‘Turkey-Ukraine cooperation key for regional security’

Anadolu Agency, *30.03.2018*

Cooperation between Turkey and Ukraine is vital for security in both Europe and the Middle East, said.

“Without cooperation between Turkey and Ukraine, security in Europe and the Middle East cannot be ensured,” said Pavlo Klimkin at a meeting with Turkish Parliament Speaker Ismail Kahraman. Klimkin said that Turkey and Ukraine have always thought of each other’s security, and thanked Ankara for its stance against Russia’s illegal annexation of Crimea. Ukraine has been wracked by conflict in its eastern regions since March 2014.

It is followed Russia’s annexation of Crimea after an illegal independence vote. Warring parties signed a cease-fire in February 2015, but the fighting continued, claiming more than 10,000 lives, according to the UN. The UN General Assembly voted to proclaim the Russian annexation illegal. Along with many UN countries, the U.S., the EU and Turkey also do not recognize Crimea as Russian territory. Kahraman said that Ukraine is Turkey’s friend and strategic partner. “We have historical ties with each other,” he said.

Turkish, French foreign ministers talk over phone

Anadolu Agency, *30.03.2018*

Foreign Minister Mevlut Cavusoglu on Friday spoke over the phone with his French counterpart Jean Yves Le Drian, according to a diplomatic source.

The phone call came after a French presidential statement expressing support for the PYD/YPG/PKK terror groups. Earlier Friday, Deputy Premier Bekir Bozdag tweeted that the French statement meant “open support for terrorism, terror groups and terrorists; an attempt to legalize terrorist groups; and clear cooperation and solidarity with the terror groups attacking Turkey”. Bozdag said Turkey remains determined to fight against terrorist groups.

Adding that those who forge friendship with such groups would end up losing Turkey's friendship. In Thursday's statement, the Elysee Palace said during a meeting with a PYD/PKK-led SDF delegation, French President Emmanuel Macron recalled "France's commitment against the PKK and its commitment to the security of Turkey". However, as Turkey has documented, the PYD/PKK and SDF actually are the Syrian branches of the terrorist PKK, recognized by Turkey, France, and the EU as a terrorist group. Macron also claimed the SDF had "no operational link with this terrorist group" -- meaning the PKK -- adding that "a dialogue could be established between the SDF and Turkey with the assistance of France and the international community". But the SDF is dominated by PYD/PKK forces, as Ankara has demonstrated. In its 30-year terrorist campaign against Turkey, the PKK has taken some 40,000 lives, and Ankara has warned against international actors cooperating with such groups as the PYD/PKK, YPG/PKK, and SDF/PKK, as they are just the PKK under different names.

Turkey to ease establishment of investment banks

Anadolu Agency, *30.03.2018*

Turkey will take steps to ease the establishment of investment banks in the country, Deputy Prime Minister Mehmet Simsek said late Thursday.

"Now, we will take a further step and make the establishment of investment banks in Turkey easier," Simsek said at an award ceremony in Istanbul. Simsek added capital markets should be enhanced more. "Development banks are an important instrument. There is also demand from outside. [...] We will take a number of steps to ease the entrance [of the development banks in Turkey]," Simsek said.

Simsek said the efforts of angel investors -- wealthy individuals putting up their own money to back start-up or scale-up companies -- had garnered results in Turkey. "Maybe, we have not yet reached a significant size but numerically, we are now top five [in the number of angel investors] in Europe," Simsek added. Concerning the Turkish economy's banner annual growth of 7.4 percent in 2017, Simsek said: "The growth is yesterday's figures, we need to look to the future. We need to provide a perspective for the upcoming period." Simsek added it was important to maintain Turkey's performance.

Turkey’s sectoral confidence goes down in March

Hurriyet Daily News, *22.03.2018*

Turkey’s exports in the first two months of 2018 rose 9.8 percent year-on-year to reach $25.6 billion, the TurkStat announced Friday.

The country’s foreign trade volume totaled $66.1 billion between January and February this year, marking a 20 percent annual increase, according to provisional data provided by TurkStat and the Ministry of Customs and Trade. Turkish imports climbed 28.8 percent to $40.5 billion, amounting to a foreign trade deficit of $14.8 billion.

The proportion of imports covered by exports was 63.3 percent in the period of January-February this year, while it was 74.3 percent during the same period of 2017. TurkStat showed that Turkey’s exports to the EU rose 23.4 percent year-on-year, to $13.4 billion during the same period. Germany was the main recipient of Turkish exports with trade reaching some $2.7 billion from January to February. Italy with $1.60 billion, the U.K. with $1.59 billion and the U.S. with $886 million followed. Turkish imports -- worth $4 billion -- mostly came from China. Imports from Russia amounted to $3.86 billion, from Germany $3.92 billion and from the U.S. $2 billion.

In the two-month period, manufacturing made up the most of Turkishexports, with a 93 percent share and a value worth $23.8 billion. Agriculture and forestry exports ($1.02 billion) amounted to a 4 percent share and mining and quarrying exports, a 2.1 percent share, i.e. 542 million. The share of medium-high technology products in manufacturing industries exports was 36.9 percent, followed by low tech industries (33.9 percent) and medium-low technologies (25.9 percent). Official figures showed that the ratio of intermediate goods’ products in total imports was 76.7 percent and worth $31.02 billion. In February, Turkey’s exports rose 9 percent to $13.2 billion and imports climbed to $19 billion, up 19.7 percent, compared to same month in 2017. Foreign trade deficit surged to $5.76 billion last month, marking a 54.2percent increase compared with February 2017. “In February 2018, exports coverage imports was 69.6 percent while it was 76.4 percent in February 2017,” TurkStat said. It also revealed that exports to its main market, the EU-28, increased by 23.8 percent year-on-year, to $6.84 billion, last month. The proportion of the EU in Turkey’s exports was 51.9 percent inFebruary while it was 45.7 percent in the same month last year.

