a million Kyrgyz migrants living and working in Russia, whose remittances hold the key to social stability in the politically fragile nation.

## German media treason probe sparks major political rift

AFP, 04.08.2015



A clash between Germany's chief prosecutor and the justice minister burst into the open, sparked by a treason probe into a blog that had published classified security agency files.

Chief prosecutor Harald Range took the unusual step of openly accusing Justice Minister Heiko Maas of "an intolerable encroachment on the independence of the judiciary". The case centres on the Netzpolitik.org (Net politics) blog, which earlier this year published documents on plans by Germany's domestic security agency to expand its Internet surveillance.

The blog revealed that Range's office had launched a treason investigation into two of its writers -- Germany's first such probe against the media in over half a century. The news set off a storm of protest and expressions of solidarity from journalists, bloggers and politicians, who charged the treason case was an attempt to silence investigative reporters. On Twitter #Landesverrat (#treason) became a top trending topic and the case sparked a Berlin street rally and online petitions in support of Netzpolitik. Maas had also criticised the probe, pending advice from an independent expert on whether the published documents were indeed "state secrets". The controversy has flared amid persistent anger over the US National Security Agency's mass surveillance activities revealed by fugitive intelligence contractor Edward Snowden, and questions about the extent of German cooperation. Maas, the justice minister, has the backing of Chancellor Angela Merkel in the spat, her spokeswoman said, and some critics called on Range to step down. But the 67-year-old chief prosecutor shot back. He said the independent expert had agreed that the documents appeared to be state secrets, as asserted by domestic security agency chief Hans-Georg Maassen. Range said he had informed the justice minister of this but was told "to immediately stop" the process of commissioning outside advice. The chief prosecutor said he had complied, but he added angrily that "to exert influence on an investigation because its possible outcome may not be politically opportune represents an intolerable encroachment on the independence of the judiciary". "I saw myself obliged to inform the public about this," he added in a statement. On the broader Netzpolitik case, he said: "The freedom of the press and of expression is a valuable asset. "But this freedom, including on the Internet, is not limitless. It does not absolve journalists of the duty to comply with the law." Netzpolitik founder Markus Beckedahl said he saw the treason probe as an "attempt to intimidate" journalists and their sources to stop reporting on aspects of "the greatest surveillance scandal in the history of humanity". The case also made waves abroad, when the Organisation for Security and Cooperation in Europe urged the probe be stopped, in an open letter to Foreign Minister Frank-Walter Steinmeier. "The threat of being charged with treason has a clear general chilling effect on journalists engaged in investigative reporting," wrote OSCE media freedom representative Dunja Mijatovic.

## France says 'several' nations interested in Mistral warships

AFP, 06.08.2015



France's defence minister said that "several" countries had expressed an interest in buying its Mistral-class warships, after Paris refused to deliver them to Russia because of the Ukraine crisis. "A certain number of countries have made their interest known for these boats," Le Drian told RTL radio.

French President Francois Hollande announced he had clinched a deal with his Russian counterpart Vladimir Putin to withhold the warships in exchange for compensation. In a deal worth around 1.2 billion euros (\$1.3 billion), France had promised to deliver the two vessels to Moscow.

The agreement hit the rocks over Russia's perceived aggression in eastern Ukraine. Le Drian declined to say exactly how much France had repaid Russia but said Paris could now press on with talking to other interested parties. "We couldn't do that while the dispute was still ongoing with Russia ... but now there is no more dispute," said Le Drian. "France will reimburse all the money paid by Russia to acquire these ships," Le Drian pledged. Moscow said that France had already paid back the money and it considered the matter closed. The first Mistral had been due for delivery in 2014, while the second was to be delivered this year.

But with Russia and the West still locked in their worst standoff since the Cold War, France's Western partners said any delivery of ships would undermine their efforts to isolate Moscow over its 2014 annexation of the Crimea peninsula from Ukraine and its support for separatists in Ukraine's east. Earlier this year, Hollande said that the conditions for delivery of the ships were "still not right". In April, in a sign that the deal was on rocky ground, Putin had downplayed the importance of the ships but insisted that the French side reimburse Moscow "all expenses" if the contract were to be terminated.

## Kerry says United States, Egypt return to 'stronger base' in relationship

Reuters, 02.08.2015



The United States and Egypt are returning to a "stronger base" in their relationship despite tensions and concerns over human rights, U.S. Secretary of State John Kerry said at the first strategic dialogue between the two sides since 2009. U.S.-Egyptian relations cooled considerably after Islamist president Mohamed Mursi was ousted in 2013 by the military amid mass protests against his rule.

Egypt's FM Shukri told a joint news conference with Kerry that his country had no major disagreements with US but there were "differences" in some issues, which is natural."

