

Turkey presses for quick finish in Cyprus peace talks

Today's Zaman, 16.02.2014



Turkey aims to complete Cyprus peace negotiations that have speeded up after a deadlock on a joint statement was overcome last week, analysts agree, believing that Turkey has valid reasons to support these talks.

Osman Ertug has told Sunday's Zaman that Turkey supports the reconciliation talks to resolve the conflict on the island, adding that KKTC also shares this enthusiasm. In a move that has raised hopes for a comprehensive solution for the island, Greek Cypriot leader Nicos Anastasiades and KKTC leader Dervis Eroglu met at the UN compound in Nicosia for one-and-a-half hours on Feb. 11.

The Cyprus talks have been stalled since January 2012 due to postponements by Greek Cyprus for a variety of reasons. The joint statement was a precondition for the Greek Cypriot side to sit at the negotiating table. While Turkish Cypriots believe that a joint statement is not necessary and that all issues should be discussed during the negotiations, Greek Cypriots insist on putting a number of points in the statement, such as "single sovereignty" and "single international representation." The Turkish Foreign Ministry has welcomed the start of the negotiations on Feb. 11 as a chance to find a comprehensive solution under UN auspices. The ministry issued a statement on Tuesday saying that Turkey supports a just, lasting and viable solution based on a new partnership consisting of two politically equal states in Cyprus.

"Turkey will continue its determined and productive support to the efforts of the UN secretary-general in creating a new partnership on the island by the will of both communities, based on reconciliation and equal status. Turkey hopes that with a just and lasting solution, the island of Cyprus and the east Mediterranean will turn into a peaceful, stable and cooperative region," said the statement. The ministry's statement also praised Eroglu's leadership and efforts, as well as the productive attitude of Turkish Cypriot parties in order to start the negotiations. "Turkey, as it has done in the past, will cooperate closely and provide support to the KKTC with all its institutions for the success of the process, and it will continue to be one step ahead in meeting its obligations," the statement said.

On Monday, Turkish Foreign Minister Ahmet Davutoglu said there is a highly positive atmosphere on the Cyprus issue, adding that it had been discussed comprehensively in the recent EU-Turkey political dialogue meeting in Brussels. Davutoglu said that there had been a few deadlocks while discussing the joint statement, but thanks to the productive efforts and good intentions of Turkey and Turkish Cypriots, the problems have now been overcome. In remarks made during the EU-Turkey Political Dialogue Meeting in Brussels on Feb 10, Davutoglu underlined that the Cyprus talks have gained momentum, saying, "At the meeting, we expressed our decision to speed up Cyprus talks within a certain timeline."



The EU also welcomed developments in Cyprus. European Council President Herman Van Rompuy and European Commission President José Manuel Barroso issued a statement on Tuesday saying that the joint statement “lays a solid foundation for resumption of negotiations for a fair and viable comprehensive settlement of the longstanding Cyprus problem.” Mehmet HasGuler, a professor of international relations at Çanakkale University who focuses on the Cyprus dispute, said Turkey is promoting accelerated talks over the island since this would contribute to its foreign relations. In remarks to Sunday’s Zaman, HasGuler said that with an attempt to resolve the Cyprus issue, Turkey may accelerate its accession negotiations to become a member of the EU.

He also noted that a solution in Cyprus would strengthen relations between Turkey and Israel which are critical due to a natural gas dispute involving Cyprus. Greek Cyprus: Joint statement is not a solution for Cyprus dispute. Following the agreement on a joint statement, the Greek Cypriot leader said on Tuesday that the statement itself cannot be considered the solution to the ongoing dispute. In his remarks to Greek Cypriots at a press conference, Nicos Anastasiades said, “I wish to reiterate that the joint declaration does not constitute the solution, but it sets the fundamental principles and the framework on which we will rely to reach the solution.

As I said in the beginning, the arduous preparation of the joint declaration and the avoidance of the unacceptable demands of the other side were also achieved with the contribution of those disagreed and with the help of distinguished lawyers, recommended by parliamentary parties.” Commenting on Anastasiades’ remarks, Ertug told Sunday’s Zaman that he hopes Anastasiades will not maintain the same attitude during the next peace talks between the two sides. “His comments on the joint statement [during his address to Greek Cypriots] are one-sided and treat Turkish Cypriots like a group of secondary importance,” said Ertug.

Turkish, Greek Cypriot officials to visit Athens, Ankara on Feb. 27

Today's Zaman, 19.02.2014



Turkish Cypriot negotiator Kudret Ozersay and Greek Cypriot counterpart Andreas Mavroyiannis will meet with the undersecretaries of the two countries' foreign ministers. The negotiations will be held at the same time and the representatives will return to Cyprus the next day.

Ozersay will meet with Greek Foreign Ministry Secretary-Anastasis in Athens, and Mavroyiannis will meet with Feridun Sinirlioglu, undersecretary of the Turkish Foreign Ministry, in Ankara. Turkish and Greek Cypriot negotiators are expected to visit Athens and Ankara simultaneously on Feb. 27 as part of peace negotiations to reunify the long-divided island.

In a bid to resume negotiations, Greek Cypriot leader Nicos Anastasiades and Turkish Republic of Northern Cyprus (KKTC) leader Dervis Eroglu met on Feb. 11 after overcoming their deadlock over a joint statement. The Cyprus talks have been stalled since January 2012 due to postponements by Greek Cyprus for a variety of reasons. Turkey aims for a quick conclusion to the Cyprus peace talks. The Turkish Foreign Ministry issued a statement on the same day saying that Turkey supports a just, lasting and viable solution based on a new partnership consisting of two politically equal states in Cyprus. "Turkey hopes that the aim of a just, lasting and viable settlement of the Cyprus issue is achieved as soon as possible within the framework of the joint declaration of the leaders and the convergences reached during the process, on the basis of the political equality of both sides and the new partnership that will be established with two equal Constituent States," the statement read.

The European Union also welcomed the developments in Cyprus. European Council President Herman Van Rompuy and European Commission President José Manuel Barroso issued a statement on Feb. 11 saying that the joint statement "lays a solid foundation for resumption of negotiations for a fair and viable comprehensive settlement of the longstanding Cyprus problem." US President Barack Obama, in a White House press statement on Feb 11, welcomed the start of negotiations in Cyprus and urged all parties to avoid any threats or actions that could escalate tensions. Cyprus has been divided between the Greek Cypriot south and the Turkish Cypriot north since 1974, when Turkey sent troops to the island in the aftermath of a Greek-inspired coup that sought to unite the island with Greece. The Greek Cypriot administration is internationally recognized as representing the entire island, while only Turkey recognizes the KKTC.

Obama to Erdogan: Normalize ties with Israel

I24 News, 20.02.2014



US President Barack Obama spoke by phone Wednesday with Turkey's Prime Minister Recep Tayyip Erdogan about the importance of quickly concluding the normalization agreement with Israel, the White house said in a statement.

The conversation harkened back to a phone call between the two leaders a year ago, at the end of Obama's historic visit to Israel. On the tarmac at Israel's Ben Gurion Airport, Obama handed the phone to Israeli Prime Minister Benjamin Netanyahu who, on the spot, apologized to Erdogan for the death of nine Turkish citizens in the Israeli raid on the blockade-busting Mavi Marmara in 2010.

According to Haaretz, a compensation deal that would enable full rapprochement between the former allies had been taking shape. Israel would compensate the families of the raid victims to the tune of \$20 million and ties would go back to normal. However, earlier this week, Erdogan said that for that to happen, Israel would have to promise, in writing, to lift its naval blockade of Gaza. "About the negotiations, we have not reached any agreement. As long as the siege on Gaza isn't lifted, it won't happen. The siege must be lifted, and that must be part of the protocol, signed and agreed upon," he said on Tuesday. So far Israel hasn't officially responded, but officials in Netanyahu's office were cited in the Hebrew media as saying the demand was a non-starter.

Channel 2's diplomatic analyst Arad Nir said Erdogan, who faces stark opposition at home, was using the demand for political gain. According to the White House statement, Obama and Erdogan also spoke about the ongoing civil war in Syria. "The President and Prime Minister agreed on the importance of close cooperation between our two countries to address the growing terrorist presence in Syria and on the shared interest in continuing efforts to advance a political solution to the Syria conflict," it read. Erdogan, who backs the rebels, has been hawkish in his opposition to Syrian President Bashar Assad remaining in power. "There cannot be anything worse than this government or any tragedy worse," he said after meeting top European Union officials last month.

The two leaders also discussed "the importance of encouraging Baghdad and [Kurdish minority seat of power] Erbil to find common ground on energy issues and supporting the agreement they achieve." The White House statement noted that Obama stressed the importance of "sound policies rooted in the rule of law" in order to "strengthen bilateral ties, and benefit the future of Turkey." Erdogan has faced repeated challenges to his authority by a public angry over a series of policies he's adopted and government actions they oppose. In many cases his actions have sparked widespread demonstrations often leading to clashes between protesters and police. The latest cause for protest is a law regulating use of the Internet, which has sparked outrage both at home and abroad and fuelled concerns over the state of democracy in Turkey.

