

London, Istanbul strengthen global economies, says PM Davutoğlu

Hurriyet Daily News, 20.01.2015



Istanbul is an historical economic power and London is the capital city of the modern economy, and the unity of these two cities is important for both the European and the global economy, Turkish Prime Minister Ahmet Davutoğlu said.

Speaking at a signing ceremony of the cooperation deal between Borsa Istanbul and the London Stock Exchange, covering derivatives and index products, Davutoğlu said the world economy would benefit from cooperation between the Istanbul and London stock exchanges. Under the terms of the partnership agreement, the London Stock Exchange Derivatives Market will offer trading in futures.

The flagship BIST 30 Index futures currently trade, on average, more than 170,000 contracts per day on Borsa Istanbul. Subject to regulatory approval and customer readiness, London's trading in the products is expected to be made available in the second half of 2015.

Eurasian Economic Union 'would welcome' Turkey's membership

Hurriyet Daily News, 23.01.2015



Turkey has yet to make an official application for membership of the Eurasian Economic Union (EEU), but it would be welcome to join, Kazakhstan's ambassador to Turkey has said.

The heads of states from Turkey and EEU member countries have discussed the issue of Turkey's membership before to the union, Ambassador Zhansait Tuimebayev told reporters on Jan. 22, speaking at a joint press conference with the ambassadors of Russia, Belarus and Kyrgyzstan in Ankara. The union, which officially began Jan. 1, does not have a political agenda and is solely an economic alliance.

"We attach importance to enhancing cooperation with Turkey on economy and trade," Belarus Ambassador to Turkey Andrey Savinykh said, adding that they would welcome any bid by Turkey to become a member of the EEU. The EEU aims at the free movement of goods, services and capital,

coordinated policies in agriculture and industry, cooperation in major infrastructure projects, and the formation of joint energy markets for natural gas and petroleum products, Savinykh also said.

Turkey cuts key rate as inflation slows

Reuters, 20.01.2015



Turkey's Central Bank lowered its main interest rate by 50 basis points in response to slowing inflation and in the face of increased political pressure for softer monetary policy before a June parliamentary election.

Last week President Tayyip Erdoğan warned he might summon central bank officials if they did not respond to his repeated calls for lower rates to boost growth. The bank cut its one-week repo rate to 7.75 percent while leaving unchanged its overnight lending rate at 11.25 percent, its primary dealers' overnight borrowing rate at 10.75 percent and its overnight borrowing rate at 7.50 percent.

"It's hard to say (the rate cut) is just due to political pressure because there was a downside surprise in inflation in December," Finansbank economist Gökçe Çelik said. "But the comments from government are damaging the credibility of the Central Bank. Even if they (the bank) did it for economic reasons, that's not what it looks like from outside."

Bolstering economic growth would improve the ruling Justice and Development Party's prospects of winning a two-thirds majority in June and thereby make it easier for Erdogan to build a strong executive presidency. Of 20 economists polled by Reuters, 11 had expected a cut in the main rate, with eight forecasting a quarter of a percentage point reduction and three anticipating a 50 basis point cut.

The Central Bank's battle against inflation, even as the economy slows and conflict continues in neighboring countries, has been helped by the slide in global oil and commodity prices. Tuesday's decision came after data showed annual consumer price inflation eased to 8.17 percent in December from 9.15 percent in November. The latest Central Bank survey of business leaders pointed to end-2015 inflation of 6.82 percent, still above the 5 percent target. The Central Bank described yesterday's move as "measured" and said it would keep its overall monetary policy tight until there was a significant improvement in the inflation outlook.

The lira, which hit a record low against the dollar in December, firmed to 2.3290 after the announcement from 2.3405 beforehand. Traders said investors were relieved that the bank had not cut more deeply, given the political pressure. After hiking rates sharply last January to halt a slide in the lira, the bank cut rates four times from May till August. Growth slowed to 1.7 percent year-on-year in the third quarter, below a Reuters forecast of 3 percent, indicating the government would not meet its 4 percent full-year target.

Central Bank didn't get message, says Turkish President Erdoğan

Reuters, 21.01.2015



Turkish President Tayyip Erdogan has said the Central Bank's 50-basis point rate cut announced was "insufficient," adding that securing investment and employment was impossible at current interest rate levels.

Erdoğan, who has repeatedly called for looser monetary policy, told a news conference that the Bank had still "not got the message" on interest rates and he would share his views with the prime minister and other ministers. "If we want investment in Turkey, if we are creating jobs, it's not possible with this rate. This rate should go down so that there will be entrepreneurship and competition," he said.

"The Central Bank will continue to get criticism as long as it continues to take wrong steps. My sensitivity on this issue as the president of this country will continue," he added. The Turkish Lira weakened slightly to 2.3444 against the dollar after Erdoğan's comments, from 2.3420 beforehand. The latest cut in the main one-week repo rate, while leaving other rates on hold, had already drawn a swift rebuke from ministers, who said it was not enough to support economic growth five months before a general election. Last week, Erdoğan warned that he might summon Central Bank officials if they did not respond to his repeated calls for lower rates to boost growth.

Passage of ISIL fighters through Turkey is the 'greatest threat': Turkish FM

Reuters, 19.01.2015



The passage of foreign fighters through Turkish territory aiming to join the ranks of the Islamic State of Iraq and the Levant (ISIL) is the "greatest threat to Turkey," Foreign Minister Mevlüt Çavuşoğlu has said.

"We have taken serious measures on this issue and will take further measures along the border," Çavuşoğlu said at a joint press conference with his Kuwaiti counterpart Sabah al-Khalid al-Sabah. His remarks came in reply to a question on claims by Hezbollah Secretary General Sayyed Hasan Nasrallah that Turkey funds and supports ISIL and al-Nusra, a branch of al-Qaeda operating in Syria.

“Nasrallah slanders Turkey while giving support to the cruel state terror of the al-Assad regime. They have together killed 200,000 people,” Çavuşoğlu replied. “For us, there is no difference between ISIL and al-Assad; ISIL is also a direct threat to us,” he stated. “It is obvious that ISIL is a cruel terror organization from how they kill people,” Çavuşoğlu said, adding that Turkey argues airstrikes are not enough to win the struggle against ISIL and a ground operation is also required. Turkey “insists on an extensive fight against ISIL,” but some circles still accuse Ankara of supporting the jihadist group, he said, describing this as unfair.

Turkey has suffered terror for up to 40 years and there is “no good or bad terrorist group” for it, Çavuşoğlu said, adding that terror has “no religion, no sect, no race. We are against all kinds of terror,” he said. Çavuşoğlu said there are no “active members of ISIL in Turkey,” but the government has determined the individuals who are aiding the passage of terrorist group members. He added that intelligence reports indicate that some 500-700 Turks have joined ISIL. Meanwhile, attending the 21st International Junior Diplomats Training Program, Çavuşoğlu again reiterated that terrorist groups threaten society and stressed the need for “all hands on deck” in the struggle against terrorism.

EBRD slashes growth estimate for Turkey

Anadolu Agency, 20.01.2015



The EBRD has cut its 2015 growth estimate for Turkey from 3.2 percent to 3 percent, citing weaknesses in external demand and lower spending by Russian tourists.