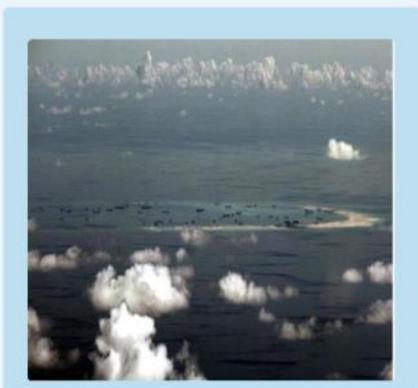
Despite U.S. concerns about Egypt's lagging democratic reforms, Cairo remains one of its closest security allies in the Middle East, an increasingly crucial role in a region beset by turmoil in Syria, Iraq, Yemen and Libya. Kerry said the talks had tackled increased cooperation on border security with neighboring Libya. Islamic State of Iraq and the Levant (ISIL) militants have exploited a power vacuum in Libya to gain a foothold there, creating worries of a potential spillover of violence. Earlier this year, ISIL militants in Libya beheaded 21 Egyptian Christians, prompting Egyptian air strikes on militant targets. Kerry also said he and Shukri had agreed on the importance of ensuring "free, fair and transparent" parliamentary elections due by the end of the year after long delays.

While Washington has prized former general Abdel Fattah al-Sisi, who led Mursi's overthrow and was elected to succeed him, for the stability he has brought to Egypt, it has also cautiously criticized Egypt's human rights record and a crackdown on Mursi's Muslim Brotherhood. The Egyptian government says the Brotherhood is a threat to national security and denies all allegations of abuse, but its crackdown has extended to liberal activists and journalists. A Cairo court postponed giving its verdict in the retrial of Al Jazeera television journalists accused of aiding a terrorist organization, a reference to the Muslim Brotherhood.

Shukri said no journalists in Egypt were in jail over their reporting. A prison census conducted by the Committee to Protect Journalists which found at least 18 Egyptian journalists were being held in jail for reasons related to their reporting. A government source at the time said that the numbers were not accurate. Cairo and Washington said they had also agreed to explore opportunities to expand a security relationship. Earlier this year, U.S. President Barack Obama lifted a hold on a supply of arms to Cairo, authorizing deliveries of U.S. weapons valued at over \$1.3 billion. The United States delivered eight F-16 Block 52 aircraft to Egypt. Egypt has been fighting an insurgency based in the Sinai Peninsula that has killed hundreds of soldiers and police since Mursi's removal. The most active group is Sinai Province, an affiliate of ISIL. Kerry also said a nuclear deal between world powers and Iran agreed would make the region safer. "There can be absolutely no question that the Vienna plan, if implemented, will make Egypt and all the countries of this region safer than they otherwise would be," Kerry said.

## China wants no talk of South China Sea at upcoming ASEAN meeting

Reuters, 03.08.2015



Chinese Vice Foreign Minister Liu Zhenmin said the disputed South China Sea should not be discussed at a meeting of the Association of Southeast Asian Nations (ASEAN).

Liu, speaking to Reuters on the sidelines of the 48th ASEAN Foreign Ministers Meeting, which kicks off in Kuala Lumpur, said the meetings should avoid all talk on the sensitive issue, adding that countries outside ASEAN should not interfere. "It should not be discussed," said Liu. "This is not the right forum. This is a forum for promoting cooperation. If the US raises issue we shall of course object. We hope they will not."

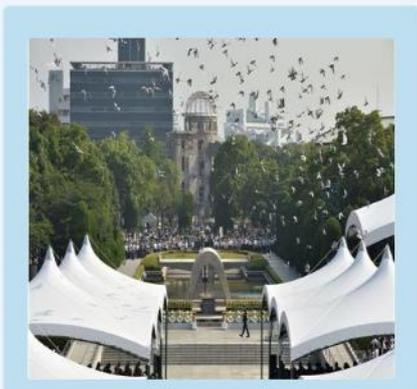
The issue was not on the official agenda, but expectations had been high that it would be discussed against a backdrop of increasing tensions and overlapping claims in the potentially energy-rich South China Sea. The United States, worried about China's increasing assertiveness in the region, is expected to repeat a call for Beijing to halt land reclamation on islands in disputed waters. Neither the United States nor China are members of ASEAN, but have been invited to participate alongside other countries outside the group. U.S. Secretary of State John Kerry will be in Kuala Lumpur.

China claims most of the South China Sea, through which \$5 trillion in ship-borne trade passes every year, and rejects the rival claims of Vietnam, the Philippines, Brunei, Malaysia and Taiwan. The Asian giant has repeatedly urged Washington not to take sides in the escalating maritime dispute over the area, where it last year stepped up construction of artificial islands, provoking U.S. criticism and alarming neighbours. China accused the United States of “militarizing” the South China Sea by staging patrols and joint military drills there. The United States has stepped up military drills with regional allies such as the Philippines. “Outside countries, they are trying to militarize the region,” Liu told Reuters. With the disputed area becoming Asia’s biggest potential military flashpoint, China and Southeast Asian nations have agreed to set up a foreign ministers’ hotline to tackle emergencies in the South China Sea, a senior official of the ASEAN grouping said.

