

‘Turkey may suspend customs deal with EU’

Hurriyet Daily News, 05.11.2014



Turkey is planning to suspend its Customs Union deal with the EU if the planned Transatlantic Trade and Investment Partnership (TTIP) does not include an article emphasizing the deal to be applicable for all Customs Union members, Turkish European Union Minister Volkan Bozkır has said.

“The planned trade deal between the U.S. and EU may cost \$3 billion to Turkey. We cannot give the advantages of the Customs Union deal to all countries with which the EU signs such agreements, even if there is not any legal framework. Norway also made a special economic deal with the EU even though it is not a member,” he said.

“The planned TTIP will also have a negative impact on Norway”, he added. “When Turkey made the deal with the EU in 1995, no article was put saying the agreements that the EU signs with other countries will not be applicable for Turkey. Such countries, therefore, export to Turkey with zero customs, as they have a free trade deal with the EU, but not with Turkey. If Turkey signs a free trade deal with those countries, it loses too much,” Bozkır added. The planned trade deal between the U.S. and the EU will create massive losses for Turkey, he also said. “We just want them to put an article in the deal, saying it ‘will be applicable for all Customs Union members automatically.’ Our trade volume with the EU has exceeded 150 billion euros. This really matters for us,” he said.

Bozkır noted that the Customs Deal was now brought to a new stage in accordance with the latest World Bank reports so as to cover services, agricultural and public sectors. “However, Turkey may need to suspend the deal if Turkey is not protected,” he noted. “It is not possible for Turkey to open its market to the U.S. with zero customs. If U.S. goods enter the Turkish market with zero customs, we may lose 3-4 percent of our GDP, amounting to some \$2.5-3 billion of trade loss ... We have been bound to the Customs Deal for years, so the EU should show the same sensitivity to our interests as we have done [to theirs],” Bozkır said. “We need to reach an agreement in technical matters. Even if we do not suspend our Customs Union deal, we may not apply the deal’s advantages to the countries with which the European Union has a separate trade agreement,” Minister Bozkır added.

Turkey, Norway discuss transatlantic trade agreement

Anadolu Agency, 04.11.2014



“Serious problems may arise” if Turkey does not become part of the Transatlantic Trade and Investment Partnership Agreement, or the TTIP, between EU and the U.S., Turkey’s EU Minister Volkan Bozkir said. Bozkir, who arrived in Norway, held a meeting with Norwegian Deputy Minister of Industry and Trade Lars Jacob Hiim.

According to the minister, both non-EU countries shared their accession experiences during the meeting. Speaking to The Anadolu Agency after his meetings, the minister said Turkey was doing its “best” to automatically become a member of the partnership agreement.

“Serious problems may arise,” he warned if the Free Trade Agreement does not apply to Turkey, which he emphasized, is a member of the Customs Union. Norway, which is also member of the European Free Trade Association, could face the same problems, he said. He added the two countries discussed how they could cooperate to avoid such problems. Turkey is concerned about the agreement since it has no say in the ongoing negotiations between EU and the U.S., but still will have to abide by its terms and conditions because of its Customs Union with the EU. The EU and Turkey established the Customs Union in 1995, which is considered a stepping stone towards becoming an EU member. Turkey’s EU accession negotiations entered into a stalemate in 2007 because of the Cyprus issue and the opposition of the German and French governments.

Negotiations have been continuing for a long time to reach a Free Trade Agreement between Turkey and the European Free Trade Association member countries and ‘significant steps’ have been taken in this regard, Bozkir said. While Turkey wants the agreement to put more weight to road transport and services, Norway wants to prioritize areas such as fishing and farming, he said. The two countries, which have a trade volume between one-and-a-half and two billion dollars, are trying to find a middle ground and sign an agreement as soon as possible, he added. “We know that Norway is a potential country to increase the capacity of hydropower plants and to supply natural gas in liquid form to Turkey,” the minister said.

Turkish officials argue that future Free Trade Agreements signed by the EU with other countries, such as the U.S., would effectively open Turkey’s market to exports from these states because Ankara is a signatory of the Customs Union Agreement. But, at the same time, it would also effectively block Turkish exports from benefiting from tax advantages in those same states, should Ankara not be a party to the free trade deals negotiated by the EU. The Customs Union Agreement with the EU, which was signed in 1995, has come under criticism as of late in Turkey as advantages acquired over the last 19 years have slowly been eroded.

Turkish government announces ambitious economic goals

Hurriyet Daily News, 06.11.2014



The Turkish government has announced the first nine programs of a detailed economic transformation plan that is aimed at reaching ambitious economic goals and boosting the economy.

“Our aim is to increase our GDP from \$800 million to \$1.3 trillion by 2018, decrease the rate of the GDP’s current account deficit from 6 percent to 5.2 percent and decrease the unemployment rate to 7 percent from around 10 percent,” Prime Minister Ahmet Davutoglu said. In attendance were a number of ministers, including Deputy PM Ali Babacan, who is responsible for economic affairs.

The plans announced yesterday include nine of the 25 transformational programs, mainly focusing on boosting the real sector. The remaining programs will be announced in the future. The first nine-point plan includes 417 action plans. The plans were announced as Turkey prepares to take over the presidency of the G-20 for a year, beginning on Dec. 1. “Our transformational process will be based on five pillars. The first of them is to maintain the balanced relationship between political stability and economic predictability,” said Davutoglu. The second element of this structural transformation will be to foster human development and human sources, while the third includes the Turkish real sector adapting to the latest production technologies, he said. “The fourth element will be an integrated and holistic economic approach, and the fifth will be the full integration of the Turkish economy into the global economy,” he said. “During this period everyone will see that Turkey’s economic capacity, economic logic and intellectual level is capable of guiding the global economy for a year,” Davutoglu said.

The government aims at fostering local production capabilities of Turkey by defining and implementing 417 action plans in line with the nine transformational programs, said Davutoglu. The first of these programs aims at decreasing the Turkish economy’s dependence on imports. The government plans to launch new subsidies for several regions, encourage the production of energy equipment by local means, stimulate the production and the use of electrical cars and increase the capacity of agricultural seeds in Turkey, among others. The second program focuses on the commercialization of prioritized technological areas. The government plans to support new enterprises and research and development centers by means of new funds. In line with the defined third transformational program, the government plans to enable Turkish companies to take part in more public tenders by making some changes to the existing Public Procurement Law, and to develop more technologies.

The other two programs focus on developing domestic energy production. "Turkey aims to produce 35 percent of its energy needs through domestic resources by 2018 by making more investments in renewable energy and giving more credit to energy saving projects," said Davutoglu. Another program is based on the development of more efficient agricultural policies. The government plans to increase the number of modern irrigation systems by 10 percent annually. "We also plan to make breakthroughs in the medical sector by encouraging local medication production. We should meet 60 percent of our medicine needs by local means," said Davutoglu. The government also aims at boosting health tourism and the logistics sector in Turkey.

Turkey to start UN initiative to end Israeli offensive

Anadolu Agency, 06.11.2014



Turkish President Recep Tayyip Erdogan confirmed to Palestinian leaders that Turkey will start an initiative at the UN Security Council to stop the Israeli aggression in Al-Aqsa Mosque compound.