The EBRD’s latest economic outlook, published on Jan. 19, said a sharp fall in the price of oil has piled pressure on an already fragile Russia, and is hitting growth in energy exporters and other emerging nations with close links to Eastern Europe’s largest economy. Within this respect, the report estimated that the Turkish economy will grow by 3 percent in 2015, down from the 3.2 percent the institution had previously predicted.

“Turkey is expected to see growth of 3 percent in 2015, supported by the lower oil import bill and potential monetary easing,” the lender said in a statement to share the results of the report. The EBRD explained the cut by saying “continued weakness in external demand and lower spending by Russian tourists could be negative factors.”

The EBRD report was mainly centered on the challenges that the Russian economy is facing and its spillover effects on linked countries. The report says EBRD economists expect Russia’s GDP to shrink by close to 5 percent in 2015, a major downward revision from September’s forecast of a decrease of 0.2 percent. On average, countries across the EBRD regions are now expected to see a decrease of 0.3 per cent in 2015, after a forecast of 1.7 percent growth in September. “Even this forecast is subject to considerable risks,” said Acting EBRD Chief Economist Hans Peter Lankes. Lankes referred specifically to the impact of any further large falls in the oil price or a further

escalation in the Ukraine crisis erupting between the West and Russia, as well as a possible increase in uncertainty in the Eurozone.

On the positive side, the oil price decline - and resulting improvements in terms of trade - could help soften the impact on emerging economies of the expected normalization of U.S. monetary policies. Lower oil prices will also be a positive factor in the southern and eastern Mediterranean region. However, significant benefits from oil prices may be partially offset by lower export demand, investment and remittances from the Gulf Cooperation Council countries. Turkey, where the EBRD has been active for only five years, has become the largest individual recipient of EBRD financing. Investments rose to 1.4 billion euros in 2014, from 920 million euros in the previous year, the EBRD said in a written statement late on Jan. 14. The rise in EBRD financing to 8.9 billion euros in 2014 from 8.5 billion euros in 2013 came despite a sharp fall in its investments in Russia following guidance from shareholders in July that they would, for the time being, consider no new projects in the country, the Bank stated last week.

\$20 bln sent to Istanbul and Dubai to control exchange rate: Iranian vice president

Hurriyet Daily News, 20.01.2015



Iranian First Vice President Eshaq Jahangiri has accused the former Iranian government of transferring huge amounts of money to Istanbul and Dubai in order to keep currency rates under control.

Jahangiri criticized the previous government for its policies, including sending more than \$20 billion to Istanbul and Dubai within 18 months to control the exchange rate, Iran's state news agency IRNA reported according to mehrnews.com. Jahangiri also expressed his concerns over economic privileges granted by the state to a "young lad," without directly referring to Babak Zanjani.

"We wonder how a young lad received more than \$2.7 billion of oil income; if this lump sum is not restored to the financial system of the country, it would be a disgrace for the country; the public is now patiently watching us and will definitely ask when the amount embezzled would return to the country," he said. "As the government, we have not yet found anything out beyond mere speculations."

"This issue does not seem to end with the cleaning of Turkey. If Zanjani says some part of the money is now in the hands of Reza Zarrab one day, the Iranian government will ask for this money back and freeze Zarrab's assets," said Republican People's Party (CHP) minister Ali Özgündüz Jan.

20, when a vote was scheduled to refer four former ministers, who are charged with corruption, to the Supreme Court.

Yemen president quits, throwing country deeper into chaos

AFP, 23.01.2015



Yemeni President Abd-Rabbu Mansour Hadi resigned days after Houthi rebels battled their way into his presidential palace, plunging the unstable Arab country deeper into chaos and depriving Washington of a key ally against al Qaeda.

Hadi, a former general, blamed the Houthis' control of Sanaa for impeding his two-year-long attempt to steer Yemen toward stability after years of secessionist and tribal unrest, deepening poverty and U.S. drone strikes on Islamist militants. The announcement startled the Arabian Peninsula country of 25 million, where the Iran-backed Houthis emerged as the dominant faction by seizing the capital Sanaa.

"This is a coup," said Ahmed al-Fatesh, a hotel security supervisor, suggesting Hadi had been bullied from office. "The Houthis took power by force. Hadi is a legitimate president and was elected by more than 6 million Yemenis. Hadi tried to bring the political forces together." In the first sign that the turmoil would affect U.S. operations in Yemen, Washington said it had pulled out more staff from its embassy in Sana due to the worsening security situation. "While the Embassy remains open and is continuing to operate, we may continue to re-align resources based on the situation on the ground," a senior State Department Official told Reuters.

U.S. authorities have made clear they want to avoid shutting the compound, which is important for counterterrorism cooperation with Yemeni security forces in the fight against a powerful al Qaeda branch based in the country. The Houthi movement said it had no official reaction as yet to Hadi's resignation, but urged Yemenis to stage mass rallies to show their support on Friday afternoon. A statement urged the army to "uphold" its responsibilities and called on Houthi fighters to be on alert.

Hadi, who has led a United Nations-mandated bid to make political reforms and bury the autocracy and graft of the past, stood down shortly after Prime Minister Khaled Bahah had offered his government's resignation, saying it did not want to be dragged into "an unconstructive political maze". This was a reference to a standoff between Hadi and the Shi'ite Muslim Houthi movement which this week has been holding the president a virtual prisoner in his official residence.

"We apologise to you personally and to the honourable chamber and to the Yemeni people after we reached a dead end," a government spokesman quoted Hadi's resignation letter as saying. It was addressed to the speaker of parliament, who becomes interim head of state under the Yemeni constitution. Sultan al-Atwani, one of Hadi's advisors, told Reuters he had resigned after pressure



and threats from the Houthis. He also said parliament would meet on Saturday to decide whether to accept or reject it. The official Saba news agency said there would be an emergency meeting of parliament on Sunday. Houthi fighters took up positions around the parliament building, residents say.

In the southern city of Aden, unidentified gunmen attacked two military armored vehicles in the early hours of Friday, two local officials told Reuters. Three explosions were heard in Aden during the attack, which was followed by the clashes, said one of the officials, who declined to be identified. The departure of Hadi, a southerner, has caused anger in Aden, a key port city where officials reacted by telling security officers to only obey orders issued in Aden, an implicit snub to institutions in the north, where Sanaa is.

Earlier in the week, Aden closed its ports briefly in protest against Houthi militia attacks on state institutions in Sanaa, calling them an “aggressive coup on the president personally and on the political process as a whole”. Hadi’s decision marked an abrupt turnaround from Wednesday, when he said he was ready to accept Houthi demands for a bigger stake in constitutional and political arrangements.

That announcement had appeared to ease differences between him and the Houthis, whose rise to power places predominantly-Sunni Yemen within the wider sectarian struggle fought by proxies of Saudi Arabia and Iran in parts of the Middle East. The Houthis’ defeat of the presidential guards had already added to disarray in a country where the United States is also carrying out drone strikes against one of the most powerful branches of al Qaeda. The rebels’ rise has resulted in a shift in Yemen’s complex tribal, religious and regional allegiances. Suspecting Iranian complicity, the Sunni Muslim authorities in Riyadh cut most of their financial aid to Yemen after the Houthis’ takeover of the capital.