Turkey sees 3 million foreign arrivals in first two months of 2018

The National, *19.03.2018*

More than 3 million foreigners visited Turkey in the first two months of 2018, with the tourism sector seeing a significant recovery in the number of arrivals from Europe, official data has shown.

Data from the Tourism Ministry showed on March 30 that this figure represented a 35 percent year-on-year increase. More than 1.02 million Europeans visited Turkey in the first two months of the year, a 25.6 percent year-on-year increase, the data showed. Iran topped the list of visitors by country, with over 350,000 arrivals and an 11.7 percent share in total arrivals.

Iran was followed by Georgia with over 307,000 arrivals and a 10.3 percent share, and Bulgaria with over 231,374 arrivals and a 7.74 percent share. Turkey received some 197,000 tourists from Germany and 134,000 visitors from Russia. The number of foreign arrivals into Turkey surpassed 1.5 million in February, a nearly 32 percent year-on-year increase. Tourism Minister Numan Kurtulmuş previously said the country hopes to attract at least 38 million tourists in 2018. In the wake of a series of bomb attacks, a diplomatic crisis with Russia and a failed coup attempt, Turkey's tourism sector saw a big slump in 2016, with the number of foreign arrivals regressing to 25 million in that year from 36.2 million in 2015. With a rebound, Turkey hosted over 32 million tourists last year, earning $26.5 billion.

Meanwhile, on March 29 a British travel group told state-run Anadolu Agency that Turkey is continuing to rebound and is on track to return to the level of demand it reached in 2015. "There are some really key destinations that we've really seen improving over the last six months, and we expect them to grow next year. It's not just Turkey, but Greece and Croatia too. In Turkey we have seen demand come through quite strongly this year, but it has always been a favorite destination," said Richard Sofer, travel group TUI's commercial director for the U.K. and Ireland, according to Travel Weekly. The U.K.'s largest tour operator has released its summer 2019 program with 720,000 additional seats – half of which have been added in Turkey, Greece, and Croatia.

Turkish gov't announces new plans to boost investment, ease doing business

CNBC, *23.03.2018*

The government has announced new schemes that officials hope will boost investments and ease doing business in Turkey.

Prime Minister Binali Yıldırım said the government approved an incentives scheme worth 128 billion Turkish Liras ($32.01 billion) for strategic investments. "The cabinet recently approved a 128 billion lira incentive plan for strategic investments," Yıldırım said in Ankara at a meeting on March 28 to announce the results of a Coordination Board to Improve Turkey's Investment Climate study.

The authority to offer "open-ended" incentives to investors in seven key sectors deemed of strategic value and highly dependent on imports was given to the cabinet last year. The economic administration hopes to address Turkey's widening current account deficit in the medium-term through the latest measures. "We will soon announce more details of this scheme," Yıldırım said, adding that the cabinet would send a comprehensive package to parliament aiming to ease doing business, increase investments, increase exports, boost employment and battle inflation. "We have been working on a new package comprised of 67 articles to send to parliament very soon to attract new investments to our country," he added, saying the reforms aimed to "decrease bureaucratic obstacles for businesspeople."

"In the past it used to take almost one month to launch a new enterprise. We have now shortened this to almost to one hour. We can make it even shorter," Yıldırım said. Fees paid by entrepreneurs to start new businesses have also been cut to almost a quarter, while customs fees for businesspeople will also be slashed, he added. Yıldırım said the number of bureaucratic procedures to receive construction permits would also be reduced from 18 to six, while almost all related procedures will be carried to the online environment. In a bid to avoid the abuse of bankruptcy rules, Yıldırım said businesses will no longer be allowed to apply for suspension of bankruptcy, adding that a "mechanism has been developed to recover companies." The prime minister also stressed that by the end of this year "all interactions between the state and citizens will be able to take place through the online portal e-Devlet."

Turkish economy grows 7.4 percent in 2017, exceeds forecast

Hurriyet Daily News, *29.03.2018*

The Turkish economy surged 7.4 percent last year, official data showed on March 29, marking its fastest expansion in four years with robust growth in industry, services and construction.

The gross domestic product (GDP) numbers beat a forecast of 7.2 percent growth in a Reuters poll. It was the biggest increase in GDP since 2013. GDP in the fourth-quarter expanded seasonally and calendar adjusted 1.8 percent from the previous quarter, data from the Turkish Statistical Institute (TÜİK) showed. On a yearly basis, it increased 7.3 percent.

Third-quarter GDP growth was revised up to 11.3 percent year-on-year from an initial 11.1 percent. The total value added of services and industry rose by 10.7 percent and 9.2 percent in 2017, respectively, while the construction sector boasted an 8.9 percent rise. The agricultural sector enjoyed a 4.7 percent hike in 2017, compared to 2016, according to TÜİK data. The strong growth data was praised by top figures of the economy administration. In a statement on March 29, Deputy Prime Minister Mehmet Şimşek said the Turkish economy was one of the best performing economies among all OECD and G-20 countries as well as compared to the EU members.

“Some key steps we have been taking since the fourth quarter of in 2016 in an effort to support our economy; namely, a series of incentives, which have aimed at increasing investments, production activities, employment and exports and other tools that have facilitated companies’ access to new financing by an enhanced and Treasury-backed Credit Guarantee System, played a key role for Turkey to post such strong growth performance,” he said. Saying that the 2017 growth was mainly supported by a strong domestic demand, he added the net foreign demand made a limited positive contribution to the growth.

“An 11.7 percent growth in machinery equipment investments in the second half of the year has fueled our future outlook,” Şimşek said, adding that a stronger contribution by the net foreign demand on the economic activity was expected in the upcoming period, mainly driven by a recovery in the European economies and oil-exporting economies and a rebound in the Turkish tourism sector. Economy Minister Nihat Zeybekci said preliminary indicators signaled a strong 2018 growth as well. “We can even surpass our 2018 target, which was set as 5.5 percent in the medium-term economic program,” he added. One of President Recep Tayyip Erdoğan’s senior advisors Hatice Karahan said on Twitter that “sound government policies supported this success along with an improvement in confidence,” adding the focus would now be on reforms.