Erdogan said ending the attacks by Israeli troops and Jewish settlers in Al-Aqsa Mosque compound is important for regional peace, in phone conversations with Palestinian Authority President Mahmoud Abbas and Hamas leader Khaled Mashaal. Turkish Prime Minister Ahmet Davutoglu called on Muslims to protect the Al-Aqsa Mosque, saying Jerusalem could not be "monopolized by a single religion."

A group of Israeli security forces and a number of Jewish settlers stormed the Al-Aqsa compound in Jerusalem on Wednesday, according to Palestinian officials. A Palestinian guard of the holy complex said Israeli security forces stormed into the compound's courtyards through the Al-Magharbeh and Al-Silsila gates and began shooting randomly towards the worshippers and religious students, leaving scores injured. The violence came as several extremist Jewish groups called for mass intrusions into Al-Aqsa Mosque after the shooting a week ago of a rabbi, Yehuda Glick, who many considered to have extremist views, in Jerusalem by a Palestinian man. For Muslims, Al-Aqsa represents the world's third holiest site, while Jews refer to the area as the Temple Mount, deeming it to be the site of two Jewish temples in ancient times. An agreement in June ended seven years of division between rival Hamas and Fatah factions, which had led to the establishment of two separate seats of government, with Fatah in the West Bank and Hamas in Gaza.

Kurdish Intel chief urges EU to help fight against ISIL

Anadolu Agency, 04.11.2014



Kurdish regional government has called on the European Union for military assistance to defeat the extremist Islamic State of Iraq and the Levant (ISIL) on the ground.

Barzani, intelligence chief of the Kurdish regional government, asked the European Affairs committee to provide the Iraqi Kurdish Peshmerga forces with heavy artillery, military tanks and helicopters. While airstrikes against ISIL have been 'helpful', ground forces are going to win the war, according to him. He asked the EU to provide military training for Peshmerga forces, out which only 40 to 50 thousand are "young enough to fight".

"We want people Peshmerga forces to be trained today so they can 6 months from now use the sophisticated weapons if you give them to us," he said. "We are asking you to help us train these people so they can be ready and equipped with weapons." On September 16, ISIL launched an offensive on Kobane, causing 200,000 people to flee across the Turkish border and hundreds of people getting killed. On October 31, the first group of Peshmerga forces entered Kobane through the border crossing with Turkey, according to the Syrian Observatory for Human Rights. Barzani implied that the only way for the Syrian regime to survive was to have a 'worse alternative' like ISIL. The international community is left with the third choice of supporting the moderate opposition, which will never be strong enough to be successful if ISIL grow, he said.

If the political situation in Iraq included the Sunni, Shia and Kurdish populations equally then the situation would have been different today, according to Barzani. In August, Iraq's former embattled Prime Minister Nouri al-Maliki stepped down from his post when President Fouad Massoum officially asked Haider al-Abadi, the deputy speaker of parliament, to move into office as the new prime minister. "I am sure that lots of people would not have reason to support ISIL against (Baghdad) and the Iraqi army would not have collapsed," he said. Barzani said support for ISIL did not grow out of sympathy but because of hatred against the government in Iraq, prompting them to join forces with anyone who wanted to retaliate. Led by shadowy cleric Abu Bakr al-Baghdadi, ISIL is seeking to establish a transnational caliphate that currently straddles Iraq and Syria. The group is accused of heinous war crimes, including selling women into the sex trade, and targeting religious minorities who are unable to flee their advances.

ISIS kills 300 members of Sunni tribe, Iraqi government says

CNN, 04.11.2014



ISIS militants killed more than 300 members of a Sunni tribe in a recent series of executions, the Iraqi government said Monday. Some of the 322 people executed were women and children, Iraq's Ministry of Human Rights said. The dead belonged to the Albu Nimr tribe, known for its fighting skill.

Pentagon spokesman Rear Adm. John Kirby said Washington hasn't been able to confirm those figures, but "we have no reason to doubt their authenticity." The latest incident came Saturday when 75 members of Albu Nimr were taken from their homes and killed in the desert near the town of Hit, said one of the tribe's leaders, Sheikh Nabil Al-Ga'oud.

It has been unusual for ISIS militants, who refer to themselves as the Islamic State, to kill women and children. "We are not surprised by their actions," Al-Ga'oud told CNN. "Their religious leaders have given them an order to kill all of our tribe and take everything that we own because we are fighting against ISIS." He said nine children and six women were killed in Saturday's attack. A spokeswoman for the U.S. State Department condemned the ISIS attacks. "This proves, once again, that (ISIS) does not represent anything but its warped ideology and provides more evidence, if any were needed, why our coalition partners, including Iraqis from every background, must work together to defeat these terrorists," Jen Psaki said at the department's daily briefing. The Albu Nimr, who number in the tens of thousands, are ready to fight to take back the town of Hit, Al-Ga'oud said Saturday. The city was seized last month by ISIS fighters after weeks of fighting the tribesmen. Hit and neighboring Ramadi were holdouts in the Sunni-dominated Anbar province after ISIS swept in from Syria, taking town after town in the western province. Albu Nimr tribesmen were among those who fought them until they began running out of weapons and supplies. Al-Ga'oud said an attack is "imminent," adding that "we are getting the support we need," in an apparent reference to backing by Iraq's central government.

A 2003 Brookings Institution report observed that, though most Iraqi Sunni tribes were loyal to Saddam Hussein in the days when he ran the country, the Albu Nimr tribe had mounted a protest against the former Iraqi strongman in 1995 after the execution of a noted member. The protest was put down by paramilitary forces loyal to Saddam. In general, however, Saddam respected the Albu Nimr. Since Saddam's fall, they've been tapped to oppose al Qaeda in Iraq. They were also part of last year's Sunni uprising against the former Prime Minister Nuri al-Maliki and his Shiite-dominated government. They have been fighting ISIS but say they haven't received much support from the Iraqi government and international coalition members. Kirby said U.S. advisers were working hard to improve the competence and capability of Iraq's army. "The Iraqis are pushing back. They are going on an offensive against (ISIS) throughout the country," he said. "Now it is not a major offensive, but they are reaching out to some areas."

Saudi, France seal \$3 bn weapons deal for Lebanon army

Agence France-Presse, 04.11.2014



Saudi Arabia and France sealed an agreement for Riyadh to finance the delivery of \$3 billion worth of French weapons to the Lebanese army, which has come under mounting jihadist attack. French Foreign Minister Laurent Fabius hailed the conclusion of the deal as a major boost to the Lebanese army's ability to tackle "terrorism" at a time when the former French colony is under mounting threat.

The deal comes as the poorly equipped Lebanese army battles jihadists, including militants of the Islamic State group, both along its porous border with Syria and in its second city Tripoli.

The deal was signed in Riyadh by Saudi Finance Minister Ibrahim al-Assaf and Edouard Guillaud, the head of the ODAS organization set up by France for the export of defense equipment, a diplomat told AFP. Lebanese army Chief General Jean Kahwaji was also present at the ceremony, the diplomat said, without giving details on the list of weapons to be supplied -- a clause that had stalled the agreement for months. A French source told AFP that the contract would now "be rapidly implemented." The French foreign minister said: "This agreement, financed through Saudi aid, will contribute to strengthening the Lebanese army, guarantor of Lebanon's unity and stability. "It will help it to carry out its mission to defend national territory and fight terrorism, at a time when Lebanon is under threat." Lebanon's main northern city of Tripoli was rocked by three days of devastating fighting between troops and suspected Al-Qaeda loyalists late last month that left at least 11 soldiers and five civilians dead.