In central Yemen, local tribesmen said they were pushing back Houthi fighters in Marib province, which produces half of Yemen’s oil and more than half of its electricity. The local branch of al Qaeda has responded to the Houthis’ ascent by attacking their forces as well as state, military and intelligence targets. As Zaydis, a Shi’ite Muslim sect, the Houthis oppose the hardline Sunni Islamists of al Qaeda. However, the Houthis’ assaults on the militants risk raising sectarian feelings in Yemen. Before Hadi quit, clusters of Houthi fighters were dotted around the perimeter of the presidential palace on Thursday. At Hadi’s residence, sentry points normally manned by presidential guards were empty, while a group of Houthis with an army vehicle were parked at a main entrance.

Israel lobbies foreign powers to cut ICC funding

Reuters, 18.01.2015



Israel is lobbying member-states of the International Criminal Court to cut funding for the tribunal in response to its launch of an inquiry into possible war crimes in the Palestinian territories, officials said.

ICC prosecutors said they would examine “in full independence and impartiality” crimes that may have occurred. This allows the court to delve into the war between Israel and Hamas militants in Gaza in July-August 2014 that killed more than 2,100 Palestinians and 70 Israelis. The decision came after Palestinian President Mahmoud Abbas, in the absence of peace talks requested ICC membership.

Israel, which like the United States does not belong to the ICC, hopes to dent funding for the court that is drawn from the 122 member-states in accordance with the size of their economies, Foreign Minister Avigdor Lieberman said. “We will demand of our friends in Canada, in Australia and in Germany simply to stop funding it,” he told Israel Radio.

“This body represents no one. It is a political body,” he said. “There are a quite a few countries - I’ve already taken telephone calls about this - that also think there is no justification for this body’s existence.” He said he would raise the matter with visiting Canadian counterpart John Baird on Sunday.

Another Israeli official told Reuters that a similar request was sent to Germany, traditionally one of the court’s strongest supporters, and would also be made to Japanese Prime Minister Shinzo Abe, who is separately visiting Jerusalem and whose nation is the largest contributor to the ICC. Islamist group Hamas, which is deemed a terrorist group by Israel and the West, on Saturday welcomed the ICC inquiry and said it was prepared to provide material for complaints against the Jewish state.

Syria Kurds battling ISIL capture strategic Kobane hilltop

AFP, 19.01.2015



Kurdish fighters battling the Islamic State if ISIL in Syria's Kobane have captured a strategic hilltop, giving them line of fire over the town, a monitor said. The Britain-based Syrian Observatory for Human Rights said the YPG had seized the Mishtenur hilltop after fierce clashes overnight.

“The military operation led to the deaths of at least 11 Islamic State fighters, and the seizure of large quantities of weapons and ammunition,” the Observatory said. Observatory director Rami Abdel Rahman said the advance was a key strategic victory for the YPG, putting ISIL resupply lines to Aleppo in the west and Raqa in the east within their line of fire.

ISIL has been battling to capture Kobane, on the Syrian-Turkish border, since mid-September, and at one point seemed poised to overrun the Kurdish town. But Kurdish fighters backed by massive air raids by the US-led coalition against ISIL have gradually pushed back the jihadists, who now hold around 15 percent of the town.

Pro-Russia rebels cement hold on disputed Ukraine airport

Reuters, 23.01.2015



Fierce Pro-Russian rebels cemented their hold on a long-disputed airport ceded by Ukrainian troops during an upsurge in clashes that killed nearly 50 people and punctured Europe's latest push for peace in the nine-month war.

The deadliest day of fighting since the signing of an increasingly irrelevant September truce also saw Moscow and Kyiv trade bitter blame for a trolleybus shelling in the rebel stronghold of Donetsk that killed 13 mostly elderly passengers. Moscow called the incident a “crime against humanity” orchestrated by a pro-Western government whose rise to power 11 months ago infuriated the Kremlin.

Kyiv for its part blamed the bus attack on “Russian terrorists” while monitors from the Organization for Security and Co-operation in Europe who raced to the site said all they could say for certain was



that “the weapon used was most likely either a mortar or an artillery piece.” Stunned residents in the eastern city gathered around the shredded remains of the bus and inspected with horror several bloodied bodies that remained sprawled in their seats hours after the early morning attack.

Kyiv suffered its biggest psychological blow on the bloody day when a small unit of Ukrainian paratroopers was forced to abandon its 242-day defense of Donetsk’s once-gleaming but now ruined international airport. A clam settled early over the shattered residential districts near the site after six days of some of the most intense rocket and mortar fire exchanges of the entire conflict.

The hub long stripped of its strategic importance by heavy shelling had become the symbolic prize of the conflict and had seen some of the heaviest fighting. Rebels captured about 20 soldiers in the last hours of battle and paraded them in front of jeering locals who pelted the handcuffed men with snowballs and glass. “They have to be punished, like Saddam Hussein. They are killers. They killed our children,” a pensioner who identified herself only as Zina told AFP.

Kyiv and rebel authorities said attacks across the separatist regions of Donetsk and Lugansk killed 10 soldiers and some 35 civilians in addition to those who died in the bus attack. Ukrainian President Petro Poroshenko defiantly vowed stand up to Russia’s “aggression” and respond forcefully to future rebel attacks.

“We have pulled up extra reserves, and if the enemy does not want to respect the ceasefire, if the enemy does not want to end the suffering of civilians... we will be ready to hit them in the teeth,” he told his top generals during an emergency meeting. The violence has threatened to spiral out of control after a December lull that instilled hope in EU leaders that the diplomatically and economically damaging war on the bloc’s eastern frontier could finally be drawing to a close.

Western diplomats in Kyiv linked the past week’s spike in attacks to a reported infusion of Russian forces into the war zone. The Kremlin calls such claims part of a Western propaganda campaign design to cut short President Vladimir Putin’s 15-year rule. Yet Moscow concedes that the militias have recently gained more ground than allowed under the September truce terms.

This advance comes as negotiators come closer to defining the confines of areas that will remain under temporary rebel control once the fighting ends. Many in Kyiv fear that the demarcation line will soon turn into an actual border splitting Ukraine from a resource-rich region that will eventually be folded into Russia. The OSCE said that the recent escalation had pushed the war’s confirmed death toll to more than 5,000. The European security body said another 10,000 people have been wounded and one million more forced to flee their homes.

Thursday’s violence came hours after the foreign ministers of Russia and Ukraine met their counterparts from Germany in France for talks designed to salvage the September ceasefire and weapons withdrawal agreements. German Foreign Minister Frank-Walter Steinmeier said the meeting had “tested the patience of all participants”. He said Moscow and Kyiv both agreed that the fighting must end. But he said not enough was achieved to allow Poroshenko to meet Putin for the signing of a formal peace deal. Russian Foreign Minister Sergei Lavrov emerged from the conference room first and brushed past reporters without a word. “The challenge is not Ukraine. The challenge is Russia,” Ukrainian Foreign Minister Pavlo Klimkin told CNN.