Final consumption expenditures of households increased by 6.1 percent in 2017 compared to the previous year's chain linked volume index. The share of household consumption expenditures in GDP was 59.1 percent. In 2017, the share of government final consumption expenditures in GDP was 14.5 percent, while the share of fixed capital formation was 29.8 percent. According to the previous year's chain linked volume index, final consumption expenditure by the government increased by 5 percent and gross fixed capital formation by 7.3 percent. In 2017, exports of goods and services increased by 12 percent, imports increased by 10.3 percent compared to the previous year's chain-volume index. The strong GDP figure, however, failed to boost the Turkish Lira, which has struggled in recent months on political concerns as well as worrying inflation and current account figures. The lira was little changed at 4.0090 to the U.S. dollar after the data release, while recovering to 3.96 late on March 29.

Russia to allow tomato imports from two more Turkish firms from March 29

Hurriyet Daily News, *30.03.2018*

Russia will allow tomato imports from two more Turkish firms as of March 29, Russia's agriculture safety watchdog said on March 28, as reported by Reuters.

Only 12 Turkish producers are currently allowed to supply tomatoes to Russia. Ankara is "absolutely" against Russia's limit on the number of companies importing Turkish tomatoes, according to Economy Minister Nihat Zeybekci. "We are absolutely against the limit on the number of companies. If needed, we can do the same. We will import by choosing a company," Zeybekci told Anadolu Agency.

Bulgaria will not expel Russian diplomats for now

Anadolu Agency, *30.03.2018*

While voicing support for Britain, Bulgaria on Friday said that for now it has no plans to expel Russian diplomats over the poisoning of an ex-Russian spy in England.

"We express our full support for Great Britain, but we will not expel Russian diplomats at this point," Bulgarian Prime Minister Boyko Borisov said after a security council meeting in Sofia. Borisov said they would wait for more evidence about the March 4 poisoning of ex-Russian spy Sergei Skripal and his daughter Yulia in Salisbury. Boyko Kotzev, Bulgaria's ambassador in Moscow, was summoned for consultation.

It is not to withdraw him from Russia, Borisov added. "Ambassador Kotzev will return to Moscow on April 8," he said. This week more than 20 Western countries -- including the U.S. -- expelled dozens of Russian diplomats in an orchestrated reaction following the Skripal poisoning, which Britain blames on Russia. In retaliation, Russian Foreign Minister Sergey Lavrov announced Thursday that Russia decided to close the U.S. Consulate in Saint Petersburg and expel "the same number of diplomats."

India is now the world's third-largest electricity producer

QZ, *26.03.2018*

India now generates around 1,160.1 billion units of electricity in financial year 2017, up 4.72% from the previous year. The country is behind only China which produced 6,015 terrawatt hours (TWh. 1 TW = 1,000,000 megawatts) and the US (4,327 TWh), and is ahead of Russia, Japan, Germany, and Canada. otal electricity production stood at 1,003.52 billion units in India between April 2017 and January 2018.

"Multiple drivers (like industrial expansion and rising per capita income) are leading to growth in power demand; this is set to continue in the coming years," said a report by the India Brand Equity Foundation (IBEF).

The country's installed power generating capacity of 334.4 gigawatt (GW, or 1,000 megawatts) as of January 2018 is the world's fifth-largest. Over the last five years, India put up 99.21 GW of additional capacity. Of this, 91.73 GW came from thermal sources, 5.48 GW from hydro, and 2 GW from nuclear sources. Back in 2016, India became the world's third-largest power consumer, too. The country's consumption is now set to go up to 1,894.7 TWh by 2022, the IBEF said.

However, production levels are not enough to meet the rising demand which has outstripped supply by about 7.5%, the report said. So India now plans to tap the $14.94 billion opportunity in the power-transmission market, according to the IBEF. Over the last 17 years, foreign direct investment (FDI) in the sector has reached $12.97 billion, accounting for 3.52% of all FDI inflows into the country. India also intends to add around 100 GW of power capacity between 2017 and 2022, focusing more on hydro, renewable, and gas–based power, besides looking at the adoption of clean coal technology. For instance, India plans to have around 60 GW of wind capacity and around 100 GW of solar by 2022. The government aims to quadruple its nuclear capacity to 20 GW by 2020, the report said. Over the last five years, renewable energy has been the fastest-growing segment, but still contributes only around 14% to the total power capacity in India.

From Indonesia to Thailand, Cambridge Analytica's parent influenced Southeast Asian politics

Quartz India, *19.03.2018*

In the tumultuous months after protests and riots wracked Jakarta, bringing down Indonesian president Haji Muhammad Suharto in May 1998, a British political consultancy arrived on the scene.

SCL Group, the parent company of Cambridge Analytica (CA), says it came to southeast Asia's most populous nation at the behest of "pro-democratic groups" to "assist with a national campaign of political reform and democratization." The country was still reeling from the Asian economic crisis that started in 1997 and the exit of a leader who had held on to power for three decades.

The British firm's assignment eventually included surveying thousands of Indonesians, managing communications for politicians and, most curiously, organizing large rallies at universities to help students "let off steam," according to company documents accessed by Quartz. The documents, issued around 2013, also highlight SCL's role in nearby countries. In Thailand, the company claims to have spent nine months surveying voters before staging an intervention on behalf of multiple political parties. SCL later morphed into CA, which allegedly used the data of some 50 million Facebook users to influence voters during Donald Trump's 2016 presidential campaign. Its purported ability to affect large numbers of people seems to have been tested and honed a decade and a half earlier, in the political upheaval of southeast Asia. The documents provide a more detailed—if one-sided—insight into the workings of SCL beyond what former employees like Christopher Wylie have described in interviews and testimonies. In total, SCL claims to have worked on more than 100 election campaigns across 32 countries.