In August, troops fought deadly clashes with jihadists of the Islamic State group and Al-Qaeda affiliate Al-Nusra Front in the town of Aarsal close to the Syrian border. The jihadists withdrew across the border after a truce deal, but took with them several dozen captive Lebanese soldiers and police, three of whom they have since executed. Last December, OPEC kingpin Saudi Arabia agreed to finance a \$3 billion package of French military equipment and arms for the Lebanese army. And in mid-June, at a conference in Rome, the international community pledged its backing for the Lebanese military. But in September, Lebanese Foreign Minister Gebran Bassil said his country was still waiting "impatiently" for the delivery of the French-made weapons. In August, Saudi Arabia pledged a further \$1 billion to strengthen the Lebanese army and last month Washington announced it had delivered a new shipment of Hellfire missiles and would also supply light aircraft. Announcing the supplies, US ambassador David Hale said the aircraft would be paid for out of the additional Saudi funding.

Ukraine to send reinforcements to key cities in case of rebel attack

The Guardian, 04.11.2014



Kiev will send reinforcements to key Ukrainian cities to prevent potential attacks from Russia-backed separatists, President Petro Poroshenko said on Monday 03 November. He also called on Ukraine's parliament to rescind a law giving special status to the Donetsk and Luhansk regions in the east of the country, much of which is under the control of separatists.

Kiev essentially has no control over rebel authorities in the east, who held their own elections over the weekend and have suggested they may attempt to capture other cities in the region, such as the port city of Mariupol.

At a meeting of the country's Security Council, Poroshenko said the reinforcements would be for the "construction of fortifications" against a "possible offensive in the direction of Mariupol, Berdyansk, Kharkiv and Luhansk north". Speaking earlier he said he would ask the council and parliament to end the "special status" law for rebellious eastern regions, agreed as part of a ceasefire deal in September. The Minsk accords were signed in early September and provided for Donetsk and Luhansk to gain special status, military engagements to cease and an "all-for-all" prisoner swap. None of its provisions have been implemented, although large-scale fighting stopped. Both sides have accused the other of destroying the accord. A military offensive launched by Kiev to win back control of the territories was halted by the deal, after over 3000 people died, many of them civilians. Kiev's forces were making ground against the rebels but suffered a series of defeats, apparently because of military support from Russia.

The Ukrainian foreign ministry said about 100 soldiers had died and 600 had been injured since the ceasefire was declared. Shelling has been audible in central Donetsk for the past few days, as rebel forces attempt to flush out the last contingent of Ukrainian troops from Donetsk airport. A top rebel commander told the Guardian over the weekend that the Donetsk authorities have "all the intelligence we need" about Mariupol's defenses and would be capable of launching an assault at any minute. However, for all the rumors of a new offensive circulating in Donetsk at present, it is unclear whether the rebels really have the appetite for this at a time when the region's economic and social problems are becoming more acute. Pensions have not been paid for months, as Kiev refuses to send money to separatist authorities it calls terrorists. Russia so far appears unwilling to prop up the region financially.

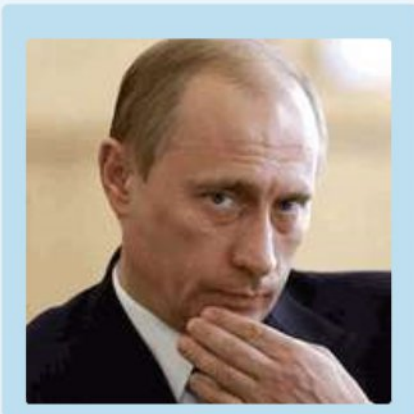
The separatist leaders now face the challenge of building a state despite heavily damaged local infrastructure and the cessation of pension payments from Kiev. Boris Litvinov, one of the top separatist officials in the region, said Donetsk has received a “small amount” of funding from Russia to pay pensions but is asking for more credit “to get started”. In Kiev, Poroshenko said officials would discuss increasing pressure on the separatists. “I can’t exclude that as a result of today’s meeting we could toughen the procedure for passing checkpoints, to make sure that those who could be part of reconnaissance groups cannot travel. We may also be forced to toughen the economic situation as well,” said the Ukrainian president. He said Kiev continues to supply gas and electricity to the rebel regions without being paid for it.

The government in Kiev must decide whether it continues to subsidise the regions and thus help prop up the separatist authorities, or cut it off altogether and effectively admit that the territory is lost. Sunday’s elections in Donetsk and Luhansk were denounced as criminal by Kiev, and not recognised by the west, but drew praise from Moscow. Alexander Zakharchenko, who won the vote for prime minister in the self-proclaimed Donetsk People’s Republic, was inaugurated during a pomp-filled ceremony in a Donetsk theatre on Tuesday afternoon. After being greeted with a standing ovation in as he took the stage at the heavily guarded theatre, Zakharchenko took the oath of office on a large bible and made a short speech promising to rebuild the war-torn fledgling republic. Russian MP Alexei Zhuravlyov, a member of an electoral observer mission consisting almost entirely of Russian and European far-right politicians, joined Zakharchenko onstage. He praised Donetsk for holding elections that “many western countries could envy” and condemned unnamed countries that “tell us how to live from across the ocean”.

A short musical program capped off the ceremony with patriotic songs and dancers, including one wearing a bear costume. Besides Zhuravlyov, the chairman of the parliament of South Ossetia, a breakaway republic in Georgia recognised only by Russia, Nicaragua and Venezuela, also attended the ceremony in a sign of support. “Sure, it’s only a partially recognised republic, but that’s still an important position. I hope the process of recognition [for the Donetsk People’s Republic] is becoming more active,” Miroslav Rudenko, a well-known pro-Russian activist who was elected to the republic’s parliament on Sunday, told the Guardian. Asked about the possibility of renewed fighting, Rudenko said it would depend on Kiev’s actions. “We’re for peace, but that peace cannot mean capitulation,” Rudenko said. “Our young republic is prepared to defend itself.”

What lies behind Vladimir Putin's latest anti-American rant

The Economist, 01.11.2014



On October 24th Vladimir Putin was relaxed and happy as he delivered his most anti-American diatribe so far. He enjoyed flaunting his toughness in front of foreign journalists and experts members of the Valdai discussion club, surprising them by his ability to twist facts and distort meanings.

He blamed America's "unilateral diktat" for the world's disorders and accused the West of double standards and hypocrisy towards Russia, which was only "protecting the interests of the Russian-speaking population in Crimea" against "neo-fascists" when it annexed the peninsula and stirred conflict in the east.