Russia, US quarrel over Kyiv, converge on Syria

Reuters, 21.01.2015



Russia and The US have engaged in a war of words over the tension in Ukraine, but U.S. President Barack Obama's remarks putting the fight against Islamists in the focus of his Syria policy have been welcomed by Moscow.

Russia has responded disparagingly to Obama's annual State of the Union address, claiming it showed that the United States wanted to dominate world affairs. "Americans have set a course for confrontation," Russian Foreign Minister Sergei Lavrov told reporters. "Obama's address yesterday shows that there's just one thing at the heart of philosophy: 'We are number one' and the rest should acknowledge that."

"This is a bit out of date and does not correspond to modern realities," Russia's top diplomat added in televised remarks. "It shows that the United States wants to dominate the world," he said, adding that "being first among equals" was not enough for Washington. In his keynote speech, Obama said that "big nations can't bully small," a reference to Russia's annexation of Crimea and support for pro-Russian separatists in eastern Ukraine.

He praised U.S. policies towards the Kremlin over Ukraine, saying they left Moscow isolated and its economy in tatters. Lavrov struck a condescending note, saying attempts to isolate Russia would fail and Washington's "aggressive foreign policy" would one day become a thing of the past. "I think it will pass," he said.

The Russian minister also denied new accusations by Kyiv that it had sent soldiers and weapons to east Ukraine and held out hope of progress at talks on the conflict in Berlin despite renewed fighting. Kyiv accused Russian regular forces of attacking its troops in eastern Ukraine on Jan. 20, one of its boldest assertions yet of direct Russian military involvement in the conflict between pro-Russian separatists and Ukrainian government forces.

But at the same time Lavrov appeared to commend Obama for what he called Washington's growing realization that Islamic State of Iraq and the Levant (ISIL) militants presented the most serious threat in Syria.

"The task of fighting these terrorists has been called the most important one," Lavrov said, referring to the U.S. president's address. "It's good that this understanding is growing. What's most important is to translate this into practice soon." Obama asked U.S. lawmakers to give him updated war powers to use American military might to go after the ISIL.

Moscow has long argued that radical militants – and not the regime of its ally, Syrian President Bashar al-Assad – present the most danger to regional security. In contrast, Washington has

argued that Assad should step down. The New York Times said this week that Washington now appeared to be supporting the idea of “more gradual change,” a shift now focusing more on the ISIL instead of the al-Assad government. Lavrov said the article was noteworthy and suggested that it be translated into Russian.

France unveils raft of anti-terror measures after attacks

AFP, 21.01.2015



More than 17,000 anti-racism demonstrators took to the streets in several German cities 19 to voice opposition to the PEGIDA anti-Islamic movement, whose own weekly rally was cancelled over a terrorism threat.

The counter-protests drew smaller crowds than last week, when some 100,000 people called for tolerance nationwide. In Munich, where anti-PEGIDA mobilisation has been strong for several weeks, around 10,000 people -- half the number of protesters as the week before -- gathered, according to police. Around a thousand people demonstrated in the Bavarian cities of Wuerzburg and Nuremberg.

Protests were also organised in Berlin and Duesseldorf, and around 6,000 people were on the streets in Magdeburg. PEGIDA -- “Patriotic Europeans Against the Islamisation of the Occident” -- vowed it would rally again next week after a march was cancelled over a terrorism threat.

Police in Dresden, where the PEGIDA marches began in October, had banned all public open-air gatherings within city limits for Monday, citing the “concrete threat” of an assassination attempt against the group’s leaders. The marches -- which have voiced anger against Islam and “criminal asylum seekers” -- began with several hundred supporters and have since steadily grown. They drew a record 25,000 people last week, in the wake of the attacks by radical Islamists in Paris in which 17 people were killed. The same day saw some 100,000 Germans march in counter demonstrations.

Two years after Cameron's EU speech: Is Britain closer to leaving?

Euractiv, 23.01.2015



David Cameron delivered his landmark Bloomberg speech, calling for a deep reform of EU institutions, a renewed focus on delivering prosperity across the continent and promising a referendum on the UK's EU membership.

Two years on, have calls for change met sympathetic ears in Brussels? Why has immigration taken on such a prominent role in the debate? And, ultimately, is the UK closer to leaving the EU than it was two years ago? "Unfortunately, with the PM openly entertaining the notion of an EU exit, we are indeed closer to that end than we were two years ago," said Petros Fassoulas of the European Movement.

Peter Wilding, Director of the pro-EU think tank British Influence, however, disagrees: "As people look closer to the question, they are faced with two avenues. Do they want to be an inward or and outward looking country? Slowly but surely, the penny is beginning to drop. I think we are further away from exit."

According to Wilding, most of the reforms Cameron has been calling for are already being implemented. "The reforms are signed, they are sealed, now it needs some leadership to get them delivered. This is where Britain needs to step up to the plate." Sean McGuire, Brussels Director of the Confederation of British Industry agrees. "There is a genuine feeling that progress is being made," McGuire said. "Especially since the new Commission has come in with reform at the heart of its agenda." For many observers, credit should go to Jean-Claude Juncker, the new President of the European Commission, whose appointment was so vehemently opposed by Cameron. "The new Commission priorities could have easily been written in No 10," Faloussas said. "David Cameron can stand up now and say 'I gave this speech two years ago, and the European Union have agreed in principle to these demands'," says Wilding. Yet instead of celebrating his achievements they have become 'the success that dare not speak its name'."

Pawel Swidlicki of Open Europe, a euro-critical think tank, describes progress since Bloomberg as "mixed", saying Cameron has "a lot to do" if he remains in power. "Despite some significant victories including cutting the budget, securing some safeguards for non-Eurozone member states, in many areas, rhetoric needs to be translated into tangible reforms. It is frustrating that the UK government has not been more proactive".

UK Foreign Secretary Philip Hammond is confident the government can achieve its aims: "I have visited 18 EU states and I am very clear that we will be able to negotiate a significant package of reform," he told the House of Commons EU Scrutiny Committee. However, the UK's confrontational and adversarial style of negotiation has, in Fassoulas' opinion, isolated the country from its natural allies.



“Mr Cameron’s approach to relations with the EU and his willingness to entertain the possibility of EU exit, has led many traditional allies to distance themselves,” says Fassoulas. “Why do deals with a member that might be on the way out?” Things can move forward only “when the UK engages constructively with its European partners, to find common solutions to common problems,” says Fassoulas. Patience appears to be wearing thin, with Commission President Jean-Claude Juncker publicly admitting a UK exit from the EU is possible, saying “I am against all forms of grovelling.” As a result, Labour’s Shadow Foreign Secretary Douglas Alexander said Cameron has “presided over the most significant decline in British influence in Europe for a generation.”

Remarkably, immigration and freedom of movement were absent from Cameron’s Bloomberg speech. But the issue has since taken on a prominent role in the domestic debate and been a source of friction with other member states. A surge in support for the UK Independence Party (UKIP) and their victory in the European Parliament election in May 2014 have helped push immigration higher up the political agenda. The failure of the Conservative government to meet their election pledge to reduce net migration to the “tens of thousands” and increased pressure on the principle of free movement.