Amid the violence that marked the aftermath of Suharto's 1998 resignation, SCL was tasked with managing growing frustration with the new administration of president BJ Habibie. To better understand the sentiment of Indonesia's 220 million people, spread across 33 provinces, the company rolled out a countrywide survey that had 72,000 respondents. The documents outline the findings: It was clear from the research that it was the younger "university" age-group that were the principle instigators of the unrest and conversely the older generation were weary of insubordination having been suppressed for so long that they had come to tacitly accept their lot in life. Consequently, it was decided to focus on the 18-25 M/F (male/female) segment of the population and to redirect their frustration away from civil unrest. SCL then focused its research around secondary schools and local universities, and discovered that the rise in insubordination was partly triggered by the increased presence of police and military troops on the streets. Eventually, it decided to sponsor "organized avenues of protests" to draw in students and keep them away from violent demonstrations. This was apparently done with the cooperation of the Indonesian government, which initially had some misgivings about such large gatherings.

"Large rallies were organised at each university. This was achieved by establishing a rally committee and financing activities and coverage across the country," the SCL documents said. "The events were so large that there was a general feeling amongst students that their voice really had been heard." SCL claims its methods worked, dramatically reducing civil unrest, convincing Habibie to step down, and leading to elections that brought Abdurrahman Wahid to power in 1999. The documents don't specify who SCL initially worked for in Indonesia, but they indicate that the company managed the election campaign of Wahid's National Awakening Party. There is, in fact, a one-line testimony from Wahid: "I am indebted to SCL for their strategic management of my election success."

However, there are doubts about the effectiveness of SCL's work. President Wahid, for instance, was impeached in 2001 after presiding over a chaotic administration that failed to stabilise the country. All of SCL's efforts—including reportedly setting up a slick operations centre with 25 computers and 16 flat-screen monitors—evidently did little to help Wahid's situation. Indonesia experts also question if SCL could have made much of a difference in tamping down violence. "I think this is an exaggeration," said Ian Wilson, a lecturer at Australia's Murdoch University. "It would have been, at most, one small element among all that were taking place at the time. "The forces and interests at play and jostling for influence were simply on too big a scale to have been influenced significantly in such a way. The protest also had been going on for months, if not years, at different levels of scale and intensity," Wilson added.

In Thailand, too, SCL claims to have set up a large operation that went on for months. The documents don't provide exact timelines, but the company appears to have got started sometime before the 2001 elections that swept telecom billionaire Thaksin Shinawatra into power. In this case, SCL's mandate was to ascertain the scale of vote-buying behavior—a longstanding issue in the southeast Asian country—that had inflated the cost of running an election campaign to around $1 billion, according to the company's estimates. "The research showed that the vote buying practice had become so endemic that an entire industry of dealers had emerged to broker the voter groups and funders," the documents said. "It was quite commonplace for voters to sell their votes twice—and then not vote at all!" As in Indonesia, SCL set up a research project to collate data from all 79 constituencies, using a staff of more than 1,200 that worked over nine months. The objective was to assess the underlying motivation of voters and identify how open a particular constituency was to accepting a change in vote-buying behavior.

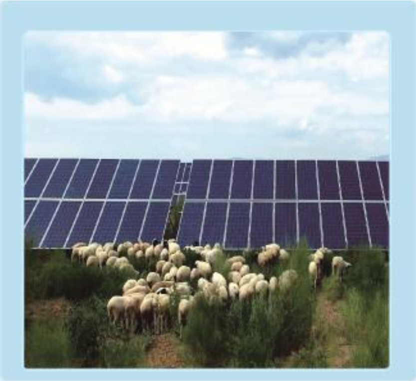
In 50% of the constituencies assessed, the research found, vote-buying did not impact the electoral result, a finding that SCL claims was worth $250 million alone. However, the company identified 91 constituencies where money did matter. "In these constituencies a more direct behavioural intervention was required which consisted of a full-spectrum approach (FSA) combining social pressure, economic penalties, legal framework and enhanced monitoring," the documents suggested. Apparently, with "the cooperation of most of the major political parties," SCL implemented a six-month intervention. The result: Shinawatra, one of Thailand's richest men, won the 2001 polls. SCL also insists that vote-buying dropped by 31%, a result it pegs at around $420 million in value. Chuan Leekpai, former leader of Thailand's Democrat Party who served as prime minister twice, wrote a glowing review of SCL's services. "Winning an election is about choosing your battles carefully. SCL made clear those conflicts that could be won, those that could not, and those that had to be hard fought for," said Leekpai, according to the documents.

It is entirely plausible that international political consultancies like SCL may have been engaged by Thailand's major political parties. "There's no doubt that some Thai political parties have commissioned international consultants to work on improving their electability, and this was certainly the case for Thaksin's Thai Rak Thai Party in 2001," said Duncan McCargo, a Thailand expert and professor at the University of Leeds. "Thai political parties want to win elections and some of them brought in whatever expertise they could to advise them." However, there is some skepticism about the possibility of multiple parties supporting a project to stop vote-buying, as the SCL documents suggest.

"Vote-buying has been a widespread issue of concern in Thailand and was the basis of considerable public interest/moral panic in the 1980s and 1990s… the 1997 constitution included various provisions designed to combat and reduce vote-buying," McCargo explained. "There was broad popular support for these changes, though I can't say that translates to 'cross-party' support."

EU bank unveils $25m solar system project for Africa

The Guardian, *27.03.2018*



The European Investment Bank (EIB–the EU bank) yesterday, signed a $25m financing installation of off-grid solar systems with the light to strengthen access to energy in Nigeria and four other African countries.

Vice-President of the bank, Ambroise Fayolle, who announced the project at the ongoing 6th Africa CEO Forum in Abidjan, Cote 'Ivoire, listed other countries to include Ethiopia, Kenya, Tanzania and Uganda, said the energy would be supplied via solar kits that do not require a grid, which are easy to use and inexpensive for users.