The message was clear: if America breaks rules in Kosovo, so can Russia in Ukraine. "The bear will not even bother to ask permission. Here we consider it the master of the taiga. It does not intend to move to any other climatic zones. However, it will not let anyone have its taiga either." Mr Putin recalled Khrushchev banging his shoe at the UN as a way to command attention. "The whole world, primarily the United States and NATO thought: this Nikita is best left alone, he might just go and fire a missile—they have lots of them, we had better show some respect for them." Yet the Soviet Union and America saw each other as equals not just because of their arsenals, but also because they were joint victors in the second world war. The Soviet Union helped to create the post-war order that Mr Putin now wants to destroy. Soviet leaders were hostile to the West but not irresponsible; they harboured deep fears about using nuclear weapons. Mr Putin is not open to a change of view. "In the past he did everything in his power to change the situation, but now all this is in the past," says Dmitri Trenin, head of Carnegie Moscow Centre, a think-tank. "He clearly does not trust America and sees no point in talking to it," says Fyodor Lukyanov, editor of Russia in Global Affairs. The question is why he bothered to make the speech at all.

The answer may have more to do with Mr Putin's domestic situation than with the West. Anti-Americanism is now a pillar of the Kremlin's ideology. In 2007 Mr Putin's Munich speech was a complement to Russia's strong growth. His latest effort is a substitute for it. Blaming Russia's economic troubles, including falling oil prices, on America diverts criticism from the Kremlin. Opinion polls show that the Russian public first and foremost credits Mr Putin with the restoration of Russia's place in the world. On this basis the Valdai meeting in Sochi, site of this year's winter Olympics, provided a perfect setting for him to demonstrate his strength and agility while the club's members inadvertently played the part of a television audience. Fittingly, Valdai is now organised by Dmitry Kiselev, a television propagandist who hosts a weekly talk show. This does not mean that Mr Putin is ready for a real war with the West. The withdrawal of Russian troops from Ukraine suggests that his actions are constrained both by sanctions and by the unwillingness of Russians to lose more soldiers' lives. But Mr Putin's meddling in Ukraine is far from over. In many ways it is Russia's weakness, not its strength, that is now the biggest danger.

European Central Bank keeps interest rates on hold

Financial Times, 06.11.2014



The European Central Bank kept interest rates unchanged on Thursday as Mario Draghi, its president, prepares to take questions on whether his management style is hampering efforts to engage in full-scale quantitative easing. The governing council held its main refinancing rate at its record low of 0.05 per cent and continued to charge banks 0.2 per cent on a portion of their deposits parked with the central bank.

Mr Draghi is unlikely to follow the Bank of Japan's lead and announce a government bond-buying plan on Thursday at the post-meeting press conference.

Most policy makers in Frankfurt want to review the impact of attempts to stave off economic stagnation through private-sector asset purchases and offers of cheap central bank cash to eurozone lenders before launching measures. The ECB president could, however, firm up expectations that the central bank would bloat its balance sheet in a bid to convince the public it was serious about returning inflation from 0.4 per cent to its target of just below 2 per cent. Mr Draghi said in September that private-sector asset purchases and cheap four-year loans would increase the size of the balance sheet to levels last seen in early 2012, implying up to €1tn in fresh liquidity. But the ECB president appeared to backtrack on this goal after last month's meeting in Naples. A line in today's opening statement on the expansion of the balance sheet would ease concerns that Mr Draghi had lost the support of some council members on this objective.

Worries over the possible fractures within the ECB's top body were stoked by a Reuters report this week claiming some policy makers would challenge the president on Wednesday night over a leadership style that was less collegial than that of his predecessor, Jean-Claude Trichet. While none of the council confronted Mr Draghi yesterday, the ECB president's decision to mention the balance sheet goal in September had rankled with policy makers who believed the council had agreed not to make any figure public. The council is yet to reach an agreement in favor of large-scale sovereign bond buying, with no decision likely at least until the December vote. The ECB started to buy private-sector assets in late October and has purchased €4.8bn-worth of covered bonds. It has also announced that four private-sector asset managers will begin buying asset-backed securities on its behalf this month.

European Commission slashes Eurozone forecasts

Financial Times, 04.11.2014



The European Commission slashed its economic outlook for the Eurozone, putting even more pressure on the European Central Bank to expand its arsenal of extraordinary measures aimed at arresting slowing growth and fending off deflation.

The Brussels forecast, which predicts the currency bloc growing only 1.1 per cent next year, down from a forecast of 1.7 per cent just six months ago, is one of the most serious indicators yet that the long hoped-for recovery from the continent's debt crisis may be stalling. The commission acknowledged the EU economy was not only "particularly weak" as compared with other developed countries.

It was also underperforming compared with other post-crisis recoveries – and the slowdown risked feeding on itself. "The legacy of the crisis is affecting member states to different degrees but spillovers through trade and confidence are large," it found. The forecasts for Germany and France, the two largest Eurozone economies, were among the sharpest revisions. The 2015 gross domestic product forecast for Germany, the common currency's economic engine, was cut from 2 per cent in May to just 1.1 per cent; France went from 1.5 per cent to 0.7 per cent. Commission officials insisted the troubling growth rates were not the fault of the EU's austerity-led economic policies, noting that some of the countries that went through the toughest reform programmes are now growing strongly, albeit from low bases. Ireland, which emerged from its bailout last year, is expected to grow 3.6 per cent in 2015, the fastest in the EU; similarly Greece, a perpetual Eurozone laggard, is forecast to expand 2.9 per cent. "Fiscal consolidation is a necessity," said Pierre Moscovici, the commission's new economic chief. "But the question which is in front of us is how to recreate hope in the European project."

The struggles the Eurozone faces to return to a sustainable growth path lie in stark contrast to the US, which for the second and third quarter was the fastest six months of growth in a decade, and the UK, which is one of the fastest-growing economies in the Group of Seven countries. The commission raised its forecast for the UK saying it expected the economy to expand 2.7 per cent next year. Particularly troubling for the ECB, whose governing council is due to meet this week as fears grow about deflation, the commission sharply cut inflation projections, saying consumer prices would grow just 0.5 per cent this year and 0.8 per cent next year. The forecasts are even lower than the ECB's own projections, made in September, which predicted 1.1 per cent inflation next year. Jyrki Katainen, EU commissioner in charge of growth and jobs, insisted the drop was caused by lower energy and food prices rather than in "core" goods. "The risk of outright deflation in a sense of broad-based self-perpetuating falling prices across the euro area still appears very low," he said.

The forecasts could prove problematic for France. Paris is in a tussle with Brussels over its 2015 budget, and the latest forecasts will be used by the commission to evaluate whether the government of François Hollande, president, has violated EU budget rules by failing to cut its deficit quickly enough. A decision is due by the middle of the month. In its budget submission to Brussels three weeks ago, Paris said it would not get its deficit below 3 per cent of GDP by next year as originally required, and would instead reach 4.3 per cent. But those projections were based on French economic assumptions that projected its economy would grow 1 per cent next year, not the 0.7 per cent now predicted. The commission said it was forecasting a 4.5 per cent deficit for France next year, though that does not include some of the recent economic reforms announced by Paris. Still, Mr Hollande is likely to come under renewed pressure in Brussels to pull forward those plans.

Unidentified drones are seen above French nuclear plants

New York Times, 03.11.2014



Security officials are investigating a mysterious wave of drone flights that have illegally buzzed over more than a dozen nuclear plants across France, raising security concerns around the country's primary energy source.

Guards at 13 nuclear plants, many of which are operated by the French electricity giant EDF, spotted several drones flying over the sites. A French government official said the drones were small and civilian or commercial, not military drones. "Our main concern is that the drones will take photos and video footage of the plants," said the official, who spoke on the condition of anonymity to discuss security issues.

