

Turkish FM: Turkey, Russia trust each other on strategic issues

Hurriyet Daily News, 25.12.2016



Turkey and Russia have understood that they feel confident with each other on strategic issues, a top Turkish diplomat has said, adding that both sides kept their words in the implementation of the Aleppo deal that provided a partial ceasefire and evacuation from the city.

“Russia has kept its word in our efforts to implement a ceasefire, to provide humanitarian aid, to save these people [from Aleppo] and to expand the ceasefire to the whole of Syria. They kept their words until the end. It even urged those who violated [the deal]. Likewise, Turkey has also kept its words,” Foreign Minister Mevlüt Çavuşoğlu said.

Turkey and Russia have understood that they can trust each other, Çavuşoğlu said, informing that sanctions imposed by Moscow on agricultural products will soon be lifted. “We are working day and night for the removal of any kind of obstacle. Our wish is to lift restrictions on trade and travel, in line with our friendship,” he added.

Çavuşoğlu reiterated that the killing of Russian Ambassador to Ankara Andrey Karlov was planned and executed by the Fethullahist Terrorist Organization (FETÖ) and described the assassination as “treachery”.

Karlov was killed by a gunman carrying an official police ID a day before Turkey, Russia and Iran were expected to discuss Syria. The move was interpreted as an attempt to derail Ankara-Moscow ties while leaders of both countries agreed that it was a provocation against bilateral ties. Russian President Vladimir Putin said the killing of Karlov would not affect relations with Ankara in his annual press conference last week.

Turkey, US in fresh spat over terror support

Hurriyet Daily News, 19.12.2016



NATO allies Turkey and the United States have engaged in a fresh spat after the former criticized its long-standing partner for providing weapons and thus supporting the Syria-based Democratic Union Party (PYD), which is considered a terror organization by Ankara.

“NATO allies must stand with their partners in Syria, not with terrorist organizations,” President Recep Tayyip Erdoğan said in a statement in Ankara. Erdoğan once again slammed the U.S.-led international coalition’s failure to provide military support for Turkey’s ongoing al-Bab operation against the ISIL.

“You sent arms to terror organizations, but then say, ‘We sent ammunition, not arms.’ We don’t buy that or accept it. Even though we are partners in NATO, you are giving this support to terrorist organizations, not us. Are the terrorist organizations your partner in NATO? If we are strategic partners in NATO, then you should stand with us,” he said.

Tension between the two countries rose after Erdoğan harshly criticized the U.S. for allegedly providing support to ISIL, the PYD and its armed wing, People’s Protection Units (YPG), in a statement on Dec. 27. He said Turkey had evidence of this support but did not provide detailed information.

Washington’s first response came from State Department Spokesperson Mark Toner, who categorized Erdoğan’s accusations as “ludicrous.” “I don’t know where that comes from,” he said. Toner also denied that the U.S. had provided weapons to the YPG. “So we do provide tactical support to the Syrian Democratic Forces. There’s no surprise there. We’ve been very transparent about that.”

The U.S. Embassy in Ankara issued a separate statement denying the accusations. “The United States government is not supporting DAESH. The USG did not create or support DAESH in the past. Assertions the United States government is supporting DAESH are not true,” said the statement, using an Arabic acronym for the jihadist group.

“The United States government has not provided weapons or explosives to the YPG or the PKK – period. We repeatedly have condemned PKK terrorist attacks and the group’s reprehensible violence in Turkey,” it added. Foreign Minister Mevlüt Çavuşoğlu subsequently responded to the embassy in comments to pro-government news channel A Haber. “The U.S. has been giving arms to the YPG, period,” the minister said, referring to the wording of the U.S. embassy statement. “The reason why the YPG is putting pressure on the U.S. is because they want to bridge their terror cantons. The U.S. wants to use the YPG for its Raqqa offensive,” the minister said.