Turkish role in Central Africa mission important for peace

Today's Zaman, 19.02.2014



Turkey's participation in the European Union's peacekeeping mission to help in ending the conflict between Christians and Muslims in the Central African Republic should be welcomed, as Turkey could play a considerable role in stabilizing the country, says a senior Turkish diplomat based in Africa.

The Turkish ambassador to Chad and a prominent expert on Africa, Ahmet Kavas, stated the Turkish presence in the mission is crucial to show Turkey's contribution to peace in the country. "The Turkish presence in the mission would be significant for the Muslim community in particular, but also by the people of the country in general.

Turkey would also be able to show its power in contributing to the peacekeeping mission. However, it is for the Turkish government to decide whether to take part in the mission or not. In several parts of the world, Turkey has always contributed to peace in conflict-torn countries," said Kavas. After UNSC in late January authorized European troops to use force in the Central African Republic to protect civilians caught up in 10 months of strife, the European Union requested Turkey to take part in the union-wide effort to halt the conflict in the country. The EU's foreign policy chief, Catherine Ashton, wrote a letter to Turkish Foreign Minister Ahmet Davutoglu on Feb. 14 asking about the prospects of Turkish assistance, a Turkish official recently told Agence France-Presse.

This week, Davutoglu stated that Turkey would contribute to all efforts to end the conflict in the country whether such efforts are carried out by the EU, the African Union or the Organization of Islamic Cooperation (OIC). Davutoglu noted that Turkey was not specifically asked to send troops, but Ankara was asked whether it could "contribute" to the EU mission in the country. "All this will be evaluated. The final decision has not been made yet," he said. Davutoglu is scheduled to attend the emergency ministerial meeting of the OIC Executive Committee in Jeddah on Thursday on the latest developments in the Central African Republic, according to the statement released by the Turkish Foreign Ministry on Wednesday.

While human rights watchdogs issue statements saying that violence targeting Muslims in the country has turned into ethnic cleansing and sectarian killings, Davutoglu talked with the OIC's newly appointed secretary-general, Iyad bin Amin Madani, over the phone about what measures could be taken to find a solution for the country. During the conversation, Davutoglu drew attention to the humanitarian crisis, mostly affecting the country's Muslim population. Davutoglu also advised that the OIC suggest some quick solutions, according to media reports circulating in the Turkish media. "Nobody should think that Turkey has no interest in the Central African Republic. I discussed the situation in the Central African Republic with all of its neighbors at the African summit last month.



We stated that Turkey would take part in any effort in order to halt the massacres carried out against the Muslim community in the country,” said Davutoglu. According to reports, the demand to send troops was brought to the attention of Turkey in Brussels on Feb. 13 at a meeting under the leadership of French Maj. Gen. Philippe Ponties, who has been appointed the commander of the EU military operation in the Central African Republic (EUFOR-CAR). Apart from EU countries, Turkey, the United States, Canada, Georgia, Norway and Serbia were also present at the meeting, whose aim was to determine potential contributors to the force. Following reports that Turkey is among countries to which the EU has appealed for a contribution, Turkey’s main opposition CHP deputy chair, Faruk Logoglu, has criticized the EU’s plan to send troops to the Central African Republic in order to end sectarian unrest, saying the EU has “no authority” there.

“Is it the EU’s place to make such a call? The EU has no such authority. This authority exclusively, solely, belongs to the UNSC,” Logoglu said at a press conference on Feb. 17. When asked whether there was a threat towards the foreign troops, including Turkish ones, in the country, Kavas noted that there has never been any risk of attack towards the peacekeeping forces in the Central African Republic, adding that he does not foresee such a threat in the future. “The conflict in the country is escalating day by day between communities. In order to maintain stability there, more troops are needed. If there is no significant contribution to the peacekeeping mission, the conflict in the country may deepen,” said Kavas. Kavas, who drew attention to the increase of troops in the mission, noted that French and EU troops have fallen short of ending the conflict in the country, adding that the increase in the number of the troops from different countries would definitely have an impact towards ending the conflict in the country.

The request to Turkey came on the same day as the EU and France pledged to sharply increase troop deployments to the country. The EU force had been projected to be about 500 troops, but now may be twice that size. France has pledged to send an additional 400 soldiers to its former colony, boosting its troop presence to 2,000. There are already 5,500 African Union troops in the country aiming to stem the violence in the country. The troops from member nations are expected to be deployed to Bangui from next month. Britain and Germany have refused to commit soldiers but have offered logistics support. Following that, efforts focused on non-EU countries, such as Turkey and Georgia, which said it could supply up to 100 troops to the mission. While the turmoil in the country has turned into inter-religious violence, UN Undersecretary-General for Political Affairs Jeffrey Feltman paid a visit to Turkey to have talks in Ankara recently.

Turkey quits EXPO 2015, shocking Italy

Hürriyet Daily News, 20.02.2014



Italy is left bewildered after Turkey abruptly pulls out of next year's expo in Milan, amid rumors of either Turkish anger at Rome's failure to endorse İzmir's Expo 2020 bid or a lack of finances. Turkey has decided not to participate in Expo 2015, the world's largest public exhibition, which will take place in Milan next year, despite signing a Participation Protocol with Italy in 2012.

Turkey's unexpected decision shocked Italy, which was notified of the Turkish government's decision last week without an official reason, although the decision was made after Italy failed to back İzmir's bid to host Expo 2020.

"We will most probably not participate in the expo. The decision is not political," a Turkish diplomatic source confirmed to the Daily News. The Italian side, however, is still hopeful Turkey will change its mind and participate in the expo, but did not hide their disappointment with Ankara's decision. Although no official reason has been cited, one of the reasons of the cancellation could be Italy's backing of Dubai for the Expo 2020 bid, although Italy had promised to support İzmir for the same competition. İzmir lost to Dubai in the fierce competition to host Expo 2020. The decision is believed to have been made by the Prime Minister's Office or by Prime Minister Erdogan as sources indicated the Foreign Ministry was not at all aware of the main reason behind Turkey's non-participation.

Turkey's decision not to attend the world fair was conveyed to Italy last week when the country was heavily engaged in forming a government in order to overcome a domestic political crisis. As such, diplomatic sources said the new government under Matteo Renzi would likely approach the Turkish government to change its mind about participating in Expo 2015. İzmir and Milan had competed for the 2015 Expo, which ended with the Italian city's victory. Turkey and Italy signed a Participation Protocol in 2012 for the expo that will take place between May 1 and Oct. 31, 2015. The official Expo 2015 website still cites Turkey as among the participants of the world's largest fair, at which countries promote their culture, history and tourism.

One other, but less probable, reason for not participating could be economic, although the participation cost is only around \$15 million. The decision could come as a surprise for many Turkish officials as well, as Turkey's participation in Expo 2015 has been one of the issues President Abdullah Gül raised during an official trip to Italy in late January. Italy and Turkey have largely enjoyed very good relations in recent times, as the former has traditionally been an advocate of Turkish accession to the European Union. Italy will resume the term presidency of the EU on July 1, and will likely play a crucial role in managing the already damaged Ankara-Brussels relations.

Kerry says Palestinians must stop anti-Israel rhetoric

I24 News, 20.02.2014



Senior Palestinian official says kidnapping of Israelis is the 'only language Israel understands'. US Secretary of State John Kerry on Wednesday urged Palestinian President Mahmoud Abbas to curb anti-Israel rhetoric on the part of senior Palestinian officials.

Kerry met with Abbas over dinner in Paris in an effort to narrow gaps between Palestinians and Israelis regarding resolution of their conflict. The meeting between Kerry and Abbas was attended by chief Palestinian negotiator Saeb Erekat, Abbas's spokesman Nabil Abu Rudaineh, and PLO ambassador to France, Hayel Fahoum.

"We are at an important point in the negotiations where we are engaged with narrowing the gaps between the parties on a framework for negotiations, and it was an appropriate time to spend a few hours meeting with President Abbas to talk about the core issues," said State Department spokeswoman Jen Psaki. On Sunday, Abbas struck a conciliatory tone on two of the most divisive issues with Israel, saying he did not want to "flood Israel" with returning Palestinian refugees and that there was no need to "re-divide" Jerusalem. Resolving the question of the right of return for Palestinian families who fled or were forced out of their homes during Israel's 1948 war of independence is one of the most bitterly disputed issues in the conflict.

The future of Jerusalem is also deeply divisive, with Israel viewing the entire city as its "eternal, undivided" capital, and the Palestinians demanding a capital in the mostly Arab eastern sector of the city captured by Israel in the 1967 war. Abbas suggested Sunday there could be two municipalities in the city with a supervisory body to coordinate between them. But contrary to Abbas' conciliatory remarks, Erekat warned several days ago that if the US-brokered talks fail to result in an accord, the Palestinian would call for an economic boycott of Israel. "We are of course concerned about the recent comments by Palestinian chief negotiator Saeb Erekat," said State Department spokeswoman Marie Harf.