"One of our security concerns is to avoid having any precise images' being taken of the nuclear plant," the official added. On Saturday, the Secretariat-General for National Defense and Security, an interministerial body under the authority of the prime minister, issued a statement calling the drone flights an "organized provocation" aimed at "disrupting the surveillance chain and protection of these sites." The tension over the drones mounted recently when Ségolène Royal, the environment minister, said that she did not "have any lead" about who might be piloting the drones. Some immediate suspicion fell on the environmental group Greenpeace, but it denied any involvement and raised the potential vulnerability of the nuclear sites to terrorism. The government, the group said, had not taken adequate precautions to safeguard the sites, including pools where spent fuel is kept. The sites were vulnerable and did not comply with additional security measures that were supposed to have been put in place after the Sept. 11 attacks in the United States, it said.

“Today none of our nuclear plants could resist a plane crash,” Yannick Rousselet, a Greenpeace nuclear campaigner, said on Europe 1 radio. He added that a drone carrying explosives would present “an extremely important security issue.” The French authorities said the nuclear plants were not vulnerable to the drones, and the interior minister, Bernard Cazeneuve, said that measures to “neutralize” the drones were in place. But exactly what countermeasures had been taken, he and other officials would not say. Nor would they speculate on who might be behind the flights. According to the newspaper Le Figaro, which quoted an anonymous government official, police officers are ordered to shoot down any aircraft that could threaten the plants. France has 19 nuclear plants and 58 nuclear reactors that supply nearly 75 percent of the country’s electricity. They are supposed to be built to withstand earthquakes and plane crashes. Overflights of nuclear sites are illegal in France. They are punishable by a year in prison and a fine of 75,000 euros, or about \$94,000, if an aircraft flies within five kilometers, or about three miles, around a site or a kilometer above one.

France wriggles free from the hard taskmasters of Brussels

The Economist, 01.11.2014



It was billed as a dramatic showdown between the French miscreants and the European Union’s enforcers. But the clash never came. The European Commission decided not to request revisions to France’s budget for 2015, despite its clear breach of the euro zone’s deficit rules, after the French government offered enough last-minute concessions.

France had set itself up for a collision in September, when President Hollande’s government unveiled its growth forecast. This showed that the country would fail to cut its budget deficit, as it had promised, to 3.8% of GDP this year and 3% next.

Instead, the deficit would rise to 4.4% in 2014, before dropping back to 4.3% next year. France, announced Michel Sapin, the finance minister, would not reach the euro zone’s 3% ceiling, originally promised by 2013, until 2017. This created predictable exasperation in Brussels, which had already given France an earlier two-year delay to reach the 3% target. It also enraged smaller euro-zone countries that have been forced to impose severe budget cuts in far more difficult circumstances. And it was all the more grating because of French high-handedness. “France must be respected, it is a big country,” declared Manuel Valls, the prime minister. “We are the ones who decide on our budget.” Amid rising frustration with France, Jyrki Katainen, the outgoing economics commissioner, asked Mr Sapin to explain why they were planning to miss their targets. Having initially insisted that they would not be bossed about by Brussels, the French then gave in. Two days before the commission’s verdict was due, Mr Sapin told Mr Katainen he would find an extra €3.6 billion (\$4.6 billion) in revenues in 2015, enabling him to cut the budget deficit next year to 4.1%.

In reality, Mr Sapin's changes have a lot more to do with luck and creativity. He is not proposing more budget cuts, relying instead on an optimistic wishlist of accounting changes, including lower debt-servicing costs, reimbursed EU budget contributions and extra revenues from a fresh clampdown on tax evasion. Thanks to these, the adjustment to the French structural deficit in 2015, on which the commission wanted to see a bigger effort, will rise from 0.2% to 0.5% of GDP. This was enough for Mr Katainen to say that he "cannot immediately identify cases of 'particularly serious non-compliance' ".The upshot is face-saving all around.

The commission can defend itself from accusations of giving in to big-country bullying, but has avoided a confrontation with the euro zone's second-biggest country. (It also averted a similar clash with Italy.) The French, who have not had to make any extra spending cuts, can cry victory in the face of threatened sanctions. There is still a second chance for the commission to judge French rule-busting, when it reviews all national budgets at the end of November. In an ironic twist, the commissioner taking over from Mr Katainen is none other than Pierre Moscovici, who as French finance minister secured the previous two-year delay. If there was a victor this week it was neither France nor the commission, but the grand political fudge, a concoction for which Europeans are still justly famed.

Boko Haram controls 1/3 of Nigeria's Borno

Anadolu Agency, 04.11.2014



At least eight of the 27 local government areas in Nigeria's northeastern Borno State have been captured by Boko Haram militants, State Governor Kashim Shettima has said. "The insurgents have taken over nearly eight local government areas in the state," Shettima told a visiting relief committee dispatched by the central government.

"They have taken over Gamboru-Ngala, Kala-Balge, Marte, Dikwa, Gwoza, Bama, Askira-Uba and parts of the Konduga local government areas," said the governor. He added that the insurgents had also carried out recent attacks in Abadam and Kukawa.

Borno Deputy Governor Anna Mustapha had warned one day earlier that the entire northeastern region may soon fall into Boko Haram's hands. "If the federal government will not make extra efforts, in the next three months, the three north-east states will not be in existence," he warned. The government announced last month that it had reached a cease-fire with Boko Haram that called for the safe return of over 200 schoolgirls abducted by the group in northeastern Borno in April. But militants have since mounted several daring attacks in the country's north, resulting in multiple deaths and the capture of several towns. A man purported to be Boko Haram leader Abubakar Shekau appeared in a new video on Friday, in which he denied the existence of any deal with the government and said the abducted girls were not coming back because they had been married off.

Retired Air Marshal Jonah Wuyep, who heads a government subcommittee on data collection, said efforts were being made to address longstanding humanitarian challenges. “Borno alone cannot handle the problems of internally displaced persons (IDPs) because lots of things need to be done,” he said. Wuyep said the federal government would step in to provide support for the country’s IDPs. “The sub-committee was set up to gather data on the number of IDPs and infrastructure that was destroyed for the government to intervene,” he explained. “The president is worried about the plight of the IDPs – that’s why the victim support fund was inaugurated,” added Wuyep. The sub-committee is affiliated with the Terrorism Victims Support Fund, which was recently launched by the Nigerian government to ameliorate the suffering of terror victims in the country’s northern region and elsewhere. The government has battled the Boko Haram insurgency over the past five years, during which tens of thousands of Nigerians have been killed and millions displaced.

Burkina Faso’s military leader says he will quickly hand power back to civilians

Reuters, 04.11.2014



Burkina Faso’s army will quickly cede power to a transitional government and appoint a new head of state, the country’s interim president, Isaac Zida, said looking to calm accusations that the military had seized power in a coup. Blaise Compaore, the long-serving president, stepped down following two days of mass protests in the nation over his bid to extend his 27-year rule by amending the constitution.

On Saturday, the military appointed Lieutenant Colonel Zida as provisional head of state, drawing criticism from opposition politicians, the African Union and Western powers who want to see a swift return to civilian rule.