Caps on EU migration numbers were mooted and then dropped, as were calls for job offers to be made before EU nationals were allowed to come to the UK. Recent plans to restrict in and out of work benefits until a claimant has been paying into the system for four years - something that would be achievable via domestic legislation rather than EU level treaty change. According to Fassoulas, the recent attacks on free movement have proved the most damaging to UK-EU relations: “Mr Cameron chose to ignore the totemic significance that fundamental right holds... as a result he has managed to alienate significant allies like Germany and Poland and project an image of a hostile, inhospitable Britain.”

Sajjad Karim, a Conservative MEP, says the Bloomberg speech not only kick started a debate on the EU, but has also brought about tangible results. “[Cameron’s] arguments that the EU should focus more on building the single market in digital and energy are now major priorities,” Karim told EurActiv. “And the idea that the EU should be seeking to ambitiously deregulate is being taken forward by Commission VP Timmermans.” “The Bloomberg speech was the start of a longer process of trying to secure reforms that will benefit the whole of Europe and in that extent it has had an impact. That is not to say that there is not more work to do, but it might have been the moment that we started to turn the oil tanker around,” said Karim.

Juncker plan may bring unintended consequences for regional policy

Euractiv, 23.01.2015



The 315 billion euro boost to investment that the Juncker plan will bring to investment in the European Union may not receive a warm welcome from everyone, and the French regions, the country's main recipients of EU structural funds, have already expressed concern at seeing this policy administered.

France's regional authorities have inherited management of a large part of the 15.9 billion euro pot allocated to the Cohesion Policy for the period 2014-2020, the EU's main investment tool for creating employment and economic growth.

Corina Cretu, the European Commissioner for Regional Policy, responded to the worries of the regional authorities by guaranteeing that Juncker plan funding would complement the Cohesion Policy, without eating away at structural funds.

The Commissioner tried to reassure the Committee of the Regions at its 140th plenary session on 5 December 2014. She said that "during the discussions, some representatives expressed concerns that the Investment Plan for Europe could divert money away from the EU's existing cohesion policies and I want to resolutely dispel these concerns: there is no overlap between the new European Fund for Strategic Investments and the European Structural and Investment Fund". This appears to have reassured some representatives of the French regions. One source from the Ile-de-France regional authority said, "There is no money taken out of the Cohesion Policy, and that is good news!"

If the European Commission has guaranteed that these funds will complement each other, they could still find themselves in competition. In an official communication published on 13 January, the European Commission confirmed that the member states' contributions to the European Fund for Strategic Investments, the money behind the Juncker plan, will be excluded from calculations of budgetary adjustments under the Stability and Growth Pact.

This certainly gives the Juncker plan a competitive advantage over the Cohesion Policy when it comes to attracting money from the member states. "The problem is known," the Commission spokesperson for regional policy conceded. He added that "the regions must seize the investment plan, which represents a real opportunity for them". Some within the regional councils see the Juncker plan as an opportunity for further negotiating the exclusion of national contributions to projects co-financed by the regional policy from national deficit calculations. "The French regions will campaign for the thematic deductibility of national contributions (for example for the energy transition, transport, etc.), and not just reserved for investments approved by the investment plan," a source close to the council said.

The European Commission published an explanatory document, where it proposed ways in which the two investment schemes may be made to work effectively side by side. It explains that member states can use European structural funds to invest in the projects financed by the investment plan. In a gesture of support for regional authorities, the European Commission launched an information service on 19 January, in partnership with the European Investment Bank. The service, called fi-compass, is designed to offer guidance to European regions that hope to carry out projects under the framework of the Juncker plan, allowing them to circumvent the centralised systems of the member states and take their projects straight to EU level.

Egypt court orders release of Mubarak's sons pending retrial

AFP, 22.01.2015



A lawyer for the sons of Egypt's ousted President Hosni Mubarak said a court ordered their release pending retrial in a corruption case but judicial sources said they would not be freed until prosecutors review other legal cases against them according to AFP.

Lawyer Farid el-Deeb said the order for the release of Alaa and Gamal Mubarak pending the retrial should mean they immediately walk free because he said they were not being tried in any other cases. The Mubarak brothers do still face charges of stock market manipulation in a separate case, but in June 2013 a court ordered their release in that case.

Given that a court dropped other corruption charges against the sons in yet another case in November, it appeared there were no other cases preventing their release. The Cairo Criminal Court said in a document explaining its ruling that the two men had already served the maximum permitted time of 18 months in pretrial detention and should therefore not be held pending their retrial in a corruption case.

The retrial was ordered by Egypt's high court earlier this month. In May, his sons had been given four-year jail terms in the same case, while the 86-year-old former president received a three-year sentence. They were charged with diverting public funds earmarked to renovate presidential palaces and using the money to upgrade family properties. It was not immediately clear why the court did not also order Mubarak's release.

Suffering from ill health, he has been serving his sentence in a military hospital in the upscale Maadi district of Cairo. Judicial sources have said he could soon walk free as no convictions remain against him after the high court ordered a retrial in the embezzlement case. In November, a court dropped charges against Mubarak of conspiring to kill protesters in the uprising that ended his 30-year rule.

Libya recognized government army declares ceasefire

AFP, 18.01.2015



The army of Libya's internationally recognized government announced on Jan. 18 that it would cease fire, two days after an Islamist-backed militia alliance announced a truce. "We declare a ceasefire from midnight (2200 GMT)," said the army said, stressing however that it would continue to pursue "terrorists", as UN-brokered peace talks resume in Geneva next week.

The army also said it would monitor the situation on ground "to prevent any change in front lines or transportation of weapons and ammunition," which it would consider a violation of the truce.

Soldiers "have been given the right to defend themselves if they come under fire," the statement added. The Fajr Libya (Libya Dawn) militia alliance said it had agreed to "a ceasefire on all fronts" in the North African country on condition that "the other parties respect the truce". It also pledged to open up "safe passages to channel humanitarian aid", especially in Libya's battleground second city of Benghazi.

Fajr Libya did not take part in a first round of UN-brokered peace talks in Geneva last week, during which Libya's opposing factions agreed on a roadmap to form a unity government and to further discussions. The army's announcement came after the UN Security Council welcomed the Fajr Libya ceasefire and threatened to impose sanctions on any party that obstructed peace efforts.

"There can be no military solution to the crisis in Libya," the council said in a unanimous statement. It warned it was "prepared to sanction those who threaten Libya's peace, stability or security or that obstruct or undermine the successful completion of its political transition." Libya has been sliding deeper into conflict since the 2011 overthrow of Moamer Kadhafi, with rival governments and powerful militias battling for control of its main cities and oil wealth. The UN special envoy to Libya, Bernardino Leon, had warned at the start of the Geneva talks last week that they were a last-ditch effort to prevent all-out chaos.

Attack me if you dare, Boko Haram chief taunts 'African kings'

Reuters, 21.01.2015



The head of Boko Haram has openly taunted the countries being menaced by the armed Islamist group as they call for a united effort to crush it.

In a video claiming responsibility for the bloody attack on the Nigerian town of Baga in early January, Shekau poured contempt on the presidents of Chad, Cameroon and Niger, goading Chad's Idriss Deby Itno with the message: "African kings... I challenge you to attack me now. I am ready." The Baga attack on January 3 in which hundreds are feared to have been killed has been called a crime against humanity by Washington and Paris.