"We've said all along that it's important to create a positive atmosphere around these discussions. The personal attacks, quite frankly, are unhelpful, and the secretary will make clear that these kinds of comments are disappointing, that they are unhelpful, especially coming from someone involved in the negotiations, indeed the lead negotiator," Harf added. Another senior Palestinian official was recently more outspoken than Erekat. Jibril Rajoub, a member of Fatah's Central Committee and former commander of the Preventive Security Force in the West Bank, told Palestinian television last month that kidnappings of Israeli soldiers are "the only language that Israel understands," the watchdog group Palestinian Media Watch reported on Wednesday. The report was cited Thursday by The Times of Israel.

Why can't Iran and Israel be friends?

The Guardian, 20.02.2014



There has been much talk this month about subtle Iranian-Israeli overtures, sparking speculations in policy circles about the possibility of a thaw in relations between Tehran and Tel Aviv.

While these speculations are premature and flirt with wishful thinking, it makes geostrategic sense for the two adversaries to set aside their mutual hostility to address common concerns in the Middle East. It all began in Abu Dhabi in mid-January at the International Renewable Energy Agency's annual assembly, which included delegations from Iran and Israel led by their respective energy ministers.

While Arab states that regularly, if unofficially, interact with Israel such as Kuwait boycotted the assembly due to their official Israeli non-recognition, Iran attended, and energy minister Hamid Chitchian even remained at the table when his Israeli counterpart, Silvan Shalom, spoke. As Middle Eastern affairs expert Meir Javedanfar noted, "No Iranian delegate would dare take such a risk without clearance from the very top." The favour may have been returned at the Munich security conference in early February when Israel's defence minister, Moshe Ya'alon, remained in his seat to listen to foreign minister Mohammad Javad Zarif of Iran. This was in stark contrast to the United Nations general assembly last September, when the Iranian and Israeli delegations boycotted each other's speeches.

The day after the security meeting ended, Zarif gave an interview to a German broadcaster in which he acknowledged the Holocaust and described it as a "horrifying tragedy." Zarif added that if the Palestinian-Israeli issue were to be resolved, Iran would consider recognising Israel. Apparently under pressure from hardliners back home, he later claimed that his comments had been distorted. These gestures come as Iran has been redefining its international image after years of incendiary anti-Israeli rhetoric from the Ahmadinejad administration. In September, Rouhani and Zarif wished Jews around the world a happy Rosh Hashanah, and earlier this month the Iranian government made a gift worth hundreds of thousands of pounds to a Jewish hospital in Tehran.

An Iranian-Israeli rapprochement is not unprecedented. During the shah's reign, the two countries enjoyed a geostrategic working relationship involving intelligence and security cooperation, an energy alliance – including the Israeli import of Iranian oil – and common positions on the threats posed by the Soviet Union and pan-Arabism. Hard as it is to imagine, revolutionary Iran continued to cooperate with Israel during much of the 1980s and 1990s despite the mutually bellicose rhetoric out of Tehran and Tel Aviv. Israel supported the Islamic republic with arms during its war with Saddam Hussein's Iraq. In the late 1990s, a group of Israeli agricultural experts reportedly visited Iran for a secret meeting with its deputy minister of agriculture.



Around this time, the two countries also allegedly began to renegotiate Israel's \$1 billion debt to Iran. Tehran even allowed Israeli experts to visit areas damaged by the 2003 earthquake in Bam, as much of the infrastructure there was built by Israeli firms before the Islamic revolution. Clearly, there is a track record of Iranian-Israeli cooperation regardless of the politics and rhetoric that have weighed against it. Although Binyamin Netanyahu has been vociferous in addressing the perceived Iranian threat to Israel, during his first term as prime minister in the late 1990s he evidently sent signals that he was interested in dialogue with Tehran. Likewise, in 2003, Iranian supreme leader Ayatollah Ali Khamenei approved an intended grand bargain with the US – rebuffed by the Bush administration – under which Iran would have recognized a two-state solution to the Israeli-Palestinian issue.

The geostrategic setting in the Middle East is once again favourable to an Iranian-Israeli rapprochement, whether overt or subs rosa. In contrast, the turmoil in Syria and the proxy battle with Saudi Arabia highlights the deep enmity between Tehran and its longstanding rival, Riyadh. This has been highlighted by former US ambassador Frederic Hof, who recently revealed that Iranian officials told him that Iran was not in conflict with the United States or Israel but rather sees Saudi Arabia as its main adversary. Tehran has thus been seeking to counter Saudi influence in the region by repairing relationships that have deteriorated over the years, such as the one with Turkey, which feels similarly threatened by growing regional sectarianism. Also working to repair its ties with the United Arab Emirates, Iran is purportedly negotiating a solution to long-running disputes over a group of small islands in the Persian Gulf.

Compounded by Iran's already close ties with Iraq and Oman, Saudi Arabia is being diplomatically out maneuvered and encircled by the Islamic republic. Even the November nuclear deal in Geneva with the so-called P5+1 can be seen as enhancing Iran's regional status to the detriment of Saudi Arabia, which has threatened to distance itself from the United States over the apparent Washington-Tehran thaw. By reestablishing strategic cooperation with Israel, Iran can refocus its attention closer to home without fearing imminent Israeli military action and can carve away at the sole major issue bridging Israel and Saudi Arabia, the perceived Iranian threat.

As I have argued previously, Saudi Arabia and Israel have less in common than do Iran and Israel, which share much in the way of culture and history, and are linked through Iranian-Israeli Jewry. In fact, Iran is home to the largest Jewish community in the Middle East outside Israel and there are believed to be more 200,000 Iranian Jews presently living in Israel. In Israel's case, it can benefit from cooperation with Iran, particularly as the region is under threat of growing extremism by fundamentalist Wahhabi fighters who despise Shiites and Jews alike.

Furthermore, a détente with Tehran would likely remove the threat posed by Hezbollah in southern Lebanon, which acts as a deterrent against possible Israeli military action on Iran, much like Israel's nuclear submarines act as a deterrent against Iran in the Persian Gulf. It could also positively affect Israeli-Palestinian peace talks and hedge against threats by Hamas and Islamic Jihad in the Palestinian territories. Iran and Israel must seize the current opportunity, look beyond their political differences and let their national interests guide them to deal together with shared regional concerns. The two have cooperated in the past, and the time is right for them to do so once again.

Iran leader says army will be strengthened

Aljazeera, 19.02.2014



Khamenei tells military commanders there will be no decrease in defence capabilities while the US threatens Iran.

Iran is building “an economy of resistance” to counter the damaging effects of sanctions rather than “do something to make sanctions be lifted”, according to its supreme leader Ayatollah Khamenei, as foreign leaders met to discuss the country’s nuclear programme. Although they were made during a speech on February 8 to air force commanders and personnel. Khamenei, referring to the US, said: “They threaten Iran, then expect the Islamic Republic to decrease its fighting capabilities.

But this is not what we will do. By Allah’s favour, different officials, different sectors and the armed forces will increase their defence capabilities on a daily basis.” The new “policies of resistance” would be announced in the future, he said. Sanctions on banking and oil have crippled both economy and society in Iran. There has been no response from the P5+1 Group - the five permanent members of the United Nations Security Council plus Germany - which is in the middle of a three-day meeting to resolve a decade old dispute over Iran’s nuclear activities. The talks resumed on Wednesday morning and included a session chaired the European Union’s Helga Schmid and Iran’s Deputy Foreign Minister Abbas Aragchi. EU spokesman Michael Mann described Tuesday’s talks as “substantive and useful” on his Twitter feed. This latest round of talks is aimed at finding a long-term agreement, following a short term agreement reached in November.

Iran’s Zarif upbeat as nuclear talks enter second day

Hürriyet Daily News, 19.02.2014



Ambitious nuclear talks between Iran and six world powers entered a second day in Vienna on Wednesday with Tehran’s foreign minister saying a deal was “totally achievable”. Michael Mann, spokesman for the powers’ lead negotiator and EU foreign policy chief Catherine Ashton, said on Twitter that day one’s talks were “substantive” and “useful”.

The parties aim to translate into a lasting accord a landmark interim deal struck in November under which Iran agreed to freeze certain activities for six months. This was in exchange for minor relief from sanctions causing the Iranian economy major damage and for a promise of Western sanctions.

The six months expire on July 20 but can be extended, with the parties aiming to conclude negotiating and commence implementing the final “comprehensive” deal by November. Iranian Foreign Minister Mohammad Javad Zarif said late Tuesday that the talks in Vienna with the United States, Russia, China, Britain, France and Germany had “started on the right track”. “We have a shared objective, and that is for Iran to have a nuclear programme that is exclusively peaceful,” he said from Vienna in a webcast discussion with Denver University’s Center for Middle East Studies. He said a deal was “totally achievable” but would take more than “one or two sittings” and would require “some innovation and some forward thinking”.

Others have been considerably more circumspect about the prospects for a deal that satisfy hardliners on both sides, as well as other countries such as Israel, after a decade of failed initiatives and rising tensions. Iran’s supreme leader Ayatollah Ali Khamenei said on Monday that this effort would “go nowhere” but that he was not against trying. It is probably as likely that we won’t get an agreement as it is that we will,” said one senior US administration official. “But these negotiations are the best chance we have ever had.” Iran has long been suspected of seeking atomic weapons, despite its denials, and the US and Israel -- the latter assumed to have a large atomic arsenal itself - have never ruled out military action.