Çavuşoğlu said the YPG wanted Turkey to fail in its al-Bab offensive because they want to bridge the two cantons through that region. Washington had told Turkey that the al-Bab operation could “cast a shadow” on the upcoming Raqqa offensive because it will “distract attention,” the minister said. None of the coalition members using Turkey’s Incirlik Air Base have been providing military support to Turkey’s Euphrates Shield Operation, he said.

While Turkey was facing threats along its borders with Syria and even bombs, “NATO was almost completely [absent],” the president noted. “Today, we do not see the slightest support for our operation from either NATO or allied nations that have power in the region. The coalition supposedly established to fight [ISIL] is not offering any contribution to the operation on al-Bab, which has dealt the biggest casualties to [ISIL] today,” Erdoğan said.

Turkey, EU work to speed up flow of European funds for Syrian refugees

Anadolu Agency, 27.12.2016



Turkey and the European Commission have begun technical work to overcome bureaucratic obstacles and accelerate the release of 3 billion Euros to Syrian refugees, Deputy Prime Minister Veysi Kaynak announced. “We are now working on it,” Kaynak told the Hürriyet Daily News.

The decision to work on the matter was taken during Kaynak’s meeting with the European commissioner responsible for humanitarian aid and crisis management, Christos Stylianides, and the head of the EU delegation in Ankara, Ambassador Christian Berger, in the southeastern Anatolian province of Kahramanmaraş around 10 days ago.

The EU has agreed to deliver 3 billion euros to Turkey in a bid to provide humanitarian support to Syrian refugees being sheltered on Turkish territories as part of a migrant deal that was signed on March 18. Turkey has accused the EU of taking too long to release the funds, with the EU responding about the need to follow proper bureaucratic procedures.

“I told them that there is a risk of creating a lost generation which could pose a threat not only to Turkey and Syria but to all of Europe,” Kaynak said, intimating that the delay in providing the necessary education and other social and economic services to Syrian youth could work as a recruitment tool for various terrorist organizations.

“They say, ‘We have released 2.4 billion euros.’ We say, ‘We have only received a small part of the 3 billion euros.’ In fact, both are true. They have their own producers, we have our own. Therefore, we need to find a formula,” said the deputy minister. The EU is trying to move in line with their regular producers under very irregular conditions, Kaynak said.



“If we continue with the EU’s producers, the release of the funds will take around two years or at least one year. Just think about what will happen to the Syrians in this one-year period.” The EU wanted to allocate its funds for Turkey’s current expenditures instead of sponsoring school or hospital constructions, the deputy minister said. “We are talking about providing education and health services. Where will these children be educated? In the fields? No. But now this issue is now resolved.”

“What we tell them, ‘Let’s spend the money and you will audit it.’” Kaynak, who is responsible for dealing with the nearly 3 million refugees, also shared the government’s plans to handle social and economic problems stemming from the mostly Syrian refugees in Turkey. Admitting that no permanent solutions had been sought for refugees in the early days of the Syrian crisis, Kaynak underlined that the government was now focused on schooling around 900,000 Syrian children and providing employment for youngsters.

“The population growth rate among Syrians is too high. It’s believed that in times of war people tend to reproduce more in a bid to continue their line. Around 180,000 Syrian children were born in Turkey,” he said.

Kaynak also stressed that a detailed census would be conducted regarding Syrians to better profile them and deliver services. Kaynak also touched on the Syrians who have been evacuated from Aleppo and might opt to come to Turkey.

He underlined that only a small portion of Syrians had arrived in Turkey, as a majority opted to stay in Idlib, adding that they consequently decided to decelerate their efforts to create new tent camps. “Another idea we have been pondering is whether we should establish living villages instead of refugee camps. This also reflects our plans to create conditions for civil life in the areas we secured from ISIL [Islamic State of Iraq and the Levant],” he said. Kaynak referred to an area called the Marea-Jarablus line in northern Syria as part of Turkey’s Euphrates Shield Operation.