The African Union piled more pressure on the Burkina military, giving it an ultimatum to hand back power to a civilian administration within two weeks or face sanctions. Former colonial power France, which bases some of its special forces in the Burkina capital and is the country’s main bilateral donor, called on all sides to reach a swift deal. “To this end, an interim civilian head of state must be appointed rapidly to lead the country to elections,” said Laurent Fabius, foreign minister. Lt Col Zida told a gathering of diplomats and journalists in the capital Ouagadougou that executive powers would be passed to a transitional government, in accordance with the constitution. “We are going to move very fast, but be careful not to commit a mistake that might damage our country,” he said.

He added that a new president would be chosen following broad discussions with various groups. “We are not here to usurp power and to sit in place and run the country, but to help the country come out of this situation,” he said. His announcement came in the wake of crisis meetings late on Sunday and Monday between Zida and opposition leaders after thousands gathered to denounce his appointment in the central Place de la Nation - the scene of violent protests last week during which the parliament was set alight.

The United States which could freeze military co-operation with Burkina Faso if it deems a coup has taken place, said on Monday it was not ready to determine whether the takeover by the army amounted to a coup. Equatorial Guinea's Ambassador to the African Union, Simeon Oyono Esono, who holds the rotating chair of its Peace and Security Council, told journalists in the Ethiopian capital that although popular pressure led to the ousting of Mr Compaore, the change had been undemocratic. "We have taken note of the origin of the popular revolt which led to the military getting power, so we determined the period of two weeks and after that period we are going apply sanctions," he Esono. Under Burkina Faso's constitution, the head of the National Assembly should take office if the president resigns, with a mandate to organise elections within 90 days. However, the National Assembly head has reportedly fled the country, along with other senior figures from the Compaore administration. Mr Compaore himself arrived in neighbouring Ivory Coast on Saturday, the government there said in a statement.

Libya's civil war chaos draws in remote south

Financial Times, 04.11.2014



The civil war between Libya's two main political camps has spread to the remote oil and water-rich south, drawing two minority groups into a proxy battle that threatens to deepen the country's chaos.

Fighting erupted between Tebu people and elements of the Tuareg minority in and around the southern city of Owbari. Libya has been riven by a conflict between armed forces and militias loyal to the elected government, temporarily located in the city of Tubruq, and the so-called Libya Dawn alliance of militias led by Islamists and warlords from Misurata, who have declared a rival government in Tripoli.

An expansion of the fighting to the south could have grave consequences. Both the Tebu and Tuareg maintain strong kinship and trade ties to neighboring African states such as Chad, Niger and Mali. Libya's oil and water resources, underground aquifers that supply much of the country, are heavily concentrated in the south and could also be threatened. "It's going to mean a great deal because of Libya's connections to the African interior, which are very strong," said Andrew McGregor, a Toronto-based security consultant who tracks developments in southern Libya. "In addition to disruptions of trade routes and the oil supply, there's potential for this thing to start spreading across borders." Members of the Tubruq parliament have been struggling to broker a lasting truce in the south and fear the chaos could give an opening to forces loyal to the rival self-declared "national salvation" government in Tripoli, which is imposed by a collection of militias called Libya Dawn.

Obama still doesn't seem to get it

CNBC, 06.11.2014



Sen. John Barrasso, chairman of the Senate Republican Policy Committee, tried to stay on message in a CNBC interview Thursday, with platitudes of bipartisanship and optimism about working with President Barack Obama.

But in his appearance on "Squawk Box," the Wyoming Republican eventually said the president still fails to realize what happened at Tuesday's midterm election, which saw Republican gain control of the Senate and widen their majority in the House of Representatives. "The president has said his policies were on the ballot, and his policies lost," Barrasso said.

"We have seen a collapse in confidence in the president. He's lost considerable amounts of credibility with the American people." In a post-election news conference Wednesday, the president said he's eager to work with the new Republican Congress, but stands ready to act on his own on controversial issues such as immigration if lawmakers don't act. He also said he wouldn't sign an Obamacare repeal, a popular refrain from conservatives who've been trying to undermine the 2010 health care law for years. "I'm expecting that the president is going to need some time for the impact of the full elections to sink in to see what this means for him and the country," Barrasso said. The senator did say he's looking forward to lunch with Obama at the White House on Friday, when leaders from both parties will be getting together to break the ice and try to find common ground on taxes, energy, jobs and the economy. Barrasso did not want to make predictions about the president's willingness to compromise. "The only way you can really tell is to put something on the president's desk, where he has to then decide to sign something that's popular with the American people that's had bipartisan support."

Bill Daley, Obama's former chief of staff, told CNBC's "Squawk Box" in a separate interview that he's optimistic the president and Republicans can work together. "I think there is a window here between now and probably the fall before the presidential campaign really takes over to get something done." Speaking highly of Sen. Mitch McConnell, the likely majority leader in the new Congress, Daley said the Kentucky Republican will want to get things done. But Daley, a former Commerce secretary and JPMorgan executive committee member, did warn that not all Republicans see eye-to-eye on issues like immigration, pointing out that the Senate had passed a bipartisan bill that the House refused to bring up. "They've got to within the Republican Party reconcile before they even go to Democrats." He's currently head of U.S. operations at Swiss hedge fund Argentière Capital. Meanwhile, Barrasso highlighted issues the GOP hopes to push forward, including exporting liquefied natural gas and getting the long-stalled Keystone oil pipeline approved. Republicans also want to strip out the "most harmful parts of the president's health care law." Besides serving as chairman of the Senate Republican Policy Committee, he's a member of the Energy, Environment and Public Works committee and the Foreign Relations committees.

Major U.S. Army division ends operations in Afghanistan 13 years after it arrived

Washington Post, 04.11.2014



The U.S. Army's 10th Mountain Division formally concluded its operations in Afghanistan on Tuesday, another sign that the war is drawing to a close even as American commanders are evaluating whether they will have enough resources to support the fledgling Afghan military.

After five tours in Afghanistan since 2001, four of which included operations in the country's volatile and dangerous eastern provinces, most of the soldiers from the division will be en route to New York. A few dozen soldiers will stay behind for another week or two, but division commanders said their work in Afghanistan was complete, at least for now.

In the fall of 2001, the 10th Mountain Division was the first major army unit to arrive in Afghanistan in support of American Special Forces who helped topple the Taliban government. Since then, about 177 soldiers from the division have been killed while serving in the country. "We were the first division here, and I think it's fitting we'd be the last," in a combat role, said Maj. Gen. Stephen Townsend, the division's commander, after a ceremony marking the division's departure from rugged eastern Afghanistan. The withdrawal of the 10th Mountain Division, an infantry force specially trained to fight in harsh weather, comes as coalition commanders race to meet President Obama's orders for their post-2014 mission. Though about 20,000 American troops remain in Afghanistan, Obama has said that number will be reduced to 9,800 by Jan. 1. Obama plans to cut that force in half by the end of 2015 and has pledged that all American troops will be gone from Afghanistan one year later.

Last week, after years of bloody fighting in Afghanistan's southern Helmand Province, the U.S. Marines withdrew from the country. But many Afghan military and political leaders, including newly elected President Ashraf Ghani, worry Afghan forces will need support from the American military for years to come. In an interview published Monday in Foreign Policy magazine, Gen. John F. Campbell, commander of coalition forces in Afghanistan, appeared to suggest he was prepared to ask Obama to extend the U.S. military's withdrawal time-frame. But Campbell told The Washington Post on Tuesday that it was premature to speculate on what, if any, recommendation he may make to the Joint Chiefs of Staff about the future Afghan mission.