He stated that particular emphasis will be placed on rural and suburban populations and micro-entrepreneurs when it eventually materialise. According to him, the financing will enable d.light design to develop the installation of solar kits – including not only panels and lamps, but also low-energy equipment (radios, TVs, etc.) – in sub-Saharan Africa with the ambitious goal of reaching 10 million solar installations within five years. "I am delighted that the EIB has signed this new financing with d.light in Africa for an off-grid solar project that will have a major economic and social impact on people and micro-entrepreneurs. "The EU bank is determined to implement the Paris climate agreement and to cooperate to achieve the sustainable development goals, particularly when it comes to ensuring access to affordable, reliable and sustainable energy for all. With its unique technical and financial expertise in the support of solar projects, the EIB will mobilise new investments to develop renewable energies in Africa," he said.

Continuing, Fayolle said for the EU bank, climate action and the development of renewable energies are major priorities both inside and outside the EU. He added that at the founding ceremony of the International Solar Alliance that recently took place in New Delhi, the EIB emphasised its record investment of EUR 1bn into the development of global solar projects in 2017. 'The Bank also confirmed that it would be significantly expanding its activities in support of solar energy in developing and emerging economies. Since 2002, the EIB has allocated EUR 6.3bn to financing solar projects, with 50 per cent going to emerging and developing economies."

China cuts tax rates for chipmakers amid trade tensions

Reuters, *30.03.2018*

A China's finance ministry said on Friday it has introduced tax breaks for chipmakers made in the country, at a time when the government is seeking to reduce dependence on foreign semiconductors amid trade tensions with the United States over technology transfers.

The move comes as the United States is considering imposing tariffs on $50 billion worth of Chinese exports, citing discriminatory trade practices in high-tech sectors, including semiconductors. Chipmakers will be exempt from corporate taxes for two to five years followed by partial deductions, the ministry said in a notice posted.

The exemptions cover a range of products, from very basic to cutting-edge chips, for use in computers, smartphones and other electronic devices. The new rules are effective from Jan. 1, 2018. China relies heavily on foreign semiconductors, which make up one of its largest import categories by value. It is seeking to overtake foreign rivals and become a top semiconductor producer by 2030, according to its own roadmap. China's ambitions have riled overseas regulators however, who have blocked several acquisition attempts by Chinese firms looking to speed up development through technology transfers. U.S. President Donald Trump's administration is requesting China purchase more semiconductors from the United States as part of a plan to avoid proposed tariffs and a potential trade war, Reuters reported on Tuesday.

According to Friday's notice, companies producing high-end chips using 65 nanometer technology or smaller with an investment of over 15 billion yuan ($2.39 billion) will be exempt from corporate taxes for five years. Companies producing chips using 130 nanometer technology or smaller will be tax exempt for two years. The new rules will mostly benefit China's larger, older chipmakers which can promise higher investment and large-scale production. China had 171 chip fabrication plants as of the end of 2016, accounting for roughly 14 percent of total global capacity, according to PwC, but produces less sophisticated chips than its foreign competitors. The country has allocated extensive national funding to boost production. Last year leading chipmaker Tsinghua Unigroup Ltd signed deals with China Development Bank [CHDB.UL] and China's national integrated circuit fund for financing of up to 150 billion yuan.

China is reportedly taking the first steps to pay for oil in yuan

Reuters, *30.03.2018*

Negative impact on Chinese growth would be greater if US expands tariffs and protectionist measures, rating agency warns. China's economic growth would be impacted negatively if the U.S. would expand the scope of its tariffs.

The U.S. President Donald Trump announced earlier he would impose $60 billion tariffs on imports from China, and proposed adding 25 percent additional tariffs on certain Chinese products. "Moody's Investors Service expects the measures announced so far by the U.S. administration to have a limited effect on China's economy," the rating agency said in a statement.

However, "the negative impact on both Chinese economic growth and specific industries would be greater if the U.S. significantly expands tariffs and other significant and broad-ranging protectionist measures," Moody's said. The agency listed some of the important Chinese exports to the American market such as cork and wood products, furniture, office machines, household appliances, electrical equipment, road vehicles, telecommunications equipment, electrical machinery, apparel and footwear, animal oils and fats. "The U.S. receives between 15 percent and 35 percent of China's total exports by each of these sectors," Moody's said.

"In addition, telecommunications equipment, office machines, and electrical machinery comprised more than one third of total Chinese exports to the U.S. in 2017," it added. Moody's warned that if the U.S. adopts a wider protectionist trade policy, this could pave the way to retaliation by other countries. And, that could negatively impact the credit profiles of Asian countries and manufacturers since the region strongly depends on trade-related industries and economies. "Asia is exposed to unfavorable shifts in U.S. trade policy because of its volume of direct exports to the U.S., and also because of intermediate trade activity through supply chains, most notably through Greater China," Moody's said. "Moreover, policy actions by the U.S. targeted at countries with which it has large bilateral trade deficits could negatively impact several other economies in the region, including Japan and Korea, as well as China," it added.

Trump loads the bolton bullet

Stratfor, *29.03.2018*

IThe door to the White House had not yet shut in Secretary of State Rex Tillerson's wake when a mustachioed war hawk came in to take over another seat in President Donald Trump's Cabinet late last week. In replacing national security adviser H.R. McMaster, former U.N.

Ambassador John Bolton will join the newly designated secretary of state, Mike Pompeo, to craft U.S. foreign policy as the world waits on edge for the White House's next moves.Analyzing personality to predict policy is a limited endeavor.

But the concentration of hawks and the winnowing of pragmatists in the White House have the effect of bending constraints and raising tolerance to risk on high-stakes issues. As a result, we must lay any baseline, constraint-laden forecast we make against the personalities charged with making fateful political decisions. On trade, the president's bark has so far been worse than his bite. The White House conceded on exempting allies from metals tariffs and is starting to bend in negotiations over the North American Free Trade Agreement and over its trade deal with South Korea. It even narrowed the scope of its hefty tariffs on China to focus on strategic sectors after weighing the effects on the American consumer, and a quiet dialogue is building between Washington and Beijing. Though tensions are high, we're not yet at the point of a global trade war — nor will we get there unless the United States repudiates trade norms and hits back in response to retaliatory measures. Larry Kudlow, free trade globalist Gary Cohn's replacement as Trump's chief economic adviser, has made it known that he will support the president's tariff policies so long as they drive toward a fruitful negotiation in the end. Even as apocalyptic fears of a trade war unnerve global markets, Trump still has a chance to claim victory for his ballsy trade assault while White House tacticians try to maneuver a soft landing in talks.