“There are around 650,000 people living in this area. Around 180,000-190,000 of them have no shelters. We are thinking about establishing some villages where these people enjoy living together and fulfill their fundamental needs. We need to establish civilian life in this region,” he said.

Turkey boasts 'sixth-largest' diplomatic network in the world

Hurriyet Daily News, 26.12.2016



Turkey has the sixth-largest diplomatic network in the world, according to an international global diplomacy index. The index published by the Australia-based Lowy Institute for International Policy showed that Turkey has the largest number of diplomatic missions abroad, following the five permanent members of the U.N. Security Council.

According to the figures compiled by Anadolu Agency, the country currently has a total of 235 foreign missions, both embassies and consulates. In 2002, when the ruling Justice and Development Party (AKP) came to power, Turkey had 163 diplomatic missions abroad.

Under Turkey's active foreign policy, a total of 72 new missions were opened in the past 14 years. According to Foreign Ministry sources, 24 new missions are in the pipeline and are expected to open soon. The Lowy Diplomacy Index 2016 puts the United States at the top of the list, with 270 foreign missions, followed by France with 267, China with 258, Russia with 243 and the United Kingdom with 236.

But with its 24 new missions, Turkey could top the U.K. Ankara's outreach toward Africa led Turkey to open 29 new missions on the continent. Africa was followed by Asia with 18 new Turkish missions, Europe with 11, South America with seven, and North America with two new missions.

In 2015, Turkey opened new missions in Guatemala, Afghanistan, Kosovo, Pakistan, Canada and Iraq. The sources confirmed that around 4,450 personnel work at Turkey's diplomatic missions abroad at a variety of posts.

Syria ceasefire deal backed by Russia and Turkey takes effect

Reuters, 30.12.2016



A nationwide ceasefire in Syria, brokered by Russia and Turkey, which back opposing sides in the conflict, came into force in the latest attempt to end nearly six years of bloodshed.

Russian President Vladimir Putin announced the ceasefire on Thursday after forging the agreement with Turkey, a longtime backer of the opposition. Monitoring group the Syrian Observatory for Human Rights said calm prevailed in areas across the country included in the truce shortly after midnight, and that warring sides mostly appeared to have ceased firing.

Some gunfire was heard in the southern provinces of Deraa and Quneitra shortly after the ceasefire took effect, the Observatory said, and reported limited clashes east of Damascus. There were no immediate reports of casualties.

Russian Foreign Minister Sergei Lavrov said the United States could join the peace process once President-elect Donald Trump takes office on Jan. 20. He also wanted Egypt to join, together with Saudi Arabia, Qatar, Iraq, Jordan and the United Nations.

A number of rebel groups have signed the agreement, Russia's Defence Ministry said. Several rebel officials acknowledged the deal, and a spokesman for the Free Syrian Army (FSA), a loose alliance of insurgent groups, said it would abide by the truce.

One FSA commander was optimistic about the truce deal, the third serious attempt this year at a nationwide ceasefire. "This time I have confidence in its seriousness. There is new international input," Colonel Fares al-Bayoush said without elaborating.

Syria's civil war, which began when a peaceful uprising descended into violence in 2011, has resulted in more than 300,000 deaths and displaced over 11 million people, half its pre-war population. The ceasefire, in the waning days of President Barack Obama's administration, was the first major international diplomatic initiative in the Middle East in decades not to involve the United States.

Turkish FM: Cease-fire, solution in Syria close

Reuters, 28.12.2016



Turkey and Russia are close to brokering a new agreement that would expand a cease-fire between the government and opposition groups to all of Syria, Turkey's top diplomat has said, underlining that "terror organizations" like Syria's Democratic Union Party (PYD) will not be allowed to participate in upcoming talks in Astana.

"We are still working on it. It could be put into place at any moment. It's about expanding the cease-fire. We are also working for a negotiated political solution," Foreign Minister Mevlüt Çavuşoğlu told reporters.