Ukraine Leader Strains for Grip as Chaos Spreads

New York Times, 19.02.2014



Ukraine spiraled deeper into disarray on Wednesday as the government of President Viktor F. Yanukovich and several thousand grimly determined protesters, along with their supporters in Russia and Europe, faced off in a confrontation over the fate of this fractured country of 46 million.

As measures of the turmoil, the authorities announced a nationwide “antiterrorist operation” to keep guns and power from what it called extremist groups, and they dismissed the country’s top general. But very late in the day, they declared that a truce had been reached with political leaders of the opposition, who confirmed that overnight.

The party website of an opposition leader, Vitali Klitschko, said the opposition had received assurances that there would be “no assault” on the main protest site, though it was uncertain that a pause in the conflict would hold, particularly among more determined street fighters. Protesters on Wednesday burned documents after trying to take over a government office in Ternopol, Ukraine. The violence in the country has killed at least 25 people this week. Violence in Ukraine Creates Deepening Clash between East and West. The agreement was announced after indications — including the deployment of paratroopers to help protect military bases — that the Ukrainian authorities were concerned about maintaining control, particularly in the country’s west.

Eurozone economy on course for modest recovery

I24 News, 15.02.2014



But problems remain, notably near-record unemployment and deflation risks. The Eurozone economy showed on Friday enough of improvement in the fourth quarter to suggest a modest recovery remains on track but problems remain, notably near-record unemployment and deflation risks.

The single currency bloc grew 0.3 percent in the fourth quarter of 2013, at the top end of forecasts, after it nearly stalled in the third when it expanded just 0.1 percent. Analysts expected a fourth quarter gain of 0.2-0.3 percent. "While still far from dynamic, it was a step back in the right direction," said Howard Archer at IHS Global Insight.

At the same time, the outcome still left the Eurozone in negative territory for the year, shrinking 0.4 percent in 2013, Archer noted. The Eurozone escaped a record 18-month recession in the second quarter last year with growth of 0.3 percent but data since then has been very mixed, sparking concerns the recovery could run out of steam. Friday's figures are reassuring on that count. Not only the core countries led by Germany did well but "encouragingly, there were further signs of improvement in the long-suffering struggling southern periphery countries," Archer said. There, Spain grew 0.3 percent while Italy made it into positive territory with 0.1 percent, the first time it has done so since second quarter 2011, he noted.

Germany showed a gain of 0.4 percent in the October-December period, better than analyst forecasts of 0.3 percent. In contrast, the French economy grew 0.3 percent in the fourth quarter but this was short of official forecasts of 0.4 percent. Non-euro Britain expanded 0.7 percent, compared with 0.8 percent in the third quarter, as it continued one of the stronger performers. No all-clear yet Martin van Vliet at ING Bank said it was positive that for the first time in nearly three years, the top six Eurozone economies all expanded, setting a lead for others to follow. But despite figures suggesting "the recovery picked up some further steam in the first part of this year, a sustained recovery unfortunately is not yet assured," van Kliet said.

"Crucially, economic growth now has to start feeding through into decent jobs growth, which in most countries still is the missing link in the recovery," he said. Archer, while highlighting the gains, made a similar point. "It is still going to be far from plain sailing for the Eurozone in 2014 as a number of significant growth constraints remain," he said. Among the headwinds, he cited tight government spending and credit conditions, high unemployment and weak consumer demand, which appears to "have been generally lacklustre." With Eurozone unemployment running at a near-record 12 percent, consumer demand is understandably weak and it is also creating a new problem -- deflation risk.

Eurozone inflation has fallen steadily in the past six months, to 0.8 percent in December then 0.7 percent in January, way below the European Central Bank target of near 2.0 percent. If consumers believe prices will fall further, they put off purchases which in turn prompt companies to cut investment, hitting jobs, wages and then demand in a vicious circle. International Monetary Fund head Christine Lagarde warned recently “that with inflation running below many central banks’ targets, we see rising risks of deflation, which could prove disastrous for the recovery.” For Christian Schulz at Berenberg Bank, the fourth quarter showed that the Eurozone was leaving the debt crisis behind and was moving steadily into growth, helped by exports and investment. This shows “the Eurozone is well on track towards a much healthier foundation for future growth,” Schulz said.

Europe’s Middle East mission

Politics Syndicate, 18.02.2014



America’s gradual withdrawal from the Middle East puts increasing pressure on Europe to help foster peace in the region. With complex and heated wars threatening to bring about the collapse of states like Syria and Iraq, and the long-simmering conflict between Israel and Palestine seemingly as far from resolution as ever, it is almost easier to ask what Europe should avoid than what it should do.

The starting point must be a simple, fundamental principle: Europe should not take sides. Allowing preconceptions or emotional reactions to overshadow facts could make the situation much more dangerous.

Consider sectarian struggle between Sunni and Shia Muslims – now the prime mover of events in the Middle East. Fueled by religious rhetoric and a bloody history, the conflict engenders a degree of passion and irrationality that is difficult to moderate. As has been said: “Where the fires of faith are burning, the goddess of reason tiptoes silently out of the room.” Likewise, when it comes to the Israel-Palestine conflict, Europe must recognize that both sides are hypersensitive. If they are faced with criticism that they deem unfair, they will resort to the kind of truculence and bitterness that has long thwarted efforts to reach an agreement. At least two-thirds of Israelis, recognizing the benefits that lasting peace would bring to the region, would prefer a two-state solution.

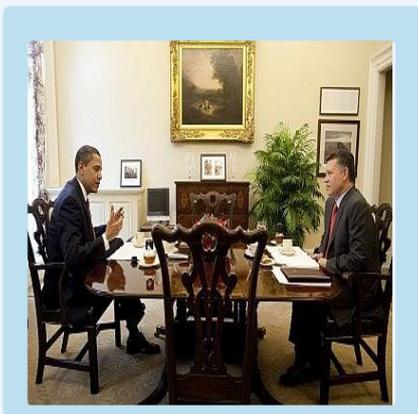
But the same majority fears that the Palestinians – with the split leadership of a relatively moderate Fatah under Palestinian Authority President Mahmoud Abbas and a Gaza administration under the implacable, terror-supporting leadership of Hamas – are not ready for a conventional peace and good neighborly relations. Making matters worse, concessions on either side appear to leave no impression on the other. On the contrary, they are usually met with lethal provocations that push any agreement even further away. Palestine’s response to Israel’s release in December of 26 political prisoners – the third batch from a total of 104 detainees that Israeli Prime Minister Binyamin Netanyahu pledged to release when the peace talks were revived last summer – is a case in point. Many of the prisoners had committed heinous acts of terror.

For example, Juma Ibrahim Juma Adam and Mahmoud Salam Saliman Abu Karbish firebombed a civilian bus, killing a pregnant woman, three of her preschool-age children, and the Israeli soldier who tried to save them. Yet Abbas received them upon their release, praising them as heroes of the Palestinian people and examples for Palestinian youth. In this fragile context, EU threats to halt business with Israeli companies present in the country's West Bank settlements are problematic, as are academic and scientific boycotts against Israel. Indeed, such moves would be dangerously close to favoring Palestine – a sure-fire way to turn Israel against cooperation. Of course, given the role that the continual expansion of Israeli settlements in occupied Palestine has played in hampering progress toward peace, it merits a more thorough and sober examination by all relevant parties – especially Israel.

This requires, first and foremost, an understanding of the issue's scale. During previous rounds of negotiations, the Palestinian Authority agreed, in principle, to exchange up to 1.9% of West Bank land for Israeli territory. This means that Israel would be able to annex some settlements adjacent to its border, while giving up only a small share of its land – an exchange to which it should be open when serious negotiations are underway. The good news is that Tzipi Livni, Israel's main negotiator, recently stated that Israel would not claim isolated settlements on Arab land. Through all of this, Europe must present itself as an unbiased mediator. If negotiators on both sides view it as a credible broker of a lasting and balanced agreement, they may be more receptive to each other's concessions.

The dangers of lost U.S. credibility in the Middle East

The Diplomat, 15.02.2014



Rouhani, undertakes a major charm offensive that seeks to woo U.S. President Obama, many Americans are left to wonder whether Iranian promises of greater cooperation are valid or simply a stall and ruse. Obama has repeatedly said that the U.S. will “do what we must” to stop Iran from getting nuclear weapons, but the U.S. has yet to take the types of action that give credence to such a statement.

Given Iran's unwillingness to stop uranium enrichment, it may be time for the U.S. to be realistic about the current policy and the likelihood that Iran has progressed to the point where a Shia nuclear bomb is an “opaque or virtual” reality.

Perhaps the U.S. should start preparing a more coherent and realistic security framework that can effectively deal with and contain a nuclear armed Iran. Deterring Iran from using nuclear weapons is only part of the strategic task. The tougher challenge is developing a U.S. strategy that effectively assures Arab partner nations, like Saudi Arabia, of American security commitments in order to limit nuclear proliferation in the Middle East.