In the video that has just emerged on YouTube, Shekau also accused Cameroon President Paul Biya of being too afraid to ask for help in the face of group's ever-increasing belligerence. Cameroon has also seen repeated recent attacks, including the kidnapping of dozens of people, mostly women and children, during a deadly attack.

To Niger's President Mahamadou Issoufou, who Shekau noted had commiserated with France after the recent Islamist attacks in Paris, he said: "Muhammad Yusuf (Mahamadou Issoufou), is that your job? Ah, ah, ah! Muhammad Yusuf, you will see. President of Niger, you will see," he said. Shekau's provocative video, came as a regional summit opened in Nigeria aimed at stopping Boko Haram whose insurgency has left 13,000 dead and forced 1.5 million from their homes since 2009. Leaders from Ghana and Chad have called for a unified effort in confronting the Islamist militants.

Chad sent a convoy of troops and 400 military vehicles on Saturday into neighbouring Cameroon to fight Boko Haram, as Nigeria's neighbours appeared to be losing patience with the Nigerian army's passivity. Little is known of "Shekau", with some experts and Nigerian security officials insisting that he is in fact a composite character whose role is taken by a rotating cast of different militant fighters.

According to security services, the original Abubakar Shekau was the son of poor farmers who was radicalised while attending theological schools and took over Boko Haram in 2010. The Nigerian military said last September that a man posing as Shekau in videos posted online had in fact been killed after fighting with troops in the far northeast. The United States and other experts, however, have questioned the credibility of that claim while Shekau outright rejected it in a video obtained by AFP last October. "Here I am, alive. I will only die the day Allah takes my breath," he said in that video.

The insurgent leader, sanctioned by the UN Security Council and declared a "global terrorist" by the United States, issued a similarly boastful denial in 2013 after the military claimed he may have died from a gunshot wound. Boko Haram's claim of responsibility for the Baga attack in which large parts

of the town were burnt to the ground and at least 16 surrounding settlements razed was not unexpected given the testimony of survivors.

Clashes at Charlie Hebdo protest in Karachi, three injured

AFP, 18.01.2015



At least three people were injured in clashes between anti-Charlie Hebdo protesters and police outside the French consulate in Pakistan's Karachi, officials said, including an AFP photographer who was shot in the back.

The protest by the student wing of the Jamaat-e-Islami religious party was one of several staged across Pakistan by Islamist groups after Friday prayers against the French magazine's depiction of the Prophet Mohammed. "Three injured were brought to the hospital, two were minor injuries and one photographer was serious," said Doctor Seemi Jamali, a spokeswoman for the city's main Jinnah hospital.

"The bullet struck his lung, and passed through his chest. He is out of immediate danger and he has spoken to his colleagues," she continued, adding that Hassan was hit by what appeared to be a live round. The others injured were a policeman and a local TV cameraman who were discharged after receiving first aid treatment.

Senior police official Abdul Khaliq Sheikh told AFP the violence began when some 350 protesters were prevented by police from approaching the French consulate, in the southern part of the sprawling metropolis. "When the police tried to stop them they started firing," he said, adding that the police responded with tear gas and water cannon to disperse the protesters. Police said Hassan and the other journalist did not appear to have been deliberately targeted but were caught in crossfire when protesters shot at the police. A witness at the scene backed the police account, though the religious party blamed the police. "Police are responsible for those wounded during the protest including Asif Hasan," said Hafiz Bilal Ramzan, head of the party's student wing.

Elsewhere in Pakistan, protesters in the northwest city of Peshawar and central Multan burnt French flags on the streets, while rallies were also held in the capital Islamabad and the eastern city of Lahore. The demonstrations come a day after Prime Minister Nawaz Sharif led parliament in condemning the cartoons in Charlie Hebdo, whose Paris offices were attacked last week by Islamist gunmen who killed 12 people. The newspaper is known for ridiculing religious figures, including the pope and Mohammed, and its defiant post-attack issue released Wednesday again featured the prophet on its front page. The new cover has sparked anger in parts of the Islamic world, with protests staged from the Philippines and Turkey to Kuwait and Mauritania.

Many Muslims find any depiction of the prophet highly offensive, let alone images satirising him. The magazine's new cover shows Mohammed with a tear in his eye, under the headline "All is forgiven". He holds a sign reading "Je Suis Charlie" (I Am Charlie), the slogan that has become a global rallying cry for supporters of the victims and freedom of speech.

Thousands of religious party activists turned out across Pakistan on Friday, including followers of Jamaat-ud-Dawa, the charitable wing of the banned Lashkar-e-Taiba militant group which masterminded the attacks on Mumbai in 2008. The group has come under the spotlight since Pakistan vowed to crack down on all militant groups, including those considered friendly to its interests, following a Taliban school massacre last month that left 150 people dead.

Jamaat-e-Islami chief Siraj-ul-Haq later announced his party would hold another protest next Friday, telling TV channel Geo News: "The French government will have to apologise to the Muslim countries." The Jamat-ul-Ahrar faction of the Pakistani Taliban earlier issued a statement lauding the two brothers who carried out the Charlie Hebdo assault, saying "they freed the earth from the existence of filthy blasphemers".

In addition to protests by religious parties, lawyers have vowed to boycott court proceedings to show their displeasure over the sketches. Insulting the prophet carries the death penalty under Pakistan's tough blasphemy laws, with 14 people currently languishing on death row for the offence. Mobs often take matters into their own hands and lynch those accused of blasphemy, and such killers are widely feted. Pakistan has a history of violent protests following the publication in the West of material considered blasphemous. In 2012, at least 21 people were killed and 229 wounded, mainly in clashes with police following the publication of previous cartoons by Charlie Hebdo and the broadcast of a US made anti-Islam film.

Japan PM demands immediate release of ISIL hostages

AFP, 20.01.2015



Japanese Prime Minister Shinzo Abe demanded that the ISIL immediately free two Japanese hostages unharmed after the jihadists posted a video threat to kill them.

"I strongly demand that they not be harmed and that they be immediately released," he said at a news conference during a visit to Jerusalem. "I am extremely indignant at such an act." ISIL threatened to kill two Japanese hostages unless Tokyo pays a \$200 million ransom within 72 hours, in a video posted on jihadist websites. In the footage, a black-clad militant brandishing a knife addresses the camera in English, standing between two hostages wearing orange jumpsuits.

“You now have 72 hours to pressure your government into making a wise decision by paying the \$200 million to save the lives of your citizens,” he says. The militant says that the ransom demand was to compensate for non-military aid that Prime Minister Shinzo Abe pledged to support the campaign against ISIL during an ongoing Middle East tour that on Tuesday saw him in Jerusalem. Japan’s government said it was looking into the threat. “We are aware of the reports. We are in discussions on the matter,” said an official in the foreign ministry’s terrorism prevention division, declining to be named.

When asked whether the government regarded the video as authentic, he told AFP: “We are checking that too.” One of the hostages appeared in previous footage posted last August in which he identified himself as Haruna Yukawa and was shown being roughly interrogated by his captors. The second hostage Kenji Goto is a freelance journalist who set up a video production company, named Independent Press in Tokyo in 1996, feeding video documentaries on the Middle East and other regions to Japanese television networks, including public broadcaster NHK.