Çavuşoğlu's words confirmed an Anadolu Agency report early announcing a fresh deal between Ankara and Moscow. Turkey and Russia secured the safe evacuation of civilians and fighters from eastern Aleppo two weeks ago and have been working to expand the cease-fire.

The proposed agreement was introduced to the Syrian government and opposition groups for their approval and suggested the implementation of a cease-fire as of midnight on Dec. 28. The process is regarded as an important milestone for the Russia-proposed Astana talks to be held between the government and opposition under the auspices of Russia, Turkey and Iran.

There are still talks ongoing on who will participate in the Astana talks. The minister stated that terror organizations would be excluded from the cease-fire. He also added that the Syrian Kurdish Democratic Union Party (PYD) would not attend the Astana talks.

Çavuşoğlu said the Islamic State of Iraq and the Levant (ISIL) and al-Nusra groups were mentioned in U.N. Security Council Decision 2254. "Now, there is no consensus on the YPG yet. Some countries are trying to benefit from the PYD against Daesh [ISIL]," Çavuşoğlu said, elaborating on the reasons why the Syrian Kurdish group had not yet been added to the list of exceptions to the cease-fire deal if it was a terrorist group.

But a transition toward peace in Syria that involves President Bashar al-Assad is "impossible," as the country's opposition will not accept him, the minister said. It was also learned that negotiations between Russia and representatives of armed opposition groups have been carried out in Turkey since Dec. 23. Turkey played the role as a facilitator.

Meanwhile, the cease-fire reportedly will begin at 12 a.m. local time. Iran is also included in the deal with Turkey and Russia and "sanctions will be imposed if the cease-fire is broken," CNN Türk reported, quoting anonymous Foreign Ministry sources. Syrian government and opposition groups will kick off negotiations in Astana if the cease-fire is successful, according to the sources.

When asked about Iran's role, Çavuşoğlu said, "Iran should influence Shiite groups, primarily Hezbollah." According to a Turkish diplomat, the text holds a notion of constructive ambiguity about the names of the terrorist groups, referring to Ahrar al-Sham as an example. The cease-fire also includes a suspension of air strikes, according to the diplomat. The parties will implement a series of confidence-building measures until the Astana meeting, which is expected for Oct. 16, said the diplomat.

The Kremlin said it could not comment on the cease-fire report. "I cannot answer that question right now," Kremlin spokesman Dmitry Peskov told reporters in a conference call. "I don't have sufficient information," he said, adding that Moscow was constantly in touch with the Turkish side to discuss details about Astana talks for potential Syrian peace talks.

Earlier, state-run Anadolu Agency reported that Ankara and Moscow agreed on a cease-fire deal in Syria in a move to extend the current truce in East Aleppo to all over the country. Turkey regards PYD and the YPG as terror organizations due to their links to the outlawed Kurdistan Workers' Party (PKK), with which it has been fighting against since mid-1980s.

Brexit to fire starting gun on decade of economic disruption, says major report

Independent, 29.12.2016



Brexit will fire the starting gun on a "decade of disruption" with the UK being hit by a perfect storm of economic uncertainty, an ageing population and volatile jobs market, a major report has concluded.

The Institute For Public Policy Research said the decision to leave the European Union had delivered a "profound shock" to Britain. It claimed this could see the country into lasting lower growth. The Government's ability to deal with the challenge was also called into question, when the head of the senior civil servants union said Theresa May lacked the courage to admit the severe Brexit difficulties she faces.

But the left-of-centre IPPR's report said that while the country is still reeling from the impact of Brexit, a rapidly ageing population would put unprecedented pressure on its ability to deliver services.

Exceptional advances in technology may make a small number of people very wealthy, it said. But increasing automation was set to risk some 15 million jobs and inequality was also set to soar more generally. International factors such as diminishing US power, climate change and rocketing demand for dwindling natural resources would further exacerbate pressures at home, it added.