Much work is left to be done on this problem. U.S. policy decisions to support “pro-democracy protest groups” in the Middle East are yielding a more unstable region as friendly Arab nations and Israel try to define the “true meaning” of U.S. policy in the region. The recent perceived “warming” of relations between the U.S. and Iran has caused significant uneasiness with Arab partner nations and the even more precarious Israel. U.S. actions dating back a decade or more, which led to the support of a Shia (vs. Sunni) dominated government in Iraq even after Saudi Arabia and other Gulf Cooperation Council partner nations expressed deep concern about such a state of affairs. This was the first of several actions by Washington that has led to a rift between the U.S. and Saudi Arabia. America’s unwillingness to support President Hosni Mubarak in Egypt after years of bilateral cooperation also weakened relations between the U.S. and its Arab partners.

In supporting the Arab Spring, which led to the election of the Muslim Brotherhood, U.S. policy played a role in causing instability and concern by other friendly governments of the region. Friends in the region are now asking if the U.S. can be trusted and if the U.S. will be there if and when they need help. They are very concerned that the U.S. cannot be depended upon to ensure stability and peace. American strategic decisions are not creating the desired goal of stability in the region and have weakened U.S. credibility with Arab partners. Absent a high degree of credibility, any attempt to provide extended nuclear deterrence to Arab partners is unlikely to succeed over the long term, particularly if the U.S. continues to dismantle its much smaller nuclear arsenal.

To prevent a further deterioration of American influence in the region, effectively deter a near-nuclear Iran, and assure Arab partners of American commitment, the United States should undertake six efforts. First, it is time to develop a more coherent, holistic and realistic strategy for the Middle East that ensures stability and enhances the balance of power between friendly Arab nations and a still unfriendly and aggressive Iran. Working collaboratively with Arab partners will help to improve American credibility. Second, Congress and the president should maintain sanctions against Iran while also establishing clear milestones that must be met before sanctions are eased. This would also require giving Arab partners’ concerns consideration regarding any potential removal or easing of international sanctions.

Third, undertake a more affective effort to understand the concerns of Arab partners. There is a real possibility of alienating friendly governments. Many partner nations have supported U.S. policy objectives in the Middle East for decades and deserve to have their concerns heard. Fourth, develop and enhance regional security arrangements that include strategic exercises and joint cooperation between Arab partner nations, intelligence activities, and strategic demonstration exercises that are necessary to not only deter a near-nuclear Iran, but to ensure partner Arab nations. Fifth, if counter-proliferation in the Middle East is truly an American imperative, the U.S. should immediately engage the Saudis and other friendly Arab nations for the purpose of determining their strategic red lines. Preventing the spread of nuclear weapons in the Middle East is possible, but will require deft diplomacy and security agreements.

Sixth, the U.S. should understand that the Saudis are likely already looking to other nations to help them ensure their own security in the event Iran declares itself a nuclear armed state. The U.S. has an option to either extend the nuclear umbrella to these partners or allow them to develop, borrow or purchase their own nuclear capabilities. It is extremely unlikely that they will simply do nothing to address their own very real concerns. While such efforts are no silver bullet that will ensure Middle East peace and stability, they are certainly a step in the right direction.

Of course China wants to replace the U.S.

The Diplomat, 15.02.2014



If China becomes the world's most powerful country, it won't be satisfied being America's number two. Over at *The Week*, Think Progress's Zack Beauchamp has a provocative piece arguing that "China is not replacing the United States as the global hegemon. And it never will."

Specifically, Beauchamp posits that "China faces too many internal problems and regional rivals to ever make a real play for global leadership. And even if Beijing could take the global leadership mantle soon, it wouldn't. China wants to play inside the existing global order's rules, not change them."

The piece is well-argued and certainly worth a read. In particular, Beauchamp does us a service in combating the myth of the inevitability of China's rise. He usefully points out that China's economy faces a multitude of challenges that may prevent it from reaching the potential many currently foresee. He also points out that China faces powerful neighbors that won't stand by idly if Beijing seeks to construct a new regional order, much less a global one. Still, on balance, I think Beauchamp's piece does more to confuse than to inform. The first issue is that even though he discusses the regional balance of power in the piece, his overall argument is that China will not be capable of replacing the United States as the "global hegemon." Unfortunately, there are many who would claim that America is a global hegemon. However, that argument is preposterous under any reasonable definition of hegemony.

It is true that in the post-Cold War (if not earlier) the U.S. has been the only power capable of projecting military power in any region of the world. But this has not allowed it to dictate the regional order of every continent as it largely can in the Western Hemisphere. Moreover, even if America really is a global hegemon, this would just make it more unlikely that any rising power could replace it as a global hegemon. After all, America's primacy in the post-Cold War era was only made possible because no other great power existed. Since China's rise won't stop the U.S. from being a great power, unless the two go to war and China wins, Beijing's relative power will be far less than America's at the end of the Cold War. And of course, America's relative power will also be far less than what it enjoyed in 1991.

There are other issues with Beauchamp's analysis of China's relative power. For example, he notes that "one analysis suggests China's GDP may not surpass America's until the 2100s." To begin with, while possible, this view seems to be decidedly in the minority among serious economists. Even if China's economy crashes before 2018—around the time many believe China's absolute GDP will surpass America's—it still seems likely that it will find a more sustainable economic model before 80 years pass. And given that China has about four times as many people as the United States, it could easily surpass the U.S. in absolute GDP terms in less than 80 years. But even if China's economy doesn't surpass the United States, this hardly suggests it won't present a major strategic challenge to Washington.



Consider that, according to Paul Kennedy, in 1938 Japan's share of world manufacturing was just 3.8 percent while America's was 28.7 percent and the U.K.'s was 9.2 percent. A year earlier, according to the same source, the U.S. national income was \$68 billion while the British Empire's was \$22 billion. Japan's, comparison, was just \$4 billion. Yet, in the initial battles of the Pacific War Japan decisively defeated the U.S., England, and the Dutch across the region. Similarly, the Soviet Union's GDP was only ever about half as large as the United States, and many times much less than that. This doesn't mean that America and its allies didn't face a real strategic threat in the Soviet Union during the Cold War. The more egregious part of Beauchamp's case, however, is his contention that China does not seek to challenge the U.S.-led order.

In his own words: "Even if this economic gloom and doom is wrong, and China really is destined for a prosperous future, there's one simple reason China will never displace America as global leader: It doesn't want to." He goes on to explain: "China is content to let the United States and its allies keep the sea lanes open and free ride off of their efforts. A powerful China, in other words, would most likely to be happy to pursue its own interests inside the existing global order rather than supplanting it." Beauchamp isn't alone in holding this view, which has many faithful adherents in the West. In fact, not too long ago it was the running consensus in the United States, as well as the foundation of U.S. China policy in both the George W. Bush and the early Barack Obama administrations.

One place where this view has not been very popular is in China itself. Indeed, far from being happy to allow the U.S. Navy to keep its sea lanes open, Chinese leaders have been warning about their country's "Malacca Dilemma" for over a decade now. They have also been actively trying to reduce America's ability to cut off China's energy and raw material imports. As they should be—it would be irresponsible for China's leaders to allow their country's economy to be at the mercy of a potential competitor if they have the realistic opportunity to allow China to secure its own shipping lanes. This is doubly true in light of the fact that the U.S. has been known to impose sanctions on many countries, including China itself after Tiananmen Square.

But the issue goes much deeper than that. In fact, it goes to the heart of the Chinese Communist Party's legitimacy at home. At its core, the CCP's claim to power is based on its ability to restore China to its past glory. Again, neither China nor its leaders have ever made any secret about this. For example, the CCP has always emphasized that it saved China from its "century of humiliation" at the hands of the Western and Japanese colonial powers. Similarly, since coming to power in 2012, Xi Jinping has repeatedly stressed that, because of the CCP's rule, the "great rejuvenation of the Chinese nation" is now within China's grasp. As Zheng Wang points out, the term "rejuvenation is deeply rooted in Chinese history and the national experience."

"As proud citizens of the 'Middle Kingdom' the Chinese feel a strong sense of chosenness and are extremely proud of their ancient and modern achievements. This pride is tempered, however, by the lasting trauma seared into the national conscious as a result of the country's humiliating experiences at the hands of Western and Japanese imperialism. After suffering a humiliating decline in national strength and status, the Chinese people are unwavering in their commitment to return China to its natural state of glory, thereby achieving the Chinese Dream." Thus, the CCP would lose all its legitimacy at home if it voluntarily subordinated China to the United States despite being the more powerful country. The CCP treasures its grip on power above all else, and therefore it should come as no surprise that it has already ruled out taking this risk.

China will have to face a stronger US-Japan alliance

The Diplomat, 19.02.2014



Despite its wish for a new type of relationship with the US, China will face a stronger US-Japan alliance in coming years. However China explains its claimed peaceful rise, it will still be viewed by a number of major actors in world politics as a revisionist power that intends to change the U.S.-led status quo, starting with the East Asian region.

As a newcomer to the dominant system, China has spent more than three decades learning and growing, especially utilizing resources from the Western world that range from capital investments to advanced management knowledge and skills.