But beyond trade, U.S. foreign policy may be on a more precarious course. Appointing like-minded hard-liners such as Pompeo and Bolton after a year of raucous debate and reshufflings in the Oval Office is a move on the president's part to quash dissent and spur action on his agenda. The incoming hawks bring a ruthless craft to the job; they not only have the technical prowess to hack through Washington bureaucracy, but they also identify with the president's belief in blunt force as the best way to wield American power. Bolton can lend style and substance to the president's most severe policy preferences. He is almost poetic in his bellicosity, with a penchant for weaving anecdotes from American history and quotations from former presidents into his arguments to give them the kind of intellectual gravitas that Trump craves. Like the president, Bolton regards multilateral institutions with contempt and sees diplomacy as a way to waste time, not solve problems. Bolton's most consequential trait, however, is his unwavering enthusiasm for regime change to treat the United States' most vexing foreign policy dilemmas.

His worldview dictates that nuclear-aspiring or nuclear-capable rogues must be stopped at any and all cost. Even after the 15 years of civil war, jihadist proliferation and Iranian competition that followed, Bolton is still an unapologetic champion of the U.S. decision to invade Iraq based on claims that Saddam Hussein possessed weapons of mass destruction. He has tried on multiple occasions to justify military action against North Korea by suggesting that Beijing would be a partner for regime change. ("The answer to China's fear of uncontrolled collapse is a jointly managed effort to dismantle North Korea's government, effectively allowing the swift takeover of the North by the South," Bolton wrote in August 2017, for example.) And downplaying the fact that the Iraq war paved the way for the Islamic republic's regional revival, Bolton maintains that the United States must support a popular revolt in Iran once Washington has ripped up the Iran nuclear deal. ("America's declared policy should be ending Iran's 1979 Islamic Revolution before its 40th anniversary" in 2019, he wrote in January in The Wall Street Journal.)

The inherent danger of accepting and trying to contain nuclear rogues is incontestable; the efficacy of a deceptively simple solution to prevent them is not. In the case of North Korea, time is most certainly not on Washington's side. North Korean leader Kim Jong Un has tried systematically to handicap Beijing's options for regime change, even if it meant assassinating members of his own family. Pyongyang has its reasons for keeping Beijing at arm's length: Obscurity is the North Korean government's main line of defense, and it's not about to let China or any other party shine a light on its carefully cultivated darkness. Whether contemplating a limited "bloody nose" strike to try to shake the Kim administration into cooperating or a comprehensive military campaign to forcibly reunify the Korean Peninsula under the U.S. umbrella, Washington inevitably runs the risk of triggering an all-out regional war and a global economic recession. As the White House weighs these risks, Pyongyang will try to stretch the timeline for dialogue in its favor, knowing that with each passing week, its developing nuclear program will further narrow the United States' military options.

Bolton sees the North Korean and Iranian nuclear issues as intrinsically linked. In his view, military action against North Korea and Iran is justifiable if it severs nuclear cooperation between the two and stops a chain reaction of nuclear proliferation in other dangerous quarters of the world. Bolton doesn't just want to throw out the Joint Comprehensive Plan of Action (JCPOA), better known as the Iran nuclear deal. He has advocated an imminent unilateral withdrawal from it despite the fact that the other parties to the deal and the International Atomic Energy Agency alike maintain that Iran is complying with the agreement. In his words, "it is neither dishonorable nor unusual for countries to withdraw from international agreements that contravene their vital interests. As Charles de Gaulle put it, treaties 'are like girls and roses; they last while they last.'" These words will hold a lot of sway with Trump, who is just weeks away from deciding whether to walk away from the JCPOA.

At this point, Iran has to assume the worst. By questioning the viability of the deal in the first place, the Trump administration already has stripped out its implicit security guarantees. Tehran now will interpret any domestic protest that pops up as evidence of a fifth column, as the anti-Iran ideologues in Washington hail it as a sign of revolution. The reality, of course, will be far more complex. There's a reason the United States opted for an unpalatable diplomatic solution over a costly military intervention in the Persian Gulf to stall Iran's nuclear ambitions. And while the Islamic republic is grappling with how to keep the fires of a 40-year-old revolution burning among its youth, Iranians are no more likely to welcome their American liberators with open arms than Iraqis were. This is utterly recent history, after all.

Nonetheless, a more aggressive U.S. policy toward Iran is clearly taking shape. Compare the situation today with that of 2012, when the United States was last contemplating the contours of confrontation with Iran. Back then, it was Israel weighing the risks of goading the United States into military action; this time around, the U.S. and Israeli governments are more in sync as they calculate the cost of wrecking the JCPOA. Things on the Arabian Peninsula have also changed dramatically over the past five years. Questions the JCPOA spawned over U.S. security commitments in the Gulf drove Saudi Arabia and the United Arab Emirates to overcome their paper army status and assume real and costly military responsibility in the region to roll back Iranian influence there. And now that Israel is pursuing more open relations with Saudi Arabia, a U.S.-Israeli military contingency plan against Iran can at least explore the possibility of access to Gulf air space and bases.

While the Islamic republic is grappling with how to keep the fires of a 40-year-old revolution burning among its youth, Iranians are no more likely to welcome their American liberators with open arms than Iraqis were. At the same time, Israel understands that any holistic pressure campaign on Iran must start with Hezbollah. Having an administration in the White House that is attentive to its concerns will provide Israel with a chance to try to weaken the Shiite militant group while it's still exposed and overextended in the Syrian civil war. Though Israel would have to contend with significant complications in a military campaign on its northern frontier — not least of all Russia's heavy support for Iran in Syria — a U.S.-backed Israeli military offensive against Hezbollah is a distinct and growing possibility.