"My orders are pretty clear, and I understand the path we are on," said Campbell, who succeeded Marine Gen. Joseph F. Dunford Jr. as the coalition commander in August. "But as conditions change on the ground, as the enemy changes, as the government adjusts, I have to be able to take those, and make an assessment, and provide back to my leadership where we are in terms of risks." Campbell said he will take a particularly hard look at plans to reduce the number American troops from 9,800 to about 5,500 over the course of next year.

With the coalition now largely relying upon four sprawling bases, some military officials are privately concerned that a rapid drawdown might not leave enough troops to secure those facilities. Campbell said he is committed to making sure coalition forces can follow through on their promises to help the Afghan military with training, air support, intelligence, logistics and best-practices for becoming a more transparent and accountable fighting force. “If I don’t think we can get to some of those areas, I’m going to have to go back and say, ‘Hey we need to do X, or do Y,’ to make sure we get there before we take off,” Campbell said.

For now, however, Campbell’s immediate concern is whether the United States’ allies will leave enough forces behind. As part of the security agreement with the Afghan government, other members of the NATO coalition are also expected to commit to keeping about 3,500 troops in Afghanistan next year. But Campbell said he is still trying to finalize those commitments. “I’ve got to go back and make sure my leadership understands if I am short, where I am going to be short and how I will mitigate,” Campbell said. Sgt. Christopher Lane, 27, of the 10th Mountain Division, said the end of the division’s duties in Afghanistan — after 13 years of near-continual deployment — marks “a good chance to reset.” But Townsend said the soldiers shouldn’t get too comfortable at Fort Drum. “I expect our division is not done with this place,” Townsend said. “I don’t know that for sure, but I would be surprised if we are not back here in some shape, form or fashion.”

International Monetary Fund criticized over support for austerity

Financial Times, 04.11.2014



The International Monetary Fund’s internal watchdog has criticised the fund’s call for austerity in 2010. The move reopens a heated debate among policy makers about the merit of raising taxes and cutting public spending after the financial crisis.

The independent evaluation office praised the fund’s international lending role but attacked the policy advice it gave in 2010 for governments to start cutting their budget deficits. The criticism revisits the decision to withdraw fiscal stimulus from the global economy in 2010 when unemployment was still very high.

Critics blame the withdrawal of stimulus for slowing the recovery. The new debate is crucial, because the policy consensus on what happened in 2010 will affect whether and how fiscal stimulus is used in future recessions. The IMF called for a large, global fiscal stimulus in 2008-09 and its advice was heeded. In the US and UK, governments ran budget deficits larger than 10 per cent of gross domestic product in 2009. The fund then changed tack and became an important voice validating the UK’s new austerity measures in the summer of 2010 and US moves toward tighter policy that ended in the showdown over the debt ceiling in August 2011.

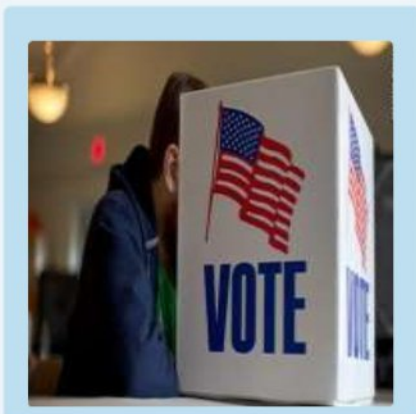
“IMF advocacy of fiscal consolidation proved to be premature for major advanced economies, as growth projections turned out to be optimistic,” said the evaluation office. It attacked the IMF for worrying about a debt crisis in the US or Japan “even as these countries’ bond yields were falling to historic lows”. Christine Lagarde, managing director of the IMF, said she stood by the advice the fund gave in 2010. She did not arrive at the IMF until July 2011. “Considering the information and growth forecasts available in 2010, I strongly believe that advising economies with rapidly rising debt burdens to move toward measured consolidation was the right call to make,” she said. “As the report acknowledges, this assessment is benefiting from hindsight,” Ms Lagarde noted pointedly.

“Once it became clear that the growth outlook had worsened, the IMF quickly changed gear and adjusted its advice for countries where such adjustment was feasible.” Most of the IMF’s executive directors – the resident board representing national governments – agreed with Ms Lagarde. “The call for consolidation at a measured pace to protect the budding recovery was warranted considering the growth forecasts available at the time and the need to address fiscal sustainability risks,” said the board chairman, summing up their view. However, a number of directors agreed with the independent evaluators that the call for fiscal tightening was premature, and it was wrong to rely so heavily on monetary policy.

The evaluation office recommended boosting the fund’s resources by completing reform of the “quota” contributed by each country. That has been held up because the US Congress has failed to approve an international deal struck in 2010. The watchdog also urges the IMF to draw up guidelines that protect its independence when it works with a partner, as the fund has done in the eurozone as part of the “troika” of international lenders alongside the European Commission and the European Central Bank. Ms Lagarde endorsed the first recommendation but was cautious about the second. “I can see merit in defining some broadly applicable principles of engagement and co-operation, with the proviso that interactions with other organisations should remain generally flexible and pragmatic,” she said.

GOP seizes Senate

CNN, 05.11.2014



A Republican tide ripped the Senate away from Democrats Tuesday, according to CNN projections, giving the GOP full control of Congress and the power to pin down President Barack Obama during his last two years in office.

The win upends the balance of power between the White House and Capitol Hill only six years after Obama’s Democrats swept to power and marginalized Republicans to reform health care, Wall Street and pass a huge stimulus package. Now, it’s Democrats who will take the back seat on Capitol Hill, relying mostly on the power of the filibuster to stymie Republicans and keep Obama’s legacy intact.



"For too long, this administration has tried to tell the American people what is good for them and then blame somebody else when their policies didn't work out," Mitch McConnell, who is expected to become the next Senate majority leader, said in a victory speech. In the House, the GOP won 246 seats, its largest majority since World War II.

Speaker John Boehner, celebrating a widened majority, said he is "humbled by the responsibility the American people have placed with us." "But this is not a time for celebration," he said. "It's time for government to start getting results and implementing solutions to the challenges facing our country, starting with our still-struggling economy. Senate Majority Leader Harry Reid, who has controlled the Senate since 2007, congratulated Republicans on their victory. "The message from voters is clear: they want us to work together," Reid said. "I look forward to working with Senator McConnell to get things done for the middle class."

But there was silence from the White House after Tuesday's results became clear. Obama will make a public statement Wednesday on an election many will see as a repudiation of his presidency, and he will host bipartisan leaders on Friday to try to chart a way forward. Democratic fears of a rout came true, as party candidates struggled to defend seats won in the 2008 Obama wave in conservative territory, and couldn't get out from under an unpopular president limping through his second term. The losses in Colorado and Iowa will sting especially hard, as those two states enjoyed a fabled place in Obama's world, as drivers of the president's unlikely bid for the White House in 2008. The GOP also piled up wins in Montana, South Dakota, Arkansas, West Virginia and North Carolina all seats that had been in Democratic hands to surpass their magic number of six net gains. With seats still to be decided in Virginia, Alaska and Louisiana -- where there will be a runoff in December the GOP currently has 52 seats in the Senate.