At the same time, China has been extremely vigilant when it comes to the issues that inherently determine China's uniqueness: in general, China has emerged while keeping its own political and ideological characteristics. Interestingly, a swiftly-democratized Russia was invited to G7 while China, the world's second largest economy, is still kept out of G8. Nick Butler of The Financial Times describes the absence of China in the G8 as "a self-defeating exclusion." As an important player in G20, though, China never stopped its rapid emergence, particularly in East Asia. As China gains in global and particularly regional influence, a complex diplomatic issue has emerged.

In the midst of enduring disputes in the East China Sea, a Chinese version of an ADIZ has been viewed as an example of its assertiveness, particularly by the U.S. and its key ally Japan, both of which have disparaged China's action. For now, China needs to deal with its stand-off with Japan and its engagement with the U.S. at the same time. There's a good chance that China may face a stronger U.S.-Japan alliance even as it endeavors to build a new type of great power relations with the United States. The suggested "new type of great power relations" will be an equal relationship between great powers – at least Beijing intends it to be. Although a rising China does not intend to truly challenge U.S. leadership in the near future, their differences and the subsequent distrust inevitably urge these two giants to consider the possibility of a peaceful co-existence.

But there is a structural limit — the U.S. naturally would not allow such a new relationship to be constructed outside the current power structure in which the U.S. leadership prevails. Hence, the new U.S.-China relationship would be a compromise within the pyramid structure rather than an equal share of global dominance. It is notable that the U.S., in terms of national power, still wins out over China in almost every aspect. The differences between the White House and the U.S. Congress could be another variable. The Taiwan Relations Act enacted in 1979 may best explain how the U.S. government and Congress occasionally react differently toward a communist China. The U.S. Congress simply rejected Jimmy Carter's draft and replaced it with contents that have had great impacts on Sino-U.S. relations ever since.

Congressional reactions could continue to throw a wrench into U.S.-China relations. A new type of great power relations is surely welcomed by both the U.S. and China to avoid strategic misperceptions and the possibility of subsequent conflict. However, the concept should not be overestimated in the short term, however much China may wish it to play a role in its stand-off with Japan. For the U.S. and Japan, strengthening mutual commitment and trust is much more natural and probable than doing the same between Washington and Beijing. Strengthening U.S.-Japan ties would not only help deter a Chinese challenge to U.S. dominance in the region, but also would hopefully ease worries of long-term Japanese challenges or threats to the United States' own interests.

Glen Snyder's alliance dilemma indicates that "the greater one's dependence on the alliance and the stronger one's commitment to the ally, the higher the risk of entrapment." However, in the unbalanced East Asian region an orthodox anarchy still exists. Under these circumstances, it could be more urgent and practically more profitable for the U.S. to strengthen its alliance relations with Japan and to further ensure a mutual commitment, rather than to seek an instant strategic trust and a total reconciliation with China. As Brahma Chellaney wrote in a piece for Japan Times, Japan "will find itself increasingly buffeted by developments in the U.S.-China relationship." Accordingly, Japan might try to seek more independently-secured national interests, encouraging the U.S. to make more efforts to keep its alliance with Japan solid, stable, and steerable.

China, Pakistan flesh out new 'economic corridor'

The Diplomat, 20.02.2014



The China-Pakistan Economic Corridor is a part of Beijing's greater strategic plan. As Pakistani President Hussain wraps up a visit to Beijing, China and Pakistan are solidifying plans to create a new "economic corridor" between their nations.

The three-day visit to Beijing was Hussain's first official trip abroad since assuming the presidency. During his visit, Hussain met with Chinese President Xi Jinping and Premier Li Keqiang in talks designed to underline the historically close ties between the two countries. "Friendship with China is the most important pillar of our foreign policy and security policy," Hussain said just before his meeting with Xi.

Besides emphasizing China and Pakistan's generally close ties, Hussain's trip was focused on the new China-Pakistan Economic Corridor. The idea was first proposed during a visit to Pakistan last May by Chinese Premier Li Keqiang. Hussain has embraced the idea as well, predicting that the "project is going to be a monument of the century. It will benefit not only Pakistan and China, but also the whole region with billions of people." According to Ahsan Iqbal, Pakistan's Federal Minister for Planning, Development, and Reform, China and Pakistan expect to sign cooperation agreements on projects to enhance transportation and trade during Hussain's visit.



Such projects include construction of an airport at the Chinese-controlled port of Gwadar and upgrades to roads and railways. “In the past, the economic relationship could not match the political one. Now the leadership on both sides has realized that we have to bridge that gap,” Iqbal told the Wall Street Journal. In addition to building infrastructure, China Daily predicted increased cooperation “in the industrial, agricultural, mining, financial, telecommunication and service sectors.” For its part, Pakistan’s government is especially keen for China to help develop the energy sector in order to alleviate crippling power shortages. China has already committed \$6.5 billion to build a new nuclear power plant in Karachi. The list of projects to be completed in Pakistan is just the beginning. China has wider ambitions for the China-Pakistan Economic Corridor.

According to Foreign Ministry Spokesperson Hua Chunying, the corridor will “serve as a driver for connectivity between South Asia and East Asia.” Mushahid Hussain, chairman of the Pakistan-China Institute, told China Daily that the economic corridor “will play a crucial role in regional integration of the ‘Greater South Asia’, which includes China, Iran, Afghanistan, and stretches all the way to Myanmar.” The China-Pakistan Economic Corridor is one of many examples of China trying to enhance its economic integration with countries to its west. There are also plans to set up a Bangladesh-China-India-Myanmar Economic Corridor. On an even larger scale, the “new silk road” and “maritime silk road” represent complementary efforts to build up infrastructure for trade and transportation between China and Central Asia.

The end goals are twofold. First, China envisions its western transportation networks as an alternate route for oil and other energy sources. The China-Pakistan Economic Corridor, for example, is expected to include construction of an oil pipeline from Gwadar’s port to northwestern China. China has also completed a pipeline from Kazakhstan, through which it imported over 86 million barrels of oil in 2013, and one from Turkmenistan. The “maritime silk road,” meanwhile, is expected to increase security for China’s shipping lanes through the Indian Ocean and South China Sea. The development of transportation networks to the west of China helps Beijing diversify energy sources and trade routes.

Second, China’s western regions are underdeveloped compared to the eastern coastal areas. By focusing on westward trade, China hopes to spark a general economic boom in the west, especially in Xinjiang province. Beijing hopes that increased economic development and prosperity will help mollify the grievances of the native Uyghur population. Unrest has been increasing in the past year—Kashgar, the Chinese end of the new China-Pakistan Economic Corridor, has been the site of several incidents of violence in recent months. It’s long been Beijing’s hope that bringing economic benefits to restive regions can help ameliorate religious and ethnic tensions.

To achieve these goals, Beijing has been reaching out to new potential partners, including recent overtures to Sri Lanka and India. However, China would naturally focus special attention on implementing its plan with the cooperation of a long-time diplomatic partner like Pakistan. As China Daily pointed out, increased economic interaction will also help support China and Pakistan’s longtime strategic and diplomatic cooperation. Should Pakistan reap the economic benefits of the new corridor, it could boost Islamabad’s regional power and prestige—and it can only help Beijing to see the influence of a long-time ally increase.

America and China's perception problems

The Diplomat, 17.02.2014



What is a rising power to do? Let's face it—anything Beijing does these days that seems aggressive in any way, shape, or form is big news. It will be discussed, overanalyzed and hyped over and over again thanks to the nature of social media, the size and scope of the global media, and the blogosphere's repetitive nature.

From naval exercises in the Indian Ocean, to aggressive actions and territorial claims all over Asia, to frightening comments from various politicians and military leaders, a certain caricature of China is taking shape that will not be easy to change.

There is certainly room for debate whether this is deserved or not—and I have my own opinions on the subject—however, perception is becoming reality for China. Washington also seems to be suffering from a bit of a perception challenge. Defender of a peaceful and prosperous Asia-Pacific region since the end of the World War II, many now see the U.S. as merely reacting to events as opposed to providing global leadership. Will America defend the status-quo it spent so much blood and treasure shaping in the face of China slowly and steadily working to undermine it? Whether we want to call it retrenchment, isolationism, or war-weariness, many an op-ed page are littered with calls for America to define its interests in Asia and the wider Indo-Pacific region.

And we are not talking about containing Beijing—just merely defining a strategy in Asia that is beyond the usual boilerplate of peace, trade, and seeing China as a “responsible stakeholder” etc. In countless panels and meetings I attend with Asia hands here in Washington, many feel the so-called “pivot” or “rebalance” was more a slick marketing slogan than an actual declaration of direction in U.S. foreign policy. They ask, “Besides words, what deeds back up the talk?” The recent appointment of a new ambassador to Beijing who seemingly borrowed China policy advice from a famous U.S. boxing ref, that he would be “fair but firm,” does not meet the sniff test when it comes to serious strategic thinking.