A military-backed denuclearization and regime change strategy to deal with proliferation threats like Iran and North Korea will have serious repercussions for the United States and the rest of the world. In the case of North Korea, Trump's threat of "fire and fury" is gaining more credibility as he assembles his war Cabinet. And though the prospect of military intervention has a dim chance of yielding the diplomatic deal of the century — a U.S. withdrawal from the Korean Peninsula in exchange for Pyongyang's denuclearization and Korea's reunification against China — the alternative is more likely. The high demands and heavy distrust on both sides could reduce negotiations to a perilous game of chicken as North Korea tries to draw out the dialogue long enough to cross the nuclear finish line and deprive the United States the option of a preventive strike. Either way, Washington is consciously raising the odds of military action in multiple theaters at a time of trillion-dollar budget deficits, a fragile economic recovery and rising near-peer competition with China and Russia. Bolton himself said that "with immediate, continuing threats from international terrorism and nuclear proliferators like North Korea and Iran, plus strategic threats from Russia and China, America's agenda is full to overflowing." The truth in that statement cannot be overstated. The question is whether it will translate into a policy mindful of very hard and real constraints.

Global markets slump as trade-war tensions escalate

CNBC, *23.03.2018*

Stock markets around the world saw sharp falls Friday, with investors worrying over a potential trade war.

Asia markets closed sharply lower with the Nikkei 225 falling 4.5 percent after dropping to its lowest levels in more than five months. The Japanese benchmark also fell 4.88 percent for the week. Major exporters were downbeat, with Honda Motor falling 5.27 percent and Sony losing 2.73 percent. The broader Topix lost 3.62 percent amid a broad-based sell-off. The Topix machinery and mining indexes were among the biggest losers, falling 5.62 percent and 4.45 percent.

Greater China markets skidded, with Hong Kong’s Hang Seng closing down 2.45 percent, the Shanghai composite dropping 3.38 percent to close at 3,153.09 and the Shenzhen composite losing 4.49 percent to end at 1,766.61. In Europe, the pan-European Stoxx 600 was down around 1 percent at 1 p.m. London time. Technology, autos and basic resources stocks were all trading more than 1 percent lower. President Donald Trump moved toward long-promised anti-China tariffs on Thursday, triggering a stern response from Beijing. Chinese authorities said they could hit 128 U.S. products with tariffs in response to Trump’s plan to slap charges on up to $60 billion worth of Chinese products. Trump said the taxes were intended to penalize Beijing for allegedly stealing Washington’s intellectual property. The decision from the White House sent the Dow Jones briefly into correction territory on Thursday. pressured by a decline in tech shares as well as the worries of a potential trade war. The Dow Jones industrial average dropped 724.42 points to close at 23,957.89, with Caterpillar, 3M and Boeing as the biggest decliners. The 2.9 percent decline was the worst since Feb. 8.

‘We don’t downplay the potential risks’ Analysts at Swiss bank UBS said Friday it was important not to overstate the direct impact of these tariffs on the global economy or equity markets at this stage. “We don’t downplay the potential risks. This latest action is likely to have a negative effect on Asian exports, which are currently growing at 12-13 percent a year,” the analysts said in a note. UBS said investors should ensure portfolios are well-diversified, and could even consider equity put options to reduce portfolio volatility. Put options are financial instruments that give traders an option to sell assets at an agreed price on a particular date. They allow traders to hedge their portfolios. “Our global tactical asset allocation remains pro-risk, to benefit from still-strong global economic growth, but we also hold counter-cyclical positions, including an overweight in 10-year U.S. Treasurys, and an overweight in JPYNZD (the Japanese yen and New Zealand dollar cross), that should perform if the market starts to price in a full scale trade war,” the analysts said.

Trade conflict fears to keep markets on edge for weeks

Reuters, *29.03.2018*

A full-scale global trade war has not broken out yet - but that hasn’t stopped the market from fretting about one or analysts from warning about the potential cost.

Whether such concerns remain a driving force for asset prices in the coming days depends largely on decisions, tweets and formal announcements from Washington and Beijing, but it seems certain that the uncertainty has at least another month to run. South Korea has cut a deal with the United States, agreeing to reduce its steel exports to avoid tariffs.

The European Union, Canada, Mexico, Brazil, Australia and Argentina face a May 1 deadline to reach equivalent deals. U.S. President Donald Trump has tied the suspension of tariffs for Canada and Mexico to a renegotiation of NAFTA. Officials have said the next round of talks was due to start on April 8, but that date is not certain and there are mixed messages on the chances of a quick breakthrough. China has meanwhile warned that it could target a broad range of U.S. businesses if Trump slapped tariffs on $50 billion-$60 billion of largely high tech Chinese goods, although the latter may not happen until early June. Economists at ING split such a conflict into four stages from a lone Trump attack to a tit-for-tat battle to U.S. escalation, such as including EU cars, and finally an all-out trade war. The last, ING estimates, would harm all economies, with the United States facing the heaviest hit, of some 2 percent of gross domestic product (GDP) over two years, with U.S exporters facing high tariffs at all borders while the rest of the world keeps its prevailing arrangements in place. Only in the first scenario, in which Trump imposes tariffs and no one retaliates, would the United States make any noticeable economic gain - of some 0.3 percent of GDP.

ING’s head of international trade analysis Raoul Leering said that the conflict was currently somewhere between the first scenario and the second ‘tit-for-tat’ stage. “If other countries give in and give Trump something in return, then we’re looking at scenario one,” he said. “It’s a conflict in which Trump could turn out to be the winner.” Harm Bandholz, chief U.S. economist at UniCredit, believes that the trade conflict is likely to be the main driver of market sentiment for weeks to come, although for the time being it is “barely more than tough talk”, with strong announcements then watered down, such as with the metal tariff exemptions. “If it stays like this it’s not really altering anything in the macro outlook. The risk is, once you’ve started, you’re on a slippery slope and you don’t know if you can stop. That’s the risk markets are worried about,” he said. “People are worried about accidents happening. Clearly, if you are more aggressive, the chances of mistakes or something bad happening will increase.”