Obama says ‘shadow of economic burst passed’

AFP, 21.01.2015



Obama declared America has turned the page on years of war and economic hardship; in a populist-tinged State of the Union address that set up the battle to succeed him. Emboldened by a stronger economy and better approval ratings, Obama called for a new chapter in US history that ushers in a fairer economy with a better shake for the middle class.

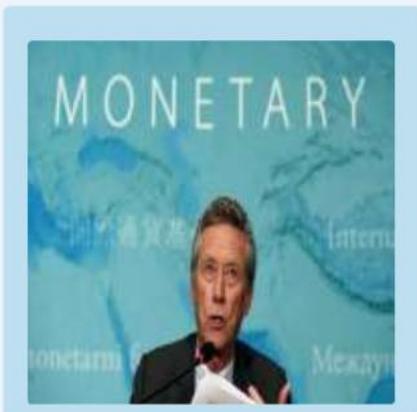
“We are 15 years into this new century. Fifteen years that dawned with terror touching our shores; that unfolded with a new generation fighting two long and costly wars; that saw a vicious recession spread across our nation” he said.

“It has been, and still is, a hard time for many. But tonight, we turn the page.” He heralded the “growing economy, shrinking deficits, bustling industry, and booming energy production” that have also helped revive his political fortunes as his time in the White House nears its end. For six years Obama’s presidency was often subsumed by an economic crisis that stymied efforts to narrow inequality and put other liberal policy priorities on the back burner. Appealing to Democrats determined to retain the White House in 2016, Obama on Jan. 20 called for an increase in the minimum wage, equal pay for women and tax breaks for the middle class. Drawing a stark contrast with tax-averse Republicans, he dared his foes to oppose proposed tax hikes for the rich that would pay for middle class breaks. Obama redoubled calls to end the half-century-old embargo on Cuba and vowed to veto any move to put further sanctions on Iran. “Our shift in Cuba policy has the potential to end a legacy of mistrust in our hemisphere,” he said.

Polls suggest Americans support the Cuban outreach and Obama hammered home his advantage by inviting Alan Gross, a former US prisoner in Cuba, who whispered “thank you, thank you” during the speech. On Iran, Obama warned that any move to impose new sanctions could scupper delicate negotiations aimed at reaching a complex nuclear deal. “New sanctions passed by this Congress, at this moment in time, will all but guarantee that diplomacy fails,” he said. “That is why I will veto any new sanctions bill that threatens to undo this progress.” Obama also asked Congress to give him the powers to fully negotiate huge transpacific and transatlantic free-trade agreements, arguing it will boost the economy and help American workers. Obama warned in his annual State of the Union address that China is aiming to write its own trade rules for the Asian region, a move “that would put our workers and businesses at a disadvantage.” “Why would we let that happen? We should level the playing field,” he said.

IMF slashes 2015-2016 world growth forecast

AFP, 20.01.2015



The IMF sharply cut its 2015-2016 world growth forecast of only six months ago, saying lower oil prices did not offset pervasive weaknesses around the globe. The IMF said poorer prospects in China, Russia, the euro area and Japan will hold world growth to just 3.5 percent this year and 3.7 percent in 2016.

That was 0.3 percentage points lower than in its previous World Economic Outlook in October, and underscored the steady deterioration of the economic picture for many countries, due to sluggish investment, slowing trade and falling commodity prices.

While the United States will remain the one bright spot among major economies, Europe will continue to struggle with disinflation, and China’s growth, hit by slower export growth and a real estate slump, will drag to its slowest pace in a quarter-century. The IMF forecast that the United States, the world’s largest economy, will expand by 3.6 percent this year, up a half-percentage point from the previous outlook.

China, the second largest economy, will expand at 6.8 percent this year 0.3 percent slower than previously expected and 6.3 percent in 2016, the IMF said. The last time Chinese growth fell below seven percent was in the crunch of 1990, when it slowed to 3.8 percent. The impact of slower Chinese growth will spill over especially to other Asian countries, the IMF said, resulting in its downgrade of their growth prospects as well.

For the Eurozone and Japan, it said, “stagnation and low inflation are still concerns” requiring sustained monetary easing untraditional means to keep interest rates from rising. In the Eurozone,



where the region's central bank is expected to decide to boost stimulus this week, low oil prices and the depreciated euro are a help to growth. But it will also struggle with low levels of investment and poorer demand for the region's exports from emerging economies. The region is expected to expand 1.2 percent in 2015, and 1.4 percent next year. Japan's stimulus has not worked as well as expected, and the IMF expects it to expand just 0.6 percent this year, picking up to a still-sluggish 0.8 percent in 2016.

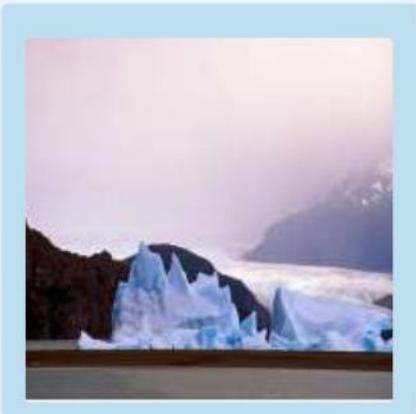
Russia, already pressed by sanctions over its support for secessionists in Ukraine, is particularly hurt by lower oil prices. The IMF now says the country's economy will contract 3.0 percent this year and 1.0 percent in 2016. In October the IMF was still predicting slight growth for the country.

The world's crisis lender warned that continued volatility in markets, partially a product of the US beginning to tighten monetary policy, pushing the dollar higher, will challenge governments and central banks around the world for some time to come. And while the halving of crude prices is a net positive for the world, the strong dollar partially negates that effect for many oil importers using weakening currencies. And the impact of slower growth in trade, low commodity prices and market turbulence will all but erase the gains from cheap oil.

"New factors supporting growth -- lower oil prices, but also depreciation of euro and yen -- are more than offset by persistent negative forces, including the lingering legacies of the crisis and lower potential growth in many countries," says Olivier Blanchard, the IMF's chief economist. Blanchard said it means "good news for oil importers, bad news for oil exporters. Good news for commodity importers, bad news for exporters... Good news for countries more linked to the euro and the yen, bad news for those more linked to the dollar." The IMF stressed that countries need to persist in restructuring, reform and investment despite the weaker conditions. "Raising actual and potential output is a policy priority in most economies... There is an urgent need for structural reforms in many economies, advanced and emerging market alike," even as they face different choices and needs in their overall economic policies. It included in that prescription the need for governments to take advantage of lower oil prices to cut subsidies to strengthen their budgets for the long term.

A year of opportunity to combat climate change and transform economies

The Huffington Post, 20.01.2015



Scientists declared this past year as the warmest year on Earth since record-keeping began in 1880, and a series of scientific reports found glaciers melting and extreme weather events intensifying. There can be no doubt that this year world leaders must commit to transforming their economies to combat climate change.

We must put an end to decades of harmful fossil fuel subsidies and redirect those resources to the people who need them. We must put a price on carbon and begin to rein in pollution that fuels climate change. And world leaders must produce a substantive climate agreement in Paris.