Also, many see this summer's Syria crisis and come to an interesting conclusion: if America would not stop a brutal dictator from using chemical weapons would it really come to the aid of allies in Asia in a crisis with China over rocks that sometimes disappear during high tide? The answer many are beginning to come to is that Washington does not care that much about Asia—the pivot was just talk—America's decline is real. So Diplomat readers, why should you care about any of this? Simply put: China and Washington are slowly but surely being cast into roles that will not be easy for them to change for the foreseeable future—and such roles will have repercussions for policymakers throughout the Asia-Pacific and wider Indo-Pacific. China the rising, bullying hegemonic power. America the retrenching, declining superpower that does not value the status-quo enough to defend it.



We can surely debate how much traction this all has and how much of this is believed to be the defining narrative of each nation. I would argue though it is undeniable such attitudes are something close to mainstream and becoming an increasing part of foreign policy debates in Washington, Beijing and the world. The challenge for China and America, if you accept the above argument, is different for both parties. For Beijing, being seen as a bully is a problem for obvious reasons. While making claims on territory that it feels was wrongly stripped away or is part of its historical heritage may score points back home in the face of a slowing economy, such victories may ring increasingly hollow. They come at a price—the further reinforcement of the bully narrative.

Yet, China has made so many claims, flexing its muscles time and time again, can it reverse course in a way that it can reclaim the mantle of a “peaceful rise” without looking weak domestically in certain nationalist circles? I would answer yes. It would need to slowly alter the scope of its claims or change its tone—seeking dialogue in multilateral settings on issues of territorial challenges, ensuring senior officials do not “mouth off” or go off the reservation or face consequences. Beijing, for lack of a better word, needs to change the conversation. It needs to put forward a much more positive vision for Asia as opposed to what many nations in the region fear—a Chinese hegemony based on what is good for Beijing and not the region. The challenge for Washington will be equally complex.

I would make the argument that the Obama Administration in many respects is running out the clock, making no major moves beyond Kerry’s gambit in the Middle East that hold a great deal of risk in Asia. Yes, there is the occasional declaration that America will not stand for this or that, but Pacific capitals are past such talk—they have seen this song and dance before. They are not looking for America to craft some sort of anti-China alliance or outright containment of Beijing, but rather take the lead in defending the status-quo Washington created. This means showing up at each and every regional forum—no matter what. It means leading the way in creating trade blocs like the TPP that could tie the region together—even extending a hand to China to join if it can meet the criteria. It also means pushing for mechanisms that can lessen tensions in contested areas such as some sort of U.S.-China incidents at sea agreement.

And it means no more using bumper sticker style slogans that people will countlessly use as bellwethers to make judgments of progress up or down. Washington needs to lead the order it created in Asia—anything less invites instability. So what happens if one or both sides allow such perceptions to become de facto realities? In some respects, we are already seeing the repercussions. Nations in Asia may assume the worst and begin what is already looking like a dangerous arms buildup that could have major consequences for the region. Add in budding nationalism, perceptions of historical wrongdoings and a toxic brew seems to be coming to a slow boil. It is up to Washington and Beijing to decrease tensions and ensure the prosperity of the last several decades is not cast aside in a flash of anger that descends into chaos. Otherwise, the only alternative is seeing the tragedies of history play out all over again, but this time, with even more deadly arms at their disposal.

Ambitious free trade deals divide Obama, Democrats

Hürriyet Daily News, 20.02.2014



The White House says it will continue to press Congress for authority to speed approval of trade deals even as election-year politics makes the task harder.

The Obama administration is engaged in two difficult trade negotiations, one with Japan and 10 other Pacific nations, and the other a proposed trans-Atlantic deal with European Union nations. The trans-Pacific talks are closer to completion. President Bill Clinton used such so-called “fast-track” powers to push through the North American Free Trade Agreement among the U.S., Canada and Mexico in 1993.

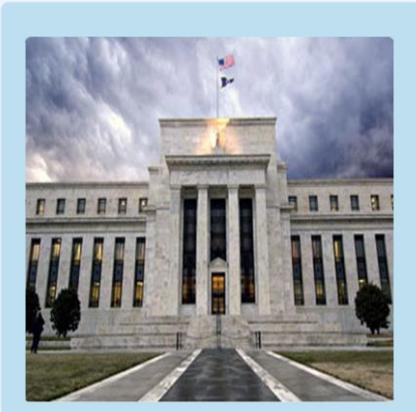
President George W. Bush used fast-track authority to push through Congress the Central American Free Trade Agreement in 2005. The fast track process, more formally known as “trade promotion authority,” empowers presidents to negotiate trade deals and then present them to Congress for up-or-down votes, with no amendments allowed. Such trade deals have always been more popular with Republicans than Democrats. That’s largely because business interests aligned with Republicans have always formed the core support for efforts to expand trade, while labor unions traditionally supportive of Democrats claim trade deals like NAFTA have cost U.S. jobs, helping to send them overseas.

Politically, what it means is that Republican House Speaker John Boehner is on President Barack Obama’s side this time. Fast-track critics Senate Majority Leader Harry Reid and former House Speaker Rep. Nancy Pelosi, the Democratic congressional leaders, are working against the president from their own party and opposition to the trade deals is more pronounced on the Democratic side. Late last year, 151 House Democrats, roughly three-quarters of the chamber’s Democratic membership, signed a letter to Obama signaling their opposition to granting him fast-track trade authority. In the past, Obama has not been an ardent supporter of the fast-track process. Even without fast track, Obama was able to win congressional passage of free-trade pacts with Colombia, Panama and South Korea the old-fashioned way in 2011.

And he has yet to make a high-profile major push for renewal of the powers since his State of the Union comments. If ratified, the proposals, the Trans-Atlantic and Trans-Pacific Trade and Investment Partnerships, would create the largest free-trade zone in the world, covering roughly half of global trade. But the free-trade talks are generating strong emotions at home and abroad. Many Democrats up for re-election in November are concerned about lost jobs that are important to labor unions and are abandoning Obama on this issue. Meanwhile, some European allies are pushing back, still peeved over recent disclosures of National Security Agency surveillance of them. A fast-track bill may be “ready to go” in the Republican-controlled House of Representatives but certainly isn’t in the Democratic-led Senate.

FED officials see more QE cuts, changes to low-rate vow

Reuters, 19.02.2014



Three Federal Reserve officials on Wednesday said they believe the U.S. economy is gaining traction despite a recent slowdown from severe weather, allowing the central bank to stick to its plan to wind down its massive bond-buying stimulus this year.

The comments, from the heads of the Federal Reserve banks of St. Louis, San Francisco and Atlanta, freshen the message in the minutes of the Fed's most recent policymaking meeting, also released Wednesday, which showed many thought only a big change in outlook could disrupt further measured reductions in purchases.

Indeed, several Fed policymakers wanted to drive home the idea that their asset-purchase program would be trimmed in predictable, \$10-billion, increments, according to minutes of the Fed's January 28-29 policy meeting. The minutes also showed the officials were nearing a decision on how to adjust a promise to keep interest rates low for a while, including the possibility of incorporating financial stability concerns in that promise. At the meeting, which was former chairman Ben Bernanke's last, the Fed decided to make another modest cut to its bond-buying program, which now runs at \$65 billion per month. It made the move despite weaker-than-expected job gains in December and turmoil at the time in emerging markets brought on in part by the withdrawal of Fed stimulus.

Participants generally "anticipated that the economy would expand at a moderate pace in coming quarters," the minutes said. "Several participants argued that, in the absence of an appreciable change in the economic outlook, there should be a clear presumption in favor of continuing to reduce the pace of purchases by a total of \$10 billion at each (policy) meeting." Even those who were more worried about persistently low inflation and high unemployment did not push for a pause to the taper, the minutes showed. A recent run of soft economic data since the meeting, much of it attributed to bad weather, appears to have done little to change that view, at least among Fed officials speaking Wednesday.

"I think a lot of this (softness) will come back out as we get into better weather patterns," St. Louis Fed President James Bullard told journalists after a speech at the Exchequer Club in Washington. John Williams, president of the San Francisco Fed, said in New York that the economy has shifted to a "healthy, stronger path" and noted there is a "high hurdle" to stop the U.S. central bank from its plan to keep cutting its bond purchases. Similarly, Dennis Lockhart, president of the Federal Reserve Bank of Atlanta, said the central bank will likely end its bond-buying program by the fourth quarter "as long as the outlook remains solid and does not deviate dramatically from the path we believe it's on."



None of the three vote on the Fed's policy-setting panel this year, but all three participate in regular policy discussions. As it stands, the Fed under its new Chair Janet Yellen aims to wind down and halt the bond buying later this year. She will run her first policy-setting meeting March 18-19. The Fed has promised to keep interest rates near zero until well after the U.S. unemployment rate, now at 6.6 percent, falls below 6.5 percent, especially if inflation remains below a 2 percent target. The minutes showed Fed officials expect to alter this guidance soon, given how close the current jobless rate is to the 6.5-percent rate-hike threshold, and the minutes suggested a lack of appetite for simply moving the threshold lower.

Unemployment touched 6.6 percent in February. In what might come as a surprise to some, the officials raised the possibility that financial market risks, such as asset-price bubbles, should play a bigger role in the decision on when to tighten policy. "Several participants suggested that risks to financial stability should appear more explicitly in the list of factors that would guide decisions about the federal funds rate once the unemployment rate threshold is crossed," the minutes said. Bullard said that while no language to that effect had been directly proposed, "we've come off a very difficult financial crisis and we don't want that to occur again." Williams, meanwhile, stressed the Fed should not "oversimplify" its policy plan down to one or two economic indicators.