“By 2030, the effects of Brexit combined with a wave of economic, social and technological change will reshape the UK, in often quite radical ways,” said the report’s author, Mathew Lawrence. “In the face of this, a politics of nostalgia, institutional conservatism and a rearguard defence of the institutions of 20th century social democracy will be inadequate.” He added that Britain would be left “defending sand castles against the tide of history” unless it pursued a more progressive political and economic reform agenda.

Painting a grim picture of the years ahead, the report argued that Brexit was likely to exacerbate longstanding economic weaknesses in the country, such as its low productivity rates. Along with significant new barriers to growth, it would mean future governments will rely on a weaker currency as the key to retaining competitiveness in the 2020s, it said.

At the same time such an approach will increase consumer costs and hit living standards, the IPPR said. Overall, it argued that growth is expected to be lower, investment rates worse and the public finances weaker as a result of the decision to quit the EU.

It came as Dave Penman, general secretary of the FDA, the civil servants union, said the Prime Minister’s inability to talk openly about the complexity of Brexit was putting huge strain on Whitehall. Mr Penman, who represents some 19,000 members, said: “It is pure politics that is defining the Brexit debate and forcing May to say this is not a big, difficult job, and it is all in hand.

“Ministers lack the political courage to admit how complex and time-consuming this will be.” As he argued for more resources for the civil services, he said: “When anyone pops their head above the parapet ... and says this is going to take a long time and it’s complex, they are immediately shot down and accused of betraying the will of the people.

“The politics around Brexit are the biggest risk to Brexit. The Government is clearly in a situation where they are trying to deny the complexity of it.” Other exacerbating factors would disrupt Britain’s future for years to come, including its ageing population, the report said.

The number of people aged 65 and over is predicted to rise by a third by the end of the next decade, imposing new strains on an already cash strapped system. The funding gap for adult social care is expected to hit £13bn by 2030-31, the report said.

Meanwhile, “exponential” improvements in new technologies in the workplace, such as artificial intelligence systems and machine learning, will radically change the way people work, putting two-thirds of current jobs – 15 million – at risk of automation, it claimed.

While the report said it would not end “work as we know it”, who benefits from the changes and who loses out would depend on politics, which was likely to become increasingly assertive after decades of a liberalising consensus.

While there was the potential to create an era of widespread abundance, the changes could also usher in a “second machine age” resulting in radical concentrations of economic power, it said. It also predicted that work is likely to become more insecure and more freelance, while inequality is set to increase sharply with the wages of high-income households forecast to rise 11 times faster than for those on low pay.

All the changes will take place against an international backdrop of growing uncertainty, as the American hegemony which underpinned the post war international order fades and the global south rises in economic and geopolitical importance.

Mr Lawrence said: “Britain’s progressives should be ambitious, seeking to shape the direction of technological and social change. We must build a ‘high energy’ democracy that accelerates meaningful democratic experimentation at a national, city and local level, and also in the marketplace by increasing everyone’s say over corporate governance, ownership and power.”

The ironies of Brexit: Surveillance policy edition

Foreign Policy, 21.12.2016



European Court of Justice, challenging key provisions of Britain’s surveillance regime, contained a wonderful irony. The case was brought in part by David Davis and challenged powers championed by his current boss, PM Theresa May.

The ECJ’s justices challenged the data retention provisions of a 2014 surveillance law that allowed London to force companies to keep electronic communication records for up to a year. “General and indiscriminate” retention of such records “exceeds the limits of what is strictly necessary and cannot be considered to be justified within a democratic society,” the court found.

The retained data concerns communication metadata — including who was contacted, and for how long, for example — and not content. The court found that data retention requirements must be limited in scope and not blanket requirements. “Retained data, taken as a whole, is liable to allow very precise conclusions to be drawn concerning the private lives of the persons whose data has been retained,” the ECJ said in a summary of its ruling.

Wednesday’s ruling comes amid a roiling debate in Europe over the proper limits between national security and privacy rights. A spate of terror attacks in Europe have led to authorities in France and Germany to expand and invest in surveillance capabilities. But the ECJ ruling indicates that the aggressive measures pioneered by Britain may run headlong into European Union regulations.

As one of the campaigners for Britain’s exit from the EU, Davis called for a withdrawal from what he described as EU meddling in U.K. matters. But that didn’t stop the civil libertarian from signing onto legal action attempting to use EU law to strike down a British measure. It’s exactly that kind of interference in domestic affairs that many Brexit supporters sought to end, but which Davis put to good use in challenging Britain’s extremely aggressive surveillance regime. Expansive data retention, he argued before the ECJ, amounts to “treating the entire nation as suspects.”

Since the 2014 law, known as the Data Retention and Investigatory Powers Act, Parliament has passed a far more intrusive surveillance measure that takes effect next month. Known as the Investigatory Powers Act, the law hands the British government vast powers to carry out surveillance activities and includes data retention provisions of the 2014 statute.

Wednesday's ruling doesn't directly affect the Investigatory Powers Act, better known as the "Snooper's Charter," but may place it on shaky legal footing and open to challenge in Britain. But if the U.K. pulls out of the EU, the ruling will likely be moot as the ECJ will no longer have jurisdiction in Britain.

While serving as home secretary, May was the principal architect of the Snooper's Charter and quietly opposed Brexit. It's one of the many ironies of the post-Brexit era that her surveillance policies may be saved by Britain's departure from the EU.

Trump's trade agenda would 'turn back the clock to another age'

Foreign Policy, 26.12.2016



Donald Trump and his team are threatening to dynamite the foundations of global trade that have underpinned decades of growth, with potentially dire consequences for the economy and for America's place in the world.

Trump telegraphed a confrontational approach to trade while on the campaign trail, especially with countries like China and Mexico, threatening big tariffs and calling for the United States to pull out of the World Trade Organization. He's also vowed to scrap sweeping, multilateral trade deals like the Trans-Pacific Partnership and instead boost smaller-scale bilateral deals with individual countries.

By naming Peter Navarro, a China-bashing economist at the University of California at Irvine, as head of his newly formed National Trade Council, Trump signaled Wednesday he will indeed turn that hawkish rhetoric into trade policy — despite plenty of concern among mainstream and conservative economists, and big chunks of the U.S. business community.

The Trump transition team praised Navarro, who advised the campaign, for "challenging the prevailing Washington orthodoxy on so-called free trade." Trump, who said he read Navarro's 2006 book, *The Coming China Wars*, said the rogue economist "has presciently documented the harms inflicted by globalism on American workers, and laid out a path forward to restore our middle class." Trump has also made clear that Wall Street raider Wilbur Ross, his pick for commerce secretary, will play a leading role in shaping the administration's trade policy. Taken together, the moves suggest Trump will seek to sideline the role played by the U.S. trade representative, traditionally the president's main trade advisor.



Trump is reportedly considering tapping Jovita Carranza, a former official in the Small Business Administration with no apparent experience in trade, as U.S. trade representative. And the threats of punitive tariffs may not have been left on the campaign trail, either. CNN reported Thursday that Trump is considering slapping tariffs, perhaps of high as 10 percent, on all imports after taking office. That would likely violate WTO rules, and could spark retaliation from trading partners, which would weigh on U.S. exports. The Trump transition team said Thursday it is too early to discuss specifics of future trade policy.

“It’s gruesome. It’s shocking that he wants to turn back the clock to another age, to a manufacturing economy,” said J. Robert Vastine, a former Treasury Department trade official in the Ford administration. “Somehow we get there by abdicating trade agreements? I just can’t believe it.”

The incoming Trump administration’s trade architects share with each other and the real estate mogul some notions about trade that are odds with most economists. They tend to view trade as a zero-sum game, where countries can only gain at other countries’ expense, and where trade deficits are seen as a sign that a country is “losing.”

But since David Ricardo in the early 19th century, most economists see trade as largely mutually beneficial. Trump has “a very different view of reciprocity in trade than has historically been the case,” Gary Hufbauer, a senior fellow at the Peterson Institute of Economics and former Carter administration trade official, told Foreign Policy.

Trump’s team blames Beijing and bad trade deals for many of the ills affecting U.S. manufacturing. Navarro, in particular, argues that China’s trade policies, rather than long-term trends like rising automation in manufacturing, are responsible for wiping out some 25 million U.S. manufacturing jobs.

Navarro says China keeps its currency cheap and unfairly supports exports by Chinese firms, giving them an unfair advantage in the U.S. market. Like Trump, he has called for tariffs on Chinese goods of up to 45 percent to level the playing field. In fact, in recent years, Beijing has spent vast sums of money propping up the value of its currency, not pushing it down.

Now China is grappling with the implications of a Trump administration that could put into practice what many in Beijing had dismissed as election-year rhetoric. In 2012, Navarro made *Death by China*, a documentary film based on his book. In it, he claimed that lax standards, cheap currency, and illegal subsidies are helping Chinese firms flood the U.S. market and decimate American manufacturers; Navarro says in the film that Chinese tactics shuttered more than 50,000 factories in the United States.

In an article in the *National Interest* earlier this year, Navarro detailed how a get-tough policy on China would shape Trump’s economic plans. “Trumpnomics,” he wrote, “will eliminate the ‘pull’ of China’s unfair trade practices like illegal export subsidies, currency manipulation, piracy, and the use of sweatshops and pollution havens.”

Xinhua, the official Chinese news agency, said Thursday that Navarro’s appointment is a “strong signal that Trump could carry out most of his trade policy promises on the campaign trail.” Navarro, a *Foreign Policy* contributor, did not respond to requests for comment.



If most economists think Trump and his advisors misdiagnose trade's impact on the economy, they are even more worried by the remedies the incoming president is proposing. Slapping unilateral tariffs on all imports, as Trump is reportedly considering, would violate WTO rules, and almost certainly would spark a massive retaliation by U.S. trading partners. Targeted but steep tariffs against countries such as China and Mexico — two of the biggest U.S. trade partners — would be especially risky. In 2015, two-way trade between the United States and China totaled \$659 billion, while two-way trade with Mexico amounted to \$584 billion.

"We call this absolute trade war," Marcus Noland, executive vice president at the Peterson Institute, told FP recently. "There are millions of Americans, many of whom are vulnerable, who have no idea that their livelihoods are at risk."

A willingness to resort to unilateral tariffs, even in violation of WTO rules, highlights the dim view that Trump and his economic team take of the framework that's come to govern world trade since the end of World War II. That includes Trump's campaign pledges to pull the United States out of the WTO and his antipathy toward big, multi-country trade deals like President Barack Obama's proposed Trans-Pacific Partnership.

But pulling out of the WTO would have steep costs for the U.S. economy, the Peterson Institute found. American exports get privileged access to about 96 percent of the world's consumers through the WTO and other trade agreements in effect. Although Washington has 20 free-trade deals with individual countries, the bulk of U.S. trade takes place with the rest of the world, thanks to the low-tariff access made possible by the WTO.

Bailing out of the WTO, like ditching the TPP, also risks ceding America's role in shaping the rules governing the global economy, experts have warned. For the Obama administration, TPP was the centerpiece of the U.S. pivot to Asia, and would help Washington "write the rules of the road," including raising environmental and labor standards. A U.S. withdrawal would open the door for China to gain more economic and diplomatic influence in Asia and Europe, experts say.

A China-dominated regional trade pact, the Regional Comprehensive Economic Partnership, is already shaping up as a successor to the doomed TPP, giving Beijing a bigger role in shaping Asia's future. And European governments and firms are lining up to court Chinese business — and accept Chinese political influence — as Beijing builds its "New Silk Road" across Central Asia to Europe.

"TPP is very important for foreign policy reasons. China is negotiating RCEP, which could put U.S. companies at a disadvantage," William Krist, who was a U.S. trade negotiator in the Carter and Reagan administrations, told FP. "It's important for our allies around there to think we're reliable."

Trump and his team argue that existing trade pacts and agreements leave U.S. firms at a competitive disadvantage and are largely responsible for the U.S. trade deficit, which last year reached \$532 billion. The North American Free Trade Agreement was a favorite punching bag of Trump's on the campaign trail. "The problem with regional trade agreements is you get picked apart by the first country, then you negotiate with the second, you get picked apart, and you go with the third one, you get picked apart again," Ross said last month.



Instead, Trump's team favors bilateral trade deals with individual countries, with the idea that the U.S. trade negotiators could wrest a "better deal." "What has to be put into perspective," Ross said, is "we are the big market, we are the world's biggest importer, we need to treat the other countries as good suppliers, not as determining the whole show."

But trade experts say bilateral deals offer few advantages over more ambitious pacts like TPP or a similar deal in the works with Europe. Bilateral deals don't mesh well with sprawling, global supply chains that increasingly underpin manufacturing. And they can take just as long to negotiate and get through Congress, but deliver fewer economic benefits than big deals do.

Boeing's 787 Dreamliner, for example, uses 2.3 million components, 30 percent which come from countries including Italy, Japan, Germany, Korea, the United Kingdom, Sweden, and France. Raising barriers to cross-border trade would make those planes, and thousands of other products, more expensive to produce. That would be especially risky as global trade is already facing plenty of headwinds. This year, for the first time this century, trade is growing at a slower rate than the global economy.

"The evolution of the global value chain is that trade is done within many countries playing by the same rules, not multiple countries playing by multiple sets of rules," said Wendy Cutler, a former U.S. trade negotiator currently at the Asia Society Policy Institute.

And small, bilateral deals aren't any quicker to pull off, either. The U.S. free trade agreement with Panama, for example, took nine years from conception to conclusion, but covers just \$8.2 billion worth of trade. The TPP, in contrast, covers a dozen countries that collectively account for 40 percent of global economic output, but took only five years to negotiate.

"It takes just as long to negotiate a bilateral agreement as it does a multilateral or regional agreement, and it has much less impact," Mickey Kantor, who served as U.S. trade representative under President Bill Clinton, told FP.



Announcements & Reports

Energy Relations in the Euro-Mediterranean: A Political Economy Perspective

Source : Bruegel
Weblink : <http://bruegel.org/2016/12/energy-relations-in-the-euro-mediterranean-a-political-economy-perspective/>

Reinforcing Deterrence on NATO's Eastern Flank

Source : Rand
Weblink : http://www.rand.org/pubs/research_reports/RR1253.html

2017 Global Forecast

Source : CSIS
Weblink : <https://www.csis.org/analysis/2017-global-forecast/?block3>

Upcoming Events

Competitive Gains in the Economic and Monetary Union

Date : 30 December 2016
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 : 05 January 2016
Place : London - UK
Website : <http://www.chathamhouse.org/event/future-capitalist-democracy-uk-japan-perspectives>

13th Asia Europe Economic Forum (AEEF)

Date : 15 January 2016
Place : Beijing - China
Website : <http://bruegel.org/events/13th-asia-europe-economic-forum/>

Emerging Markets and Europe: Time for Different Relationships?

Date : 17 January 2016
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 : 18 January 2016
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 : 19 January 2016
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 : 23 January 2016
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 : 24 January 2016
Place : Berlin - Germany
Website : <http://www.bruegel.org/nc/events/event-detail/event/541-the-future-of-the-welfare-state/>

Vision Europe Summit 2016

Date : 25 January 2016
Place : Lisbon - Portugal
Website : <http://bruegel.org/events/vision-europe-summit-2016/>