Liu said the hotline was a “useful” mechanism but that no guidelines on it had been outlined so far. “You need rules for operation, so we are requesting an amended joint working group to formulate the guidelines,” he said. Apart from the 10 Southeast Asian countries, the meetings will also see participation of China, Japan, South Korea, Australia, the United States, the European Union, Russia and India.

## Japan marks 70th anniversary of Hiroshima atomic bombing

Reuters, 06.08.2015



Tens of thousands of people gathered in Hiroshima mark 70 years since the atomic bombing that helped end World War II but still divides opinion today over whether the total destruction it caused was justified.

Bells tolled as a solemn crowd observed a moment of silence at 8:15 am local time when the detonation turned the western Japanese city into an inferno, killing thousands instantly and leaving others to die a slow death. Children, elderly survivors and delegates representing 100 countries were in attendance at Peace Memorial Park in downtown Hiroshima.

Prime Minister Shinzo Abe, US ambassador Caroline Kennedy, and under-secretary for arms control Rose Gottemoeller, the most senior Washington official ever sent to the service, were in attendance. “As the only country ever attacked by an atomic bomb... we have a mission to create a world without nuclear arms,” Abe told the crowd. “We have been tasked with conveying the inhumanity of nuclear weapons, across generations and borders.” The premier said his country would submit a fresh resolution to abolish nuclear weapons at the UN general assembly later this year.



This year's memorial comes just days ahead of the scheduled restart of a nuclear reactor in southern Japan -- the first one to go back on line after two years of complete hiatus following the tsunami-sparked disaster at Fukushima in 2011. While Abe's government has pushed to switch reactors back on, public opposition to atomic power remains high after Fukushima, the world's worst nuclear accident since Chernobyl in 1986. Abe, a strident nationalist, has also been criticised at home for his efforts to expand the role of pacifist Japan's Self-Defense Forces, changes that could open the door to putting troops into combat for the first time since the end of the war. The moves caused a fresh stir as defense minister Gen Nakatani admitted Wednesday that new security laws being debated in parliament could -- in theory -- allow for Japan to transport nuclear weapons to allies. He quickly dismissed that idea as unlikely, however. Hiroshima's mayor Kazumi Matsui said nuclear weapons were an "absolute evil", as he urged the world to put an end to them forever. "Now is the time to start taking action," Matsui said.

An American B-29 bomber named Enola Gay dropped a bomb, dubbed "Little Boy", on Hiroshima on August 6, 1945. Nearly everything around it was incinerated, with the ground level hit by a wall of heat up to 4,000 degrees Celsius -- hot enough to melt steel. "It was a white, silvery flash," Hiroshima survivor Sunao Tsuboi, 90, told AFP before the August 6 memorial. "I don't know why I survived and lived this long. The more I think about it... the more painful it becomes to recall." About 140,000 people are estimated to have been killed in the attack, including those who survived the bombing itself but died in the following days, weeks and months. On August 9, the port city of Nagasaki was also attacked with an atomic bomb, killing more than 70,000 people. Japan surrendered days later -- on August 15, 1945 -- bringing the war to a close. Opinion remains divided over whether the twin attacks were justified. While some historians say that they prevented many more casualties in a planned land invasion, critics counter that the attacks were not necessary to end the war, arguing that Japan was already heading for imminent defeat. Dropping the bombs, which were developed under strict secrecy, was hugely popular with war-weary Americans at the time -- and 70 years on, a majority today still think it was the right thing to do.

Fifty-six percent of Americans surveyed by the Pew Research Center in February said using the atomic bomb on Japanese cities was justified, compared to 79 percent of Japanese respondents who said it was not. Paul Tibbets, who piloted the Enola Gay, said he never had any second thoughts about dropping the bomb, telling a newspaper in an interview in 2002, five years before his death: "I knew we did the right thing". Washington, which has been a close ally of Tokyo since the war, has never officially apologised for the bombings. Leaked diplomatic cables from 2009 suggested that the Japanese government had rebuffed the idea of a US apology and a visit to Hiroshima by President Barack Obama. But US diplomats have regularly attended the annual commemorations, and three years ago, a grandson of former US President Harry Truman, who gave the order to drop the bombs, attended peace ceremonies in Hiroshima.



# Announcements & Reports

## ▶ *The Afghan War and the Quarterly Report on Freedom's Sentinel*

**Source** : CSIS  
**Weblink** : <http://csis.org/publication/afghan-war-and-quarterly-report-freedoms-sentinel>

## ▶ *Defense Department PAS Positions*

**Source** : CSIS  
**Weblink** : <http://csis.org/publication/defense-department-pas-positions>

## ▶ *Addressing Fragmentation in EU Mobile Telecom Markets*

**Source** : Bruegel  
**Weblink** : <http://www.bruegel.org/publications/publication-detail/publication/893-addressing-fragmentation-in-eu-mobile-telecom-markets/>

# Upcoming Events

## ▶ *National Perspectives on The Euro Area*

**Date** : 18 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** : 18 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** : 20 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** : 20 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** : 21 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** : 21 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** : 21 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** : 21 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/>