Several officials also argued that any refreshed forward guidance should stress the Fed's "willingness to keep rates low if inflation were to remain persistently below the Committee's 2 percent longer-run objective," the minutes showed. Inflation has recently been running at slightly above 1 percent. As it stands, Wall Street economists expect the Fed to keep rates near zero until around the third quarter of next year, a prediction that aligns with that of the central bank itself. The challenge for the Fed is adjusting its forward guidance without sparking turmoil in bond markets. Beyond halting the bond buying and raising rates, the Fed also plans eventually to shrink its balance sheet down from \$4 trillion currently. Williams told reporters it was appropriate for the Fed to update its 2011 "exit strategy" for doing so.

"When the world changes, we have changed our plan in an appropriate way," he said, noting that the Fed has made clear that it does not intend to sell any of the assets it has bought until perhaps "later on. According to the minutes of the January meeting, some participants wanted to amend the Fed's statement on longer-run goals and monetary policy strategy to explicitly indicate that inflation running persistently below the 2-percent target is as undesirable as inflation running persistently above it. In the end, however, Fed officials made only minor changes to the statement, with Fed Board Governor Daniel Tarullo abstaining on that point because "he continued to think that the statement had not advanced the cause of communicating or achieving greater consensus in the policy views of the Committee."

Tailspin or Turbulence?

Politics Syndicate, 17.02.2014



Since the beginning of the year, a new wave of doubt has engulfed emerging markets, driving down their asset prices. The initial wave struck in the spring of 2013, following the Federal Reserve's announcement that it would begin "tapering" its monthly purchases of long-term assets, better known as quantitative easing. Now that the taper has arrived, the emerging-market bears are ascendant once again.

Pressure has been strongest on the so-called "Fragile Five": Brazil, India, Indonesia, South Africa, and Turkey (not counting Argentina, where January's mini-crisis started). But worries have extended to other emerging economies, too.

Will the Fed's gradual reduction of QE bring with it more emerging-market problems this year? To what extent are today's conditions comparable to those that triggered the Asian crisis of 1997 or other abrupt capital-flow reversals in recent decades? Emerging-market bulls point out that most major middle-income countries have substantially lowered their public debt/GDP ratios, giving them fiscal space that they lacked in the past. But neither the Mexican "Tequila crisis" of 1994 nor the Asian crisis of 1997 was caused by large public deficits. In both cases, the effort to defend a fixed exchange rate in the face of capital-flow reversals was a major factor, as was true in Turkey in the year prior to its currency collapse in February 2001.

Today, most emerging countries not only have low public-debt burdens, but also seem committed to flexible exchange rates, and appear to have well-capitalized banks, regulated to limit foreign-exchange exposure. Why, then, has there been so much vulnerability? To be sure, the weakest-looking emerging countries have large current-account deficits and low net central-bank reserves after deducting short-term debt from gross reserves. But one could argue that if there is a capital-flow reversal, the exchange rate would depreciate, causing exports of goods and services to increase and imports to decline; the resulting current-account adjustment would quickly reduce the need for capital inflows. Given fiscal space and solid banks, a new equilibrium would quickly be established.

Unfortunately, the real vulnerability of some countries is rooted in private-sector balance sheets, with high leverage accumulating in both the household sector and among non-financial firms. Moreover, in many cases, the corporate sector, having grown accustomed to taking advantage of cheap funds from abroad to finance domestic activities, has significant foreign-currency exposure. Where that is the case, steep currency depreciation would bring with it serious balance-sheet problems, which, if large enough, would undermine the banking sector, despite strong capital cushions. Banking-sector problems would, in turn, require state intervention, causing the public-debt burden to rise. In an extreme case, a "Spanish" scenario could unfold (though without the constraint of a fixed exchange rate, as in the eurozone).



It is this danger that sets a practical and political limit to flexible exchange rates. Some depreciation can be managed by most of the deficit countries; but a vicious circle could be triggered if the domestic currency loses too much value too quickly. Private-sector balance-sheet problems would weaken the financial sector, and the resulting pressure on public finances would compel austerity, thereby constraining consumer demand – and causing further damage to firms' balance sheets. To prevent such a crisis, therefore, the exchange rate has to be managed – and in a manner that depends on a country's specific circumstances. Large net central-bank reserves can help ease the process. Otherwise, a significant rise in interest rates must be used to retain short-term capital and allow more gradual real-sector adjustment.

Higher interest rates will of course lead to slower growth and lower employment, but such costs are likely to be smaller than those of a full-blown crisis. The challenge is more difficult for countries with very large current-account deficits. And it becomes harder still if political turmoil or tension is thrown into the mix, as has been the case recently in a surprisingly large number of countries. Nonetheless, despite serious dangers for a few countries, an overall emerging-market crisis is unlikely in 2014. Actual capital-flow reversals have been very limited, and no advanced country will raise interest rates sharply; in fact, with the United States' current-account deficit diminishing, net flows from the US have increased over the last 12 months.

Moreover, most emerging-market countries have strong enough fiscal positions and can afford flexible enough exchange rates to manage a non-disruptive adjustment to moderately higher global interest rates. Much of the recent turmoil reflects the growing realization that financial-asset prices worldwide have been inflated by extraordinarily expansionary monetary policies. As a result, many financial assets have become vulnerable to even minor shifts in sentiment, and this will continue until real interest rates approach more "normal" long-run levels. In the medium term, however, the potential for technological catch-up growth and secular convergence remains strong in most emerging countries. The pace of a country's convergence will depend, even more than in the past, on the quality of governance and the pace of structural reforms.

Announcements & Reports

► *Turkey's Foreign Policy: Shifting Back to the West after a Drift to the East?*

Source : TEPAV

Weblink : http://www.tepav.org.tr/upload/files/1365165523-5.Shifting_Back_to_the_West_after_a_Drift_to_the_East.pdf

► *"Mauritania and Newly Emerging Economies in Africa Turkey and China"*

Source : USAK

Weblink : http://usak.org.tr/images_upload/files/moritanya%20nete.pdf

► *Putin's Legacy*

Source : Chatham House

Weblink : http://www.chathamhouse.org/sites/default/files/home/chatham/public_html/sites/default/files/Feb14Putin.pdf



Upcoming Events

► *8th International Turkish - African Congress*

Date : 16 – 17 April 2014
Place : Accra-Ghana
Website : http://www.tasam.org/en/Icerik/5010/the_8th_turkish_-_african_congress_in_ghana

► *9th International Turkish - African Congress*

Date : 24 – 25 April 2014
Place : Turkey
Website : http://www.tasam.org/en/Etkinlik/592/9th_international_turkish_-_african_congress

► *3rd World Turkic Forum*

Date : 28 – 30 May 2014
Place : Edirne – Turkey
Website : http://www.tasam.org/en/Etkinlik/579/3rd_world_turkic_forum

► *Feeding the World Summit*

Date : 13 February 2014
Place : London - UK
Website : <http://www.economistsinsights.com/sustainability-resources/event/feeding-world-2014?region%5B4%5D=4®ion%5B7%5D=7>

► *The Lisbon Summit*

Date : 18 February 2014
Place : Lisbon - Portugal
Website : <http://www.economistsinsights.com/countries-trade-investment/event/lisbon-summit?region%5B4%5D=4®ion%5B7%5D=7>

► *Arctic Summit 2014*

Date : 4 March 2014
Place : London - UK
Website : <http://www.economistsinsights.com/sustainability-resources/event/arctic-summit-2014?region%5B4%5D=4®ion%5B7%5D=7>

► *The CFO Summit 2014*

Date : 6 March 2014
Place : London - UK
Website : <http://www.economistsinsights.com/business-strategy/event/cfo-summit-2014?region%5B4%5D=4®ion%5B7%5D=7>

► *The Azerbaijan Investment Summit*

Date : 11 March 2014
Place : Baku - Azerbaijan
Website : <http://www.economistsinsights.com/countries-trade-investment/event/azerbaijan-investment-summit?region%5B4%5D=4®ion%5B7%5D=7>



► *9th International Turkish - African Congress*

Date : 24 – 25 April 2014

Place : Turkey

Website : http://www.tasam.org/en/Etkinlik/592/9th_international_turkish_-_african_congress

► *European Energy Horizons 2014*

Date : 8 May 2014

Place : Stockholm - Sweden

Website : <http://www.economistinsights.com/energy/event/european-energy-horizons-2014?region%5B4%5D=4®ion%5B7%5D=7>

► *3rd World Turkic Forum*

Date : 28 - 30 May 2014

Place : Edirne - Turkey

Website : http://www.tasam.org/en/Etkinlik/579/3rd_world_turkic_forum

► *World Water Conference*

Date : 11 November 2014

Place : Edirne - Turkey

Website : <http://www.economistinsights.com/sustainability-resources/event/world-water-forum?region%5B4%5D=4®ion%5B7%5D=7>