

## PM Davutoğlu: Babacan to be part of Turkey's economy team after elections

Hurriyet Daily News, 02.04.2015



Deputy Prime Minister Ali Babacan, a key figure responsible for the economy, will continue to be part of the economy team in the next government, Prime Minister Ahmet Davutoğlu has said, though questions remain as Babacan cannot run for parliament because of the ruling party's internal three-term limit.

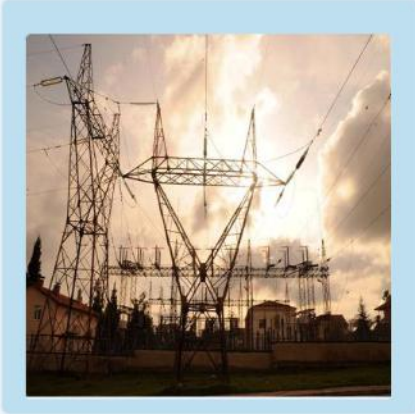
"The AK Party government to be formed after the election will continue on the same line, on the basis of its experiences. There will be no kind of sustainability problem in the management of the economy, politics, the judiciary, education and foreign policy," Davutoğlu told.

"A government with the same perspective will be in power [after the election]. This line will be continued in the understanding of a sustainable management," he added, upon questions about Babacan's future. The deputy prime minister will not be able to run for parliament due to the ruling AKP's three-term limit, but he may be appointed as a non-MP minister. Babacan is seen as a key figure for Turkey's economic stability, with domestic and foreign business circles believing that in his absence the government may turn to a more populist economic drive. "I look to my right side [at the press conference]: Ali [Babacan], Labor Minister Faruk [Çelik], and Customs and Trade Minister Nurettin [Canikli] will continue to be a part of this team," Davutoğlu said.

The AKP introduced the three-term rule to restrict the mandate of its lawmakers for three consecutive terms at the parliament. Babacan is currently the only AKP member who has remained in a ministerial position throughout the 13 years of the AKP rule. "The three-term rule is intended to bring dynamism to politics, not to force retirement. In our understanding, in our philosophy, there is no such thing as retirement," Davutoğlu added.

# Blackout cost Turkey over \$700 million

Hurriyet Daily News, 01.04.2015



The massive power outage on March 31, which hampered production and transportation across Turkey, cost the country \$700 million, according to one professional, while others estimated that losses were considerably higher.

Nurettin Özdebir, the head of the Ankara Chamber of Industry (ASO), told daily Hürriyet that Turkey's daily national income production was \$2.2 billion, with a calculated annual figure of \$800 billion. "A one-hour power cut therefore costs Turkey up to \$100 million," Özdebir said, estimating the total cost of yesterday's blackout to be \$700 million as it continued for almost the whole working day.

However, Gürkan Kumbaroğlu, head of the International Association of Energy Economy (IAEE) said Turkey's power demand stands at 33 million kWh per hour, which meant the overall loss was higher. "The value of the power need not met during the cut is 6.3 million Turkish Liras [\$2.3 million]," he said. Along with intra-city transportation in many large cities, fast train lines were also hampered during the cut.

Hulusi Belgü, the head of the Shopping Mall Investors Association (AYD), said that medium-sized shopping malls spent diesel oil worth around 50,000 liras (\$20,000) for generators during the blackout. The textile industry, a leading sector for Turkish exports, suffered a production loss worth \$200 million, sector representatives said. Production at car factories, another top industry, stopped for the entire day, resulting in 2,000 less cars being assembled. State offices, police security cameras and teller machines were also hit by the massive power outage, which hit 80 of 81 Turkish provinces for up to nine hours on March 31. Its cause is still a matter of debate.

Described by the Energy Ministry as the worst national blackout since the 1999 Marmara earthquake, the outage wreaked havoc in daily life throughout the country with mass transit and traffic lights ceasing to work, hospitals sounding the alarm, factories halting production, mobile phone connections suffering from disruptions and people becoming stranded in elevators and traffic jams. Officials started to restore power in much of the country by the afternoon. Energy Minister Taner Yıldız announced that all provinces had finally been provided with electricity by 8 p.m., meaning that many Turks endured the blackout for more than nine hours.

Yıldız also admitted that officials had yet to pinpoint the main source of the problem. He cut his official trip to Slovakia short late March 31 to meet his staff to discuss the issue. Turkey's national energy grid is like an elaborate network of modern highways with many side roads that can be used as backup, even in the worst-case scenarios. Prime Minister Ahmet Davutoğlu confirmed that a possible cyber-attack was also being considered as the reason for the cut. However, many doubt that such a catastrophic power outage could have been caused by mere mismanagement.

# Turkey's 2.9 pct growth in 2014 fails to meet target

AFP, 31.03.2015



The Turkish economy grew 2.9 percent, above expectations, in 2014 but the figure fell short of meeting the trimmed official goal, putting more growth target pressure on the shoulders of the government on the eve of the June 7 parliamentary elections.

The slowdown from 4.2 percent in 2013 exceeded the 2.7 percent forecasted by economists, but missed the government's target of 3.3 percent, which was revised downward from 4 percent, according to data provided by the TÜİK. The economy grew by 2.6 percent year-on-year in the fourth quarter of 2014, according to TÜİK.

Output was hampered by global market volatility, geopolitical developments and bad weather, Deputy Prime Minister Ali Babacan said. "Global financial markets churned in 2014 because of uncertainties in monetary policies implemented by advanced economies; the negative effects of geopolitical crises increased and unfavorable weather conditions limited growth," Babacan said. "Last year, the EU expanded 1.3 percent, the Eurozone 0.9 percent and Latin America saw 1.3 percent growth. But in 2014, Turkey managed to preserve its growth performance at 2.9 percent," he added. Babacan noted employment saw a significant boost, with a 5.4 percent increase in 2014, but at the same time the unemployment rate also increased last year due to a rising workforce participation rate as Turkey's young population increasingly approached working age. "Structural reforms, which will be actualized with the implementation of the 25 Primary Transformation Programs announced recently in detail, will boost our growth potential and minimize the economy's fragility," he said.

Finance Minister Mehmet Şimşek also said Turkey's \$800 billion economy would nonetheless improve after the polls. "Delayed investment and consumption due to financial volatility slowed down growth somewhat in the first quarter of 2015," he said in a statement. "But we expect that growth will accelerate in the second half of the year with the increase in both political and financial predictability." Şimşek wrote on Twitter the economy was performing well in a difficult external environment. "Turkey is growing despite the weak trend in the global economy, the slowdown in our biggest trade partner the EU and geopolitical tensions," he said. The government is eyeing a growth spurt ahead of the June 7 legislative elections, with President Recep Tayyip Erdoğan pressuring the Central Bank for aggressive rate cuts. The economic performance of Turkey - which has lagged recently after posting stellar growth rates in the first half-decade of Erdoğan's leadership - is under the spotlight this year as it holds the presidency of the G-20, the AFP reported.

“The Central Bank was already under attack from the government when Turkey was growing at a faster clip,” said Nicholas Spