

IMF urges structural reforms for Turkish economy

Hurriyet Daily News, 24.11.2014



Despite continued growth in Turkey's economy, the International Monetary Fund (IMF) has warned that the country's government must put forward structural reforms to continue economic momentum.

Turkey's economy has grown on average by 6 percent annually since 2010, but this has come at the expense of a persistently large external deficit, making the economy sensitive to changes in external financing conditions and risks are needed to be addressed with structural reforms, the main risk for Turkey remains a capital flows reversal, the IMF warned in a written report.

"Macroeconomic policies have been too accommodative, inflation is high and well above the authorities' target, real policy interest rates remain negative, and the exchange rate continues to be stronger than suggested by fundamentals. These imbalances are holding back growth potential and increasing risks. They need to be addressed with carefully sequenced macroeconomic policies and structural reforms aimed at increasing aggregate savings, competitiveness and potential output," stated the IMF report. The main risk for Turkey remains a capital flows reversal, associated with monetary policy normalization in advance economies or changes in the country risk premium, adding that other risks center on slower European growth, geopolitical issues and the strength of the policy framework.

The IMF Executive Directors agreed that fiscal policy should play a bigger role in addressing external vulnerabilities and reducing the burden on monetary policy, while providing space for greater spending in priority areas. Accordingly, they supported the fiscal tightening envisaged in the 2015 budget and the substantial increase in the primary surplus within the 2015-17 medium-term program, although a few directors saw merit in a more ambitious pace of adjustment. The directors agreed that consolidation efforts should primarily focus on improving spending efficiency and limiting current expenditure growth while preserving capital investment. While welcoming the monetary tightening in early 2014, the report generally called for a renewed focus on reducing the inflation rate, by setting and sustaining a positive real policy rate to reduce inflation and anchor expectations, read the statement. The directors emphasized the importance of increasing national savings, particularly private savings and reducing reliance on external financing. They encouraged the authorities to move forward with the ambitious reform agenda included in the 10th Development Plan, giving priority to increasing private sector savings, improving competitiveness and the business climate, as well as sustaining education and labor market reforms to boost productivity.

Turkey offers “private company” solution for Cyprus drilling tension

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Turkey’s Foreign Minister Mevlüt Çavuşoğlu has proposed a yet-to-be-founded private company continues oil and gas drilling activities in the Mediterranean until a resolution can be found for the decades-long Cyprus island issue.

Both the Turkish Republic of Northern Cyprus and the Greek Cypriot administration have the right to conduct oil search activities, Çavuşoğlu said. He underlined that Ankara is against unilateral searches by the Greek Cyprus side while peace talks are on the table. The UN-led negotiations between the two sides on the divided island of Cyprus resumed after a two-year pause in February 2013.

However, the Greek-Cypriot administration suspended talks over the divided island on Oct. 7, after Turkey sent a ship to the waters off the coast of Cyprus for oil and gas exploration. “When they drill, we send a ship,” Çavuşoğlu was quoted as saying by the state-run Anadolu Agency, while responding to questions from lawmakers before Parliament’s Planning and Budget Commission. “If they stop it, we will also stop it. Now, we have new proposals. Moreover, we have made this offer: since the states want to be counter to each other until a resolution is reached, then let a private company be founded and perform searches,” Çavuşoğlu said. Turkish Foreign Ministry officials, approached by Hürriyet Daily News, were not yet available to elaborate on Çavuşoğlu’s proposal.

Meanwhile, Prime Minister Ahmet Davutoğlu said Turkey “would never allow” Greek Cypriots to turn the gas into “their monopoly.” “The Mediterranean is our sea too. No one can shut us out of the Mediterranean,” he said while addressing his party at a group meeting. Davutoğlu said he shared these views with U.S. Vice President Joe Biden as well. Turkey does not want tension, but as long as Greek Cypriots continue drilling activities off Cyprus, the Turkish side would do the same, the prime minister said.

White House ‘pleased’ with Ankara talks, despite disagreement on key issues

Anadolu Agency, 24.11.2014



Washington is pleased with talks held during U.S. Vice President Joe Biden’s visit to Turkey, despite their failure to yield any solid outcomes sought by either of the sides, a high-ranking White House official said, briefing the press during the trip.

Speaking to press, a senior U.S. administration official accompanying the vice president on his trip touched on Biden’s talks with Turkish officials in Ankara. The official said the White House thinks “we came to a much greater clarity about where we need to go from here” regarding the strategy to combat the Islamic State of Iraq and the Levant (ISIL).

“There were some additional questions that went unresolved, and both of our systems have to noodle over those in the coming days. But I actually think that we have a much better understanding about what each other’s needs and constraints are on these issues,” the White House representative stated. The official said the conversations have convinced both countries that they “have a lot more in common than disagreements on these issues.”

Pointing to three of those shared views, the official said Washington and Ankara are in “complete agreement” that ISIL needs to be defeated, an effective ground force is needed in Syria, and the moderate Syrian opposition, namely the Free Syrian Army (FSA), should be trained and equipped to counter the al-Assad regime as well as extremist groups. The official also highlighted that both parties’ views were most in harmony over the Iraq strategy.

However, when asked about whether progress was made during Biden’s meetings in Turkey, the official answered coyly: “They didn’t sit there and sign their names on the bottom line on a whole host of agreements.” Regarding the issue of the opening of the strategic air base Incirlik in southern Turkey, which is one of the key subjects of disagreement, the official said the negotiations will continue, but Ankara insists on full harmony between the sides before bases are used. “I think the Turks have been clear that they want to get us all on the same page first before they open up – what they would call open up their platforms a little bit more. So what I’m saying is I think we’re making very good progress in that space. And hopefully when we get to the end, if we’re all in agreement, then we’ll have expanded access for the coalition in Turkey. But, of course, that will be up to the Turks,” the representative said. When asked about what the other main points of disagreement are, the official said “I think where we still need to get across the goal line in terms of our agreement is how our military-to-military cooperation is going to be synced up.”

Meanwhile, a separate White House statement announced that Biden phoned Greek Cypriot leader Nicos Anastasiades to update him on his recent meeting with Turkish President Recep Tayyip Erdoğan and Prime Minister Ahmet Davutoğlu. “The Vice President noted the need to deescalate tensions in order to get back to a more constructive track in U.N.-mediated settlement talks on Cyprus and reinvigorate efforts to seek mutually beneficial solutions,” said the statement released. Biden had called Anastasiades prior to his arrival in Turkey, asking him if he had any messages to convey to the Turkish government.

Turkey blacklists Libya’s Ansar al-Sharia

Hurriyet Daily News, 26.11.2014



Turkey has added Libyan Islamist group Ansar al-Sharia to its terror list following a United Nations Security Council decision taken last week. The group, which is accused of involvement in the September 2012 attack on the U.S. mission in Benghazi that killed the U.S. ambassador and three other Americans, was declared a terrorist organization in Turkey with a decision published in the Official Gazette.

Last week, the U.N. announced measures against Ansar al-Sharia for its ties to al-Qaeda, resulting in an arms embargo, assets freeze and global travel ban against the extremists following requests from Britain, France and the United States.

Turkey to build tax-free industrial zone in Palestine

Anadolu Agency, 27.11.2014



Turkey plans to build an organized industrial zone in the Palestinian city of Jenin in the West Bank, according to a new memorandum of understanding. Turkish Science, Industry and Technology Minister Fikri Işık and Palestinian Deputy Prime Minister and National Economy Minister Mohammed Mostafa signed the deal.

“This will not only be an organized industrial zone, but a free zone as well, offering unique advantages to all investors, whether they are Turkish, Palestinian or other,” Ahmet Şekeroğlu, board chairman of TOBB-BIS Inc., told Anadolu Agency.

The zone is going to be constructed by TOBB-BIS Inc., an affiliate of the Union of Chambers and Commodity Exchanges of Turkey (TOBB). “Investors will not pay any taxes. Moreover, they will be getting significant support from Turkey, Germany and the U.S.,” Şekeroğlu said. The goods produced in the zone will be available for export to world markets, including Germany, France, Saudi Arabia and the U.S., without any duties or quotas, he said. “The businesses will be insured by the World Bank, too,” he added.

Işık said the TOBB project would allow Turkey and Palestine to build and operate further industrial zones across Palestine, as well as increase corporate capacity. “Within this framework, we will be sharing our know-how and 50 years of experience through training programs and workshops in Turkey,” he said. Another goal is to bring the legal framework and corporate capacity currently established in Palestine up to international standards, he added.

Mostafa said Palestine needed a strong economy to be totally independent. “Palestine should be restructured and Palestinians should be provided adequate job opportunities,” he said, adding that industrialization was significant in this regard. The Jenin Organized Industry Zone is slated to be built on an area of 920,000 square meters, just 30 kilometers from Israel’s Haifa Port and the Jordan-Palestine border, according to TOBB.

Turkish Central Bank says it may adjust reserve requirements for lenders

Reuters, 27.11.2014



Turkey’s Central Bank said it may adjust reserve requirements for commercial lenders to encourage them to reduce their reliance on foreign borrowing, a move which would lessen their vulnerability to volatile capital inflows. Turkey is particularly vulnerable to changes in foreign capital flows its main economic weakness.

The Bank said capital flows to emerging markets remain volatile due to uncertainty over global monetary policy and to global political risks. The U.S. Federal Reserve has signaled its first rate rise since 2006 will come next year, but the timing is uncertain.

In its quarterly financial stability report, Turkey’s Central Bank said it may adjust reserve requirements and its reserve option mechanism, by which it determines how much lenders must pay if they choose to hold a portion of their lira required reserves in foreign currencies. Turkish banks’ long-term foreign loans stood at \$63.3 billion at end of the third quarter, up from \$56 billion at the end of 2013 and from around \$3 billion a decade ago. The Bank said annual growth in credit card and vehicle loans was slowing, but that consumer and housing loans were still strong.

Turkey's EU minister in negotiations with Sweden

Anadolu Agency, 27.11.2014



Turkey is conducting important negotiations with Sweden, which is one of the countries most supportive of Turkey's EU accession, Turkey's chief EU negotiator Volkan Bozkir said. Bozkir met with Sweden's Parliament Speaker Urban Ahlin at and Sweden's foreign minister Margot Wallstrom.

"We spoke about the solution to the Cyprus problem and its impact on Turkey's EU accession," Bozkir said. "Sweden seems ready to make an effort to provide all kinds of help and to start the negotiations about the island again." The Greek Cypriot administration's attitude is still a major political obstacle to Turkey's accession to the EU.

Parts of the procedure for Turkey's EU accession, Chapter 23 on Judiciary and Fundamental Rights and Chapter 24 on Justice, Freedom and Security are still politically blocked by the Greek Cypriot administration despite the EU Commission's and Parliament's call for opening them. Negotiations between Turkish and Greek-Cypriots resumed after a two-year pause in February 2013. The previous round of talks had collapsed partly because of the Eurozone debt crisis. However, the Greek Cypriot administration suspended the most recent talks on Oct. 7 after Turkey sent a ship to explore for oil and gas off the coast of the island.

Eroğlu: We cannot wait for another 50 years

North Cyprus Daily, 26.11.2014



The President of the Turkish Republic of Northern Cyprus said that there cannot be another 50 years without a solution on the island. President Dervis Eroğlu's remarks came after he received the United Nations Secretary-General Special Adviser on Cyprus, Espen Barth Eide.

“Turkish Cypriots want a solution and we cannot put a hold on their wishes for too long,” he said. he President of the Turkish Republic of Northern Cyprus Derviş Eroğlu also commented on Greek-Cypriot leader Nicos Anastasiades' call on Turkey to withdraw vessels from Cyprus, saying that this was a unilateral move by the Greek-Cypriot administration.

The Greek-Cypriot administration suspended the most recent talks with the Turkish Republic of Northern Cyprus over the island's future after Turkey sent an oil and gas research vessel on a mission off the Cyprus coast. The move to send a research vessel, with two navy ships, was intended to show that Turkey objected to the Greek Cypriot administration's plans to unilaterally exploit hydrocarbon resources off the island. Both Turkey and the Turkish Republic of Northern Cyprus have called for a fair division of such resources between both sides. The President of the Turkish Republic Northern Cyprus also said the Greek Cypriot leader Anastasiades will go to New York for treatment and that negotiations cannot start for at least another month, “not in his condition.” Anastasiades' nose started to bleed ahead of a European Council meeting and was rushed to hospital, but he was later released. “The important thing is that the Greek Cypriots come back to the negotiating table with a will to find a solution,” Eroğlu said.

Iran won't be brought to knees on nuclear issue

AFP, 25.11.2014



Supreme leader Ayatollah Ali Khamenei said that Iran would not sink “to its knees” over its disputed nuclear programme, his first comment since a missed deadline for a deal. “In the # nuclear issue, arrogants have made their best to bring # Iran to its knees but they were not able and will not be able to do so,” a tweet on his account said.

Iranian officials often refer to Western governments as arrogants. Iran and world powers announced Monday that talks on a comprehensive nuclear agreement had been inconclusive and would be extended until June 30 next year, Agence France reported.

As Iran's supreme guide, Khamenei has the final word on policy matters - foreign and domestic - and thus a decision on a nuclear deal with the five UN Security Council permanent members - Britain, China, France, Russia, the United States - plus Germany is his to make. The merit of nuclear talks with the West -- aimed at ensuring Iran can never develop an atomic bomb -- is hotly contested in Iran. President Hassan Rouhani relaunched the negotiations last year seeking to lift sanctions and bring about a revival in the country's ravaged economy.

However, hardliners in parliament and other powerful institutions, such as the military and judiciary, are sceptical of the talks, saying they have prompted too many concessions on the nuclear programme. Iran denies seeking the bomb and insists its nuclear activities are for solely peaceful purposes, but its assurances have not yet convinced the West.

Ukraine re-elects Yatsenyuk as Prime Minister

DW, 27.11.2014



The International Monetary Fund said on Thursday November 20 it had approved a new stand-by loan for Serbia worth around one billion euros (\$1.25 billion) to help it achieve economic reforms.

“The government’s economic programme will be supported by a 36-month precautionary stand-by arrangement. The overall size would be around one billion euros,” Zuzana Murgasova, head of an IMF mission that visited the Balkan country for the past two weeks, told reporters. However, the stand-by loan is yet to be approved by the IMF’s executive board, she added.

Serbia has agreed to carry out a comprehensive programme of economic recovery, composed of short-term fiscal consolidation measures and structural reforms, said Serbian Finance Minister Dusan Vujovic. The aim of the programme is to reduce the budget deficit to 4.25 percent and save some 1.3 billion euros by 2016, Vujovic added without giving further details. The deal is to take effect on January 1, he said. “This is an important day for Serbia,” Prime Minister Aleksandar Vucic said hailing the deal. The talks with the IMF came as the Serbian Central Bank (NBS) said on Wednesday that the country’s economy would contract by 2.0 percent this year. Earlier the government had forecast a 1.0 percent negative growth. The deal was reached after Serbia had taken various measures to reduce its high fiscal deficit, including a 10-percent cut of pensions and public sector monthly wages above 200 euros (\$250).

The adopted measures also included the privatisation of some 500 loss-making state-owned companies by the end of 2015 that cost up to 600 million euros per year in subsidies. In addition Serbia has also adopted a new labour law to cut some job protections and raise the retirement age for women to 65. Serbia, which began negotiations to join the European Union in January, is expected to report a record budget deficit of 8.0 percent of gross domestic product (GDP) this year. In a country of 7.2 million people, more than 700,000 are employed in the public sector while 1.7 million are pensioners. The unemployment rate is around 17 percent and has been reduced by three percent in the last six months, Vujovic said. Most people with jobs struggle to live on an average monthly salary of 350 euros (\$444). The IMF had frozen a billion-euro loan (\$1.3 billion) in 2012 due to the Serbian government’s inability to meet its terms.

Poroshenko: Ukraine should drop non-aligned status

Reuters, 27.11.2014



Ukraine should drop its non-aligned status, Ukrainian President Petro Poroshenko said. “It is clear that the non-aligned status, which was announced in 2010, has not been able to guarantee Ukraine’s security and territorial integrity”

“The non-aligned status no longer works, and thus, should be annulled,” he said. “Non-aligned status prohibits the country from joining international organizations such as NATO.” Poroshenko added, however, that no prompt action on NATO membership would be taken. He also said that the planned reforms in the country would enable it to apply for EU membership in five years.

Poroshenko said that it was the Ukrainian people, not the politicians, who would decide on NATO membership. “Any urgent move would only distance the country from this intention”. Poroshenko’s remarks came during the opening session of The Verkhovna Rada – Ukraine’s Parliament. It was the first session of the parliament since the ouster of former president Viktor Yanukovich in February. The newly-formed Ukraine parliament re-elected Arseniy Yatsenyuk as prime minister earlier on Thursday. Yatsenyuk, proposed by Poroshenko, garnered the support of 341 of 450 lawmakers in the parliament. Yatsenyuk’s party, the People’s Front won early elections on October 26, securing 22.17 percent of the vote. The parliament is scheduled to choose a cabinet next week.

Russia to lose some \$40 bn a year due to sanctions

Hürriyet Daily News, 24.11.2014



Russia is set to lose around \$40 billion per year due to Western sanctions over the Ukraine conflict, Finance Minister Anton Siluanov said Monday. "We are losing around \$40 billion per year due to geopolitical sanctions and we are losing some \$90 to \$100 billion per year due to oil prices falling 30 percent," Siluanov said in a speech at an economic forum in Moscow.

Sanctions imposed by the European Union and the United States on Russia's economy, which is largely dependent on exports of raw materials, block its access to international capital markets and also to technology.

Russia's Foreign Minister Sergei Lavrov accused the West of attempting to achieve "regime change" in Russia through sanctions that aim to destroy the economy and rouse public protests. President Vladimir Putin suggested Sunday that Russia could experience "catastrophic consequences" from sanctions, the falling oil price and the plunging ruble, while arguing that these would have knock-on effects for other countries.

"The modern world is interdependent. It's far from guaranteed that sanctions, the steep fall in oil prices and the loss of value of the national currency will lead to negative results or catastrophic consequences only for us," Putin warned in an interview with TASS news agency. Putin denied he has financial links to the Russian officials and businessmen from his inner circle who are targeted by Western sanctions blacklists. He said to impose sanctions on those individuals in an attempt to get to him was an approach based on a "false premise." Putin suggested that falling oil prices were due to "targeted steps by our partners on the world energy market." Energy minister Alexander Novak said that Russia was considering cutting its oil production in a bid to revive prices, as the falling price of crude along with sanctions over Ukraine have led to the ruble plunging in value. A major producer of crude oil, Russia is not a member of the OPEC oil producers cartel, which is to discuss later in the week whether to cut output. Russia gets around half of its revenues from oil profits. Its budget for next year, passed by the lower house of parliament, is based on an oil price of \$96 per barrel.

Russia not suing France over warship delivery delay

AFP, 25.11.2014



Russia has no immediate plans to file a claim against France after it delayed the delivery of a hi-tech warship over the Ukraine crisis, Deputy Defence Minister Yury Borisov said. “We’ll wait patiently... So far we are not filing a claim anywhere,” Borisov told the RIA Novosti news agency after French President Francois Hollande said the delivery was delayed “until further notice” because of the situation in eastern Ukraine.

“Everything is written in the contract. We will act according to the wording of the contract, like all civilised people,” Borisov said.

However, Borisov added in comments to ITAR-TASS news agency that if France ultimately refused to hand over the ship, Russia would “go to court and impose fines”. France had been due to hand over the first of two Mistral helicopter carriers ordered by Russia this month. But France has come under huge pressure from its allies, particularly the United States, over the deal and in September postponed the delivery.

Juncker faces censure motion over LuxLeaks affair

EU Observer, 27.11.2014



European Parliament will vote on a motion filed against European Commission President Jean-Claude Juncker and his commission over the so-called LuxLeaks affair. The motion of no confidence was filed and backed by 76 MEPs from Eurosceptic parties, including the UK Independence Party, the National Front in France.

The censure motion comes after an investigation by the International Consortium of Investigative Journalists in early November, which accused hundreds of well-known corporations such as Pepsi, of securing secret tax deals with Luxembourg.



The reports - based on nearly 28,000 pages of leaked sensitive documents relating to more than 1,000 businesses - triggered anger as it apparently showed a European Union state secretly aiding tax avoidance on a vast scale while much of Europe undergoes IMF- and government-imposed "austerity measures" including "free-market reforms" cutting public services, raising pension ages and restricting wages and salaries. The tax deals took place during Juncker's time as prime minister and finance minister of the country. "The LuxLeaks scandal shows that Commission President Juncker has always acted in his political life to enrich his country behind the backs of its European partners, in defiance of the Union and Community spirit he is supposed to represent," Marco Zanni said. Zanni is an MEP of the European Parliament from the Five Star Movement, an Italian Eurosceptic party. Opening the debate over the motion, Zanni accused Juncker of being "on the side of fiscal evaders who backed every failed EU policies of last years."

"Looking at who signed the no-confidence motion I wonder what it means. It seems to me that the intention of the voters is not what it seems because they should realize that I'm not a friend of the big capital" Juncker replied. The commission president also added that accusations were only against himself. "Leave the commission aside and deal with me only," Juncker said.

MP Gabriele Zimmer from European United Left / Nordic United Left alliance said the LuxLeaks revelations are "not about personal responsibility, but about the "Juncker system"... There are many other member states that use the same system." Juncker responded by saying "these are tax arrangements made by the member states across the EU. I'm not the one who created this." Juncker, 59, has said before that all his actions during his time as prime minister of Luxembourg were in compliance with the national legislation and the international rules. "The national rules differ from member state to member state; sometimes the results of that is a tax rate not fully in compliance with the concept of fiscal fairness," he justified.

Italian MP Gianni Pittella, leader of the Socialists and Democrats group that backs Juncker, said "If we throw this commission away, we will throw the 300 billion euros investment package." Juncker has unveiled Wednesday a new three-year initiative of 315 billion euros plan to resuscitate Europe's economy, which will be built on 21 billion euros of the EU seed money. "Too much time will be wasted again to form a new college," explained Pittella.

At the end of the hearing, Juncker pleaded to MPs to not doubt him and his commitments. "Please, stop insulting me. It's true that I'm thick-skinned, but I prefer to go on with my work," he said. In order to dismiss the commission, it would have to obtain a two-thirds majority of votes cast. However, The no-confidence vote is unlikely to succeed, as the European People's Party and the Social Democrats - who hold a majority of seats in the European Parliament - back the embattled President. Juncker, former Prime Minister of Luxembourg from 1995 to 2013 and is a member of the center-right Christian Social People's Party, took office on Oct. 22 for a five-year term. He was elected in July to replace former Portuguese Prime Minister, Jose Manuel Barroso, as European Commission President. A heavily trailed European Union "€315 billion investment plan" presented by Juncker to EP has been widely criticized after it was disclosed that only €21 billion is actually available after being reallocated from existing funds. The project will be presented to heads of state of member countries in December at the next meeting of the European Council and could be adopted by mid-2015.

France: Parliament debates recognition for Palestine

Fox News, 28.11.2014



French Foreign Minister Laurent Fabius said on Friday that France will recognize Palestine as a state if peace efforts fail. As French National Assembly began a debate on a resolution calling for the French government to recognize the State of Palestine, Fabius told French lawmakers that: “If this last attempt at negotiation does not succeed, France will assume its responsibilities by recognizing the State of Palestine.”

The vote on the resolution which was proposed by the Socialist group, will take place, just few days before the French Senate votes on a similar resolution proposed by the Communist and Ecologist groups on Dec. 11.

Fabius said that he supports the recognizing of Palestine but “by the end of 2016 based on UNSC resolution.” “France recognizes the State of Palestine, it is not a favor...it is a right,” he said, adding that “France is a friend of the Israeli people and the Palestinian people...France will recognize the State of Palestine, the question is when and how? Because it is necessary that this recognition should be useful to the efforts to break the deadlock and to contribute to achieving a final settlement of this conflict,” he added. He reiterated his opinion on his Twitter account, writing on Tuesday Nov.25: “Regarding the principle of the recognition of Palestine, France’s position has always been there since 1947, it is the 2 states.”

Most socialist deputies and senators are expected to vote for the resolution, except perhaps few dozen out of 289, who are close to Israel. On the right, the Union for Popular Movement “intends not to vote,” announced Christian Jacob, leader of UMP deputies.

Former French president Nicholas Sarkozy, who just got back to politics after a two-year political retirement when he announced in September he would seek to be elected chief of the UMP party in the Nov. 29 elections, has also urged deputies of his party to vote against the motion. For the far right party, The National Front, the official party line is to recognize a Palestinian state. FN Vice President Louis Aliot told French daily Le Figaro: “We are for the recognition of two states, who recognize each other, both living in security, on the condition that the Palestinian state recognizes the State of Israel and the fight against terrorism within it, which is not always the case today.” The French parliament is made up of two chambers, the National Assembly, which has the final say in drafting legislation, and the Senate.

Germany: UN Security Council reform considered

Anadolu Agency, 27.11.2014



Germany, Austria, Switzerland and Liechtenstein have discussed proposals on reforming UN Security Council and restricting the veto right of permanent members, Liechtenstein's Foreign Minister Aurelia Frick has said. The discussion on Thursday came as UN Security Council faces growing international criticism for its failure to act in severe crises such as Syria and Ukraine.

Frick said at a joint press conference in Berlin following the annual meeting of foreign ministers of German-speaking countries: "We have discussed how the use of veto right can be abandoned in gross human rights violations."

Frick did not give more details about the proposals but stressed that reform of UN Security Council has been among the issues of common interest between the German-speaking countries. EU's economic heavyweight Germany has long been a strong supporter of reform at the Security Council demanding a more representative body and expressing readiness to assume greater responsibility. Germany's Foreign Minister Frank-Walter Steinmeier hosted this year's annual meeting at Villa Borsig, the guest house of the German Foreign Ministry. Austrian Foreign Minister Sebastian Kurz, the President and Foreign Minister of Switzerland Didier Burkhalter and Liechtenstein's Foreign Minister Aurelia Frick participated at the meeting, which functions as a forum where ministers of four countries discuss international political developments and cultural programs to promote German language worldwide. The UN Security Council has five permanent members with veto powers: the U.S., U.K., France, Russia and China.

Afghan President warns South Asia leaders against “confrontation”

Anadolu Agency, 26.11.2014



Afghanistan’s president warned South Asian leaders against regional rivalries and conflicts at a summit in Nepal. Ashraf Ghani Ahmadzai said the region needs to “change the rules of the game in the playing field, from confrontation to cooperation” when he spoke at the 18th summit of the South Asian Association for Regional Cooperation.

“We will not allow our territories to be used by any of our neighbors but we will not allow anybody to conduct proxy wars on our soil either,” said Ghani, reflecting Afghanistan’s persistent claim that neighboring Pakistan has sponsored Taliban militants in Afghanistan.

The leaders of all eight of the association’s member countries touched on the need for greater cooperation on regional security. “My vision for our region is a dispute-free South Asia where, instead of fighting each other, we jointly fight poverty, illiteracy, disease, malnourishment and unemployment,” said Pakistani Prime Minister Nawaz Sharif.

Ghani, a former economist who is hoping to revive Afghanistan’s aid-dependent economy, emphasized the role his country could play in connecting South and Central Asia. “Looking at Afghanistan as a fulcrum point within a regional network, rather than as a national economy in isolation, we can see the prospects of a regional economy,” he said. “Driven by the vision of becoming the Asian roundabout where goods, ideas and people will flow in all directions, we are determined to bring peace, stability and prosperity to the region and ourselves,” he said.

The prime ministers of Bangladesh, Bhutan and Nepal focused more on development and climate change. “It is high time we work honestly to confront these challenges,” Nepalese Prime Minister Sushil Koirala said as he opened the summit. “No one has the privilege to pollute the planet without accountability,” Koirala said. “Our people continue to suffer from compounding threats posed by climate change and environmental degradation.”

Indian Prime Minister Narendra Modi emphasized the strong position he wanted India to play in the region and said his country would invest in infrastructure and provide humanitarian support for its neighbors. “We are grateful for the opportunity to have made a difference to the lives of a few brothers and sisters in our region” Modi said.

The leaders of Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka are attending the two-day summit. The regional grouping held its first meeting in Bangladesh in 1985 with the intention of fostering better economic and political partnerships. In 1995, the association committed to the formation of a free trade area, though it has not yet been effectively established.

Grand jury decides against charges in Ferguson shooting, prompting nationwide protests

Reuters, 25.11.2014



Tense protests flared again in the St. Louis suburb of Ferguson, with gunshots heard and tear gas fired, after a Missouri grand jury decided not to indict a white police officer over the fatal shooting of an unarmed black teenager in August.

Angry crowds took to the streets around the Ferguson police department after the grand jury determined there was no probable cause to charge officer Darren Wilson with any crime for the shooting of Michael Brown. St Louis police reported heavy automatic gunfire late in the area near where Brown was shot and killed on Aug. 9.

Protests were also staged in New York, Chicago, Washington, D.C., Seattle and Oakland over a case that has highlighted long-standing racial tensions not just in predominantly black Ferguson but across the United States. "They determined that no probable cause exists to file any charge against officer Wilson," St. Louis County Prosecutor Bob McCulloch told reporters in Clayton, Missouri, the St. Louis suburb where the grand jury met. Wilson could have faced charges ranging from involuntary manslaughter to first-degree murder, McCulloch said. Storefront windows were smashed near the Ferguson Police Department, and at least one police cruiser and another vehicle on the street were set on fire. Gunshots were heard and police responded with volleys of tear gas and flash-bang canisters. Brown's family said through their attorneys they were "profoundly disappointed" by the grand jury's finding. "While we understand that many others share our pain, we ask that you channel your frustration in ways that will make a positive change," the family said in a statement. Attorneys for Wilson, who has avoided the spotlight since the shooting, did not immediately respond to a request for comment.

President Barack Obama called for protesters to remain peaceful and for police to show restraint. "We are a nation built on the rule of law and so we need to accept that this decision was the grand jury's to make," Obama said in a televised news conference. "We need to recognize that the situation in Ferguson speaks to broader challenges that we still face as a nation. The fact remains that in too many parts of this country a deep distrust exists between police and communities of color."

Ahead of the news, a crowd of several hundred people gathered outside the Ferguson Police Department, and many began to scream angrily as word of the grand jury's decision spread. "Murderers, you're nothing but murderers," one woman shouted through a megaphone at officers clad in riot gear. "Stinking murderers."

A group of protesters briefly mobbed a police car, throwing rocks and knocking out its windows, prompting a group of officers clad in riot gear to advance. Sounds of gunshots briefly caused police to take cover behind their vehicles. A Walgreens drugstore was set alight. “They need to understand that when you put your son in the ground, that’s a pain that you can never overcome,” said Paulette Wilkes, a 40-year-old teacher’s assistant. “People are trying to process it. I think once they process it they will continue to burn and loot because they’re angry.”

Missouri Governor Jay Nixon called up the National Guard ahead of the announcement to protect against the kind of rioting that flared in the weeks after Brown was shot and killed. Some activists described the decision to preemptively activate the guard as unnecessarily heavy-handed, particularly following complaints that police inflamed crowds in August by responding in a heavily militarized posture with tear gas and rubber bullets.

The grand jury, with nine white and three black members, began meeting in late August and heard evidence that included witnesses called by the prosecution as well as a private pathologist hired by the Brown family to review the shooting. Nine jurors needed to agree to bring charges. McCulloch declined to say if the jury’s decision was unanimous, noting that grand jury proceedings are completely secret and that only the jury members themselves know the details of the proceedings. A federal probe into the shooting is continuing, and U.S. Attorney General Eric Holder emphasized in a statement that the Justice Department investigators had not yet reached any conclusions. “Though we have shared information with local prosecutors during the course of our investigation, the federal inquiry has been independent of the local one from the start, and remains so now. Even at this mature stage of the investigation, we have avoided prejudging any of the evidence,” he said.

World Trade Organization: First global trade deal signed

Reuters, 28.11.2014



Members of The World Trade Organization approved the first-ever multilateral trade agreement in its history, one which is projected to boost global trade by \$1 trillion. According to statement released on the organizations website, “The Trade Facilitation Agreement” has been approved by all 160 members of the organization.

The agreement means that the organization will introduce new standards for customs checks and border procedures. U.S. Trade Representative Michael Froman said the agreement would mean a significant reduction in costs and transaction time in customs procedures.

At a press conference on Thursday Roberto Azevedo, the organization’s Director-General, urged member states’ representatives to push forward the ratification process in their legislatures. “The adoption of the protocol is also significant because it means that the Trade Facilitation Agreement



Facility is now officially operational.” Azevedo said. In July 2014, the WTO announced the launch of the Trade Facilitation Agreement Facility, which will assist developing and least-developed countries in implementing the Trade Facilitation Agreement, the organization explains on its website. “This clears the path for the Trade Facilitation Agreement to be implemented and to come into force — with all the well-documented economic benefits that this will bring for developed and developing countries alike.” World Trade Organization has not previously been able to adopt a global trade agreement, because it has never before had a unanimous consensus for such a proposal.

Announcements & Reports

► *US Strategy against ISIS in Syria and Turkey’s Position*

Source : ORSAM

Weblink : http://www.orsam.org.tr/en/enUploads/Article/Files/20141127_policybrief17ing.pdf

► *The Role of Diplomacy and Soft Power in Combatting Terrorism*

Source : SAM

Weblink : http://sam.gov.tr/wp-content/uploads/2014/11/TMMM_-Seminar-Report.pdf

► *Annual Turkish M&A Review 2013*

Source : Deloitte Global

Weblink : <http://www2.deloitte.com/content/dam/Deloitte/tr/Documents/mergers-acquisitions/tr-annual-turkish-ma-review-2013.pdf>

► *Real Estate 2020 Building the future*

Source : PwC

Weblink : http://www.pwc.com/en_GX/gx/asset-management/publications/assets/pwc-real-estate-2020-building-the-future.pdf

► *Global Private Banking and Wealth Management Survey*

Source : PwC

Weblink : <http://www.pwc.com/gx/en/banking-capital-markets/private-banking-wealth-management-survey/assets/pwc-global-private-banking-wealth-management-survey-2013.pdf>

► *What’s Driving the Decline in the Firm Formation Rate?*

Source : Brookings Institute

Weblink : http://www.brookings.edu/~media/research/files/papers/2014/11/driving%20decline%20firm%20formation%20rate%20hathaway%20litan/driving_decline_firm_formation_rate_hathaway_litan.pdf

Upcoming Events

► *Food Security: Mapping Risks, Building Resilience*

Date : 01 – 02 December 2014
Place : London – United Kingdom
Website : <http://www.chathamhouse.org/foodsecurity2014>

► *11th Asia Europe Economic Forum*

Date : 05 December 2014
Place : Tokyo – Japan
Website : <http://www.bruegel.org/nc/events/event-detail/view/460/>

► *18th Middle East Iron and Steel Conference*

Date : 08 December 2014
Place : Dubai – United Arab Emirates
Website : <http://www.woodmac.com/public/events>

► *PONI 2014 Winter Conference*

Date : 09 - 10 December 2014
Place : Washington – USA
Website : <http://csis.org/event/poni-2014-winter-conference>

► *Ageing and Health: Policy-making in an Era of Longevity*

Date : 09 February 2015
Place : London – United Kingdom
Website : <http://www.chathamhouse.org/conferences/ageing>

► *Security and Defense*

Date : 23 February 2015
Place : London – United Kingdom
Website : <http://www.chathamhouse.org/Defence2015>

► *Diversifying MENA Economies*

Date : 02 - 03 March 2015
Place : London – United Kingdom
Website : <http://www.chathamhouse.org/conferences/MENA-Economies>



► *Creating an Effective Financial System*

Date : 09 March 2015
Place : London – United Kingdom
Website : <http://www.chathamhouse.org/conferences/financialsystem>

► *Innovation Forum 2015*

Date : 26 March 2015
Place : Chicago – USA
Website : <http://www.economist.com/events-conferences/americas/innovation-2015>