All that said, and even with many in Europe off for Easter vacation, some major economic data is due in the coming week. he Bank of Japan’s quarterly tankan survey, out on Tuesday, is expected to show business sentiment deteriorating slightly in the three months to March with the outlook for the coming quarter also fading, reflecting concerns over the strong yen eroding business profits. In Europe, the first estimate of euro zone inflation will be released on Wednesday and is forecast to have risen to 1.4 percent in March from 1.1 percent in February, with some economists pointing to a potential 1.5 percent. An earlier Easter this year, pushing up prices of package holidays and accommodation in March, cold weather that drives fruit and vegetable prices higher and a steeper year-on-year increase in energy costs will all contribute.

Even if inflation remains short of the European Central Bank’s target of almost 2 percent, its policymakers are now debating whether to end lavish bond buys later this year. The purchase program currently runs until the end of September. U.S. monthly non-farm payrolls round off the week on Friday. The economy is seen adding far fewer jobs than the 313,000 of February, but the average Reuters forecast for March of 203,000 is still strong and the unemployment rate is set to fall to 4.0 percent, a level not seen since 2000 . “We see further declines of the rate below the level the Fed thinks is the natural rate of unemployment. Over time, you would expect it would exert upward pressure on wages, which admittedly we have not really seen,” Commerzbank’s Bernd Weidensteiner. “It should happen during the course of this year. Otherwise, we really need to rethink our picture of the workings of the U.S. labor market.”

Wall Street ends week higher but posts monthly loss

Anadolu Agency, *30.03.2018*

U.S. stocks ended the week with gains but posted losses for the month.

Due to the observance of Good Friday, Thursday was the last trading day of the week and the month and the final weekday of the first quarter of 2018 for Wall Street. The Dow Jones Industrial Average ended Thursday up 254 points, or 1.1 percent, at 24,103. The S&P 500 rose 35 points, or 1.4 percent, to 2,640 while the Nasdaq finished up 114 points, or 1.6 percent, at 7,063. Technology stocks bounced back from losses earlier in the week and carried WS to a higher close.

At the final bell, Microsoft shares were up 2.1 percent after the company announced it was restructuring. After their CEOs were invited to a Senate hearing next month and posting losses earlier this week, Facebook, Twitter and Google parent company Alphabet rose 4.4 percent, 1.9 percent and 3.2 percent, respectively. Amazon bounced back to end the day up 1.1 percent despite further criticism by President Donald Trump that the company does not pay enough taxes and a 4.6 percent loss during trading hours. The Dow was up 2.7 percent this week, while the S&P gained 2 percent and the Nasdaq increased 1 percent, according to data compiled by Anadolu Agency. But the gains could not prevent the indexes from closing the month with losses. This month, the Dow decreased 3.5 percent, the S&P fell 2.6 percent and the Nasdaq lost 2.9 percent. For the first quarter of 2018, the Dow declined 2.3 percent and the S&P lost 1.2 percent, but the Nasdaq gained 2.3 percent.

Announcements & Reports

► *Policy Considerations Around India's Upstream Reforms*

Source : OIES
Weblink : https://www.oxfordenergy.org/wpcms/wp-content/uploads/2018/03/Policy-Considerations-Around-India%E2%80%99s-Upstream-Reforms-WPM-78.pdf

► *U.S. National Security Strategy and the MENA Region*

Source : CSIS
Weblink : https://csis-prod.s3.amazonaws.com/s3fs-public/publication/180328_US_NSS_Clean%20Word.pdf?8bIAi0BCBYv2JaAoJTJIxhxGAVbpQTIl%22

► *U.S Strategy, the JCPOA Iranian Nuclear Arms Agreement, and the Gulf: Playing the Long Game*

Source : OIES
Weblink : https://csis-prod.s3.amazonaws.com/s3fs-public/publication/2018.03.27.US_Strategy_JCPOA_Clean_Version.pdf?jDmVfm6VHz6ArOft7shrIqD5JV_Tvl_x

Upcoming Events

► *Growth in a Multilateral World: The Role of Inclusive Trade and Quality Investment*

Date : 4 April 2018
Place : London
Website : https://www.chathamhouse.org/event/growth-multilateral-world-role-inclusive-trade-and-quality-investment

► *Can Old Economics Help Solve Modern Economic Problems?*

Date : 4 April 2018
Place : London
Website : https://www.chathamhouse.org/event/can-old-economics-help-solve-modern-economic-problems

► *The International Court of Justice and Africa*

Date : 5 April 2018
Place : London
Website : https://www.chathamhouse.org/event/international-court-justice-and-africa

► *South Africa's Political Economy Under New Leadership*

Date : 9 April 2018
Place : London
Website : https://www.chathamhouse.org/event/south-africa-s-political-economy-under-new-leadership

► *Egypt in 2018: Elections, Divisions and Suppression*

Date : 9 April 2018
Place : London
Website : https://www.chathamhouse.org/event/egypt-2018-elections-divisions-and-suppression

► *Economic Inclusion and Sustainable Growth: New Perspectives from the Gulf*

Date : 9 April 2018
Place : London
Website : https://www.chathamhouse.org/event/economic-inclusion-and-sustainable-growth-new-perspectives-gulf

► *Threats and Opportunities: Electricity Utilities in the Middle East*

Date : 12 April 2018
Place : London
Website : https://www.chathamhouse.org/event/threats-and-opportunities-electricity-utilities-middle-east

► *Ukraine's Corruption Battle: Is the Justice System Fit for Purpose?*

Date : 12 April 2018
Place : London
Website : https://www.chathamhouse.org/event/ukraine-s-corruption-battle-justice-system-fit-purpose

► *Looking Ahead to 2022: India's Global Vision*

Date : 12 April 2018
Place : London
Website : https://www.chathamhouse.org/event/looking-ahead-2022-india-s-global-vision