Republican numbers stood up when the GOP managed to hold on to seats in Kansas and Georgia which had threatened to fall from their grasp and complicate the Senate math. It was a night of almost unrelenting misery for Democrats: In Iowa, Iraq war veteran Joni Ernst became the first woman elected to Congress from her state, after turning around her Republican campaign with an ad in which she boasted about castrating hogs. In North Carolina, Democrat Kay Hagan was felled by Thom Tillis, who repeatedly pummeled her for standing shoulder-to-shoulder with Obama. Arkansas Sen. Mark Pryor lost Tom Cotton, who, like Ernst, is an Iraq war veteran. Pryor's loss comes despite former president Bill Clinton's efforts to save him in his beloved home state. Democrats thought they had Colorado, with its mix of young voters, Hispanics and students locked down for a generation. But Sen. Mark Udall tumbled to charismatic challenger Cory Gardner who shook off claims he was anti-women. Virginia Democratic Sen.

Mark Warner is having a tougher ride than expected against Republican challenger Ed Gillespie in a state Democrats had thought was reliably theirs after Obama won it twice. A rare ray of hope for Democrats came in New Hampshire, where Senator Jeanne Shaheen bested challenger Scott Brown. And Pennsylvania's governor's mansion reverted back to Democrats when Tom Wolf unseated Republican Gov. Tom Corbett in a marquee race. Two other Republican governors meanwhile won reelection and stirred buzz for their own 2016 White House prospects John Kasich in swing state Ohio, and conservative Republican Scott Walker in Wisconsin. In New Mexico, Republican Gov. Susana Martinez, often mentioned as a possible GOP vice presidential pick, strolled to reelection. Maryland a traditionally Democratic state elected Republican Larry Hogan as governor. And Illinois, Obama's home state, ousted its Democratic governor.

OECD urges members to encourage growth

Financial Times, 06.11.2014



The Organization for Economic Co-operation and Development urged member states to redouble their efforts to encourage growth, warning that the global economy faces a diverging outlook and months of exchange rate instability.

The Paris-based organization called for a different mix of fiscal policy, monetary policy and structural reforms to raise demand in the short term and improve the longer-term outlook for prosperity. In a change of stance at the OECD coinciding with the appointment of a new chief economist, the organization said governments should delay efforts to cut public borrowing.

Outlining growth forecasts similar to those from the International Monetary Fund last month, with global growth rates predicted to rise from 3.3 per cent this year to 3.9 per cent in 2016, the OECD said there was an increasing risk of stagnation in the Eurozone. The expected rise in interest rates in the US at some point next year, at the same time as the Bank of Japan and European Central Bank sought to loosen policy, was certain to cause disruptions, according to Catherine Mann, the new OECD chief economist. "There is no doubt that there is going to be more serious instability and volatility in exchange rates and in emerging economies as investors reposition portfolios," she said. She added that in these potentially difficult circumstances, with the US showing robust recovery while Japan, the Eurozone and some emerging markets lag behind, there was a need for policy makers to use the time available for changing fiscal policy, monetary policy and passing structural reforms.

Speaking to the Financial Times ahead of the OECD report's publication, she said: "Monetary policy, fiscal policy and structural reform are three legs of a stool and we need all three legs of the stool to stand." The OECD usually urges governments to reduce public borrowing. But Ms Mann added it now thought that a more flexible approach was warranted, sometimes urging austerity to boost confidence and sometimes calling for fiscal stimulus. Current circumstances called for stimulus, she argued.

"We're in a position where the downside risk of slow growth means we need to take all available options, particularly in Europe," she said, urging Germany to increase public investment and other countries, including France and Italy, not to cut their deficits too fast. "The situation in Europe is delicate. The global economy is in a more robust place, but the global economy cannot be considered healthy if Europe is not part of that equation." Responding to longstanding criticisms from Berlin that a small fiscal loosening would do little for Germany and almost nothing to boost the rest of the eurozone, she said the main benefit of more stimulus lay in "confidence-building that fiscal policy is not being left on the sidelines".

Announcements & Reports

► *The uptake and edge report*

Source : Accenture

Weblink : <http://www.accenture.com/SiteCollectionDocuments/PDF/Accenture-The-Uptake-Edge-Report.pdf>

► *Building better budgets*

Source : Ernst & Young

Weblink : [http://www.ey.com/Publication/vwLUAssets/ey-building-better-budgets/\\$FILE/ey-building-better-budgets.pdf](http://www.ey.com/Publication/vwLUAssets/ey-building-better-budgets/$FILE/ey-building-better-budgets.pdf)

► *2014 global report*

Source : Deloitte

Weblink : <http://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-gr14-main-final.pdf>

► *The most innovative companies 2014*

Source : Boston Consulting Group

Weblink : https://www.bcgperspectives.com/Images/Most_Innovative_Companies_2014_Oct_2014_tcm80-174313.pdf

► *The public matters*

Source : PwC

Weblink : http://www.pwc.com/en_GX/gx/psrc/united-kingdom/assets/pwc-the-public-matters.pdf

► *Manufacturing barometer business outlook report October 2014*

Source : PwC

Weblink : http://www.pwc.com/en_US/us/industrial-manufacturing/assets/pwc-manufacturing-barometer-q3-2014.pdf

► *A blueprint for addressing the global affordable housing challenge*

Source : Mc Kinsey & Company

Weblink : http://www.mckinsey.com/insights/urbanization/tackling_the_worlds_affordable_housing_challenge

Upcoming Events

► *India Global Forum*

Date : 09 November 2014
Place : New Delhi – India
Website : <http://www.iiss.org/en/events/events-s-calendar/igf-a41b>

► *Unbundling Mexico's Telecommunications Sector: Reform, Investment and Digital Democracy*

Date : 10 November 2014
Place : Houston – CUSA
Website : <http://bakerinstitute.org/events/1672/>

► *Global Security Forum 2014*

Date : 12 November 2014
Place : Washington – USA
Website : <http://csis.org/event/global-security-forum-2014>

► *The New EU Political Cycle: Addressing the Growth Agenda*

Date : 12 – 13 November 2014
Place : Bratislava – Slovakia
Website : <http://www.bruegel.org/nc/events/event-detail/event/464-the-new-eu-political-cycle-addressing-the-growth-agenda/>

► *Assessing the European Fiscal Framework*

Date : 17 November 2014
Place : Brussels – Belgium
Website : <http://www.bruegel.org/nc/events/event-detail/event/472-assessing-the-european-fiscal-framework/>

► *Defining Opportunity and Prosperity Beyond Economic Growth*

Date : 18 November 2014
Place : Washington – USA
Website : <http://www.brookings.edu/events/2014/11/18-prosperity-beyond-economic-growth>

► *Mapping Competitiveness with European Data*

Date : 28 November 2014
Place : Brussels – Belgium
Website : <http://www.bruegel.org/nc/events/event-detail/event/470-mapping-competitiveness-with-european-data/>

► *Food Security: Mapping Risks, Building Resilience*

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

► *11th Asia Europe Economic Forum*

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

► *18th Middle East Iron and Steel Conference*

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

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

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

► *Security and Defense*

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

► *Diversifying MENA Economies*

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

► *Creating an Effective Financial System*

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