In Davos this week, leaders from all corners of the world, representing both the public and private sectors, are discussing these critically important issues. Many already are climate leaders, innovators who are transforming their own operations and economies into sustainable, competitive engines of growth fit for a low-carbon future, but many more must join them.

We now have a series of opportunities in play that give us potential for breakthroughs:

Low oil prices have created incentives for decisive action, including putting a price on carbon, increasing energy efficiency standards, and removing fossil fuel subsidies. With prices down significantly in the past six months, governments in oil-importing countries have a cushion to increase the price on oil while also providing more support to the poor.

Governments worldwide are reviewing the impact of climate change on their countries and economies as they consider their national climate commitments that will shape the international climate agreement in Paris in December.

Countries now are analyzing the rising economic costs of natural disasters as 130 nations work to put together a post-2015 framework for disaster risk reduction for a conference in Sendai in March. Economic losses from natural disasters have more than tripled over the past three decades, from an average of around 40 billion each year in the 1980s, to about 140 billion each year in the last decade through 2012, about two-thirds weather-related.

In Davos, pricing carbon will be at the forefront of climate issues. In conversations with finance ministers and business leaders over the past two years, I have watched the focus turn from doubts on whether it was possible to take action to finding ways to price carbon most effectively. Almost 40 countries and more than 20 cities, states, and provinces now price carbon or plan to; South Korea, for instance, started carbon trading last week. At the UN Secretary-General's Climate Leadership

Summit in September, 74 countries and over 1,000 companies expressed support for pricing carbon emissions.

The private sector is increasingly leading the climate fight. In Davos, business leaders will present possible solutions for reducing emissions and for implementing carbon pricing. Because public finance won't solve the climate challenge alone, we need the private sector's active involvement to find solutions that benefit their business as well as the Earth.

Reforming fossil fuel subsidies will be a critical and necessary step. More than \$500 billion is sunk into direct fossil fuel subsidies globally every year, accounting for more than 5% of GDP in several countries. This is money that should be invested in resilience, health care, and targeted support for the poor, and in developing the clean technologies that can move the world toward a safer future. Brazil, Indonesia, and Mexico are a few of the countries that have developed stronger, cleaner safety nets to directly help the poor in conjunction with subsidy reform.

Policy packages that include these components provide the confidence and predictability that all investors and consumers need to change their choices and behaviors. We will be working with partners to help countries move their economies toward producing a cleaner, more prosperous future for all of us. World leaders have the opportunity this year to make smart investments and policy choices that will dramatically reduce harmful emissions and protect their citizens from the increasing severity of extreme weather events

Our choices now can lead to a cleaner, healthier world. With strong leaders from both the public and private sector, we can slow climate change now by putting a price on carbon, eliminating fuel subsidies, and bring together bold, innovative country plans. This year must be the year that the world turns away from the destructive path that we have been on for far too long.

Obama will not meet with Netanyahu during trip to Washington

AFP, 22.01.2015



Israeli Prime Minister Benjamin Netanyahu's planned trip to Washington in March is kicking up a diplomatic dust storm in the nation's capital.

The White House said President Barack Obama would not meet the prime minister. The official White House explanation was that Netanyahu's visit fell too close to the Israeli election and the Obama administration wanted to avoid the appearance of taking sides. "As a matter of longstanding practice and principle, we do not see heads of state or candidates in close proximity to their elections" Bernadette Meehan said.



But the timing of Netanyahu's visit also gave the White House a convenient means of retaliating against the prime minister for his decision to accept an invitation from Republican leaders to address Congress. GOP lawmakers and Netanyahu worked out the arrangement without consulting with the White House or State Department, only alerting the Obama administration a few hours before the Israeli leader's trip was made public.

The White House appeared stunned by what it saw as a breach of diplomatic decorum by Netanyahu, a leader with whom Obama has a history of tension. "The typical protocol would suggest that the leader of a country would contact the leader of another country when he's traveling there," White House spokesman Josh Earnest said. "That certainly is how President Obama's trips are planned when we travel overseas. So this particular event seems to be a departure from that protocol."

At the center of the maneuvering around Netanyahu's visit are the high-stakes, U.S.-led nuclear negotiations with Iran, a nation Israel views as an existential threat. Netanyahu and Republican lawmakers, along with some Democrats, are united in their belief that Congress should pass legislation threatening Iran with new economic sanctions if the talks break down. Obama has vigorously warned that a sanctions bill could upend the negotiations and has vowed to veto any measure that lands on his desk.

In another eyebrow-raising bit of foreign intervention, British Prime Minister David Cameron said during his own visit to Washington last week that he had been calling U.S. lawmakers to voice his concern about sanctions legislation. Britain is one of the U.S. negotiating partners in the Iran talks, along with France, Germany, Russia and China. House Speaker John Boehner, who helped orchestrate Netanyahu's visit along with Senate Majority Leader Mitch McConnell, told a private meeting of GOP lawmakers Wednesday that Congress would proceed on further penalties against Iran despite Obama's warning. "He expects us to stand idly by and do nothing while he cuts a bad deal with Iran," Boehner said. "Two words: 'Hell no!' ... We're going to do no such thing."

Netanyahu was originally scheduled to address Congress on Feb. 11. But the date was changed to March 3 to coincide with the prime minister's address to an annual conference held in Washington by AIPAC, the pro-Israel lobby group. Netanyahu stands to gain politically at home from the U.S. visit. He is in a tough fight to win re-election in Israel's upcoming March vote. Netanyahu's Likud Party is running behind the main opposition group headed by Yitzhak Herzog's Labor Party, which has been highlighting rancor in the country's critical relationship with the United States.

House Minority Leader Nancy Pelosi said it was inappropriate for Boehner to invite Netanyahu to address Congress in the shadow of the election and give the appearance of endorsing the prime minister. "If that's the purpose of Prime Minister Netanyahu's visit two weeks before his own election, right in the midst of our negotiations, I just don't think it's appropriate and helpful," Pelosi said.

In 1996, then-Israeli Prime Minister Shimon Peres traveled to the U.S. to meet with President Bill Clinton less than a month before Peres faced voters. Peres faced some criticism for using the trip as a ploy to win votes, particularly from opposition leader Benjamin Netanyahu.



“I can’t find an example of any previous Israeli government whose prime minister, on the eve of elections, made a cynical attempt to use relations between Israel and the United States as a party advertisement,” Netanyahu said.

Announcements & Reports

► *Commodity Markets Outlook*

Source : World Bank

Weblink : http://www.worldbank.org/content/dam/Worldbank/GEP/GEPcommodities/GEP2015a_commodity_Jan2015.pdf

► *Empowering Pakistan’s Civil Society to Counter Global Violent Extremism*

Source : Brookings

Weblink : <http://www.brookings.edu/research/papers/2015/01/countering-extremism-pakistan-civil-society>

► *Saudi Arabia’s Yemen Dilemma*

Source : Baker Institute

Weblink : <http://bakerinstitute.org/research/saudi-arabais-yemen-dilemma/>

Upcoming Events

► *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 :

► *Innovation Forum 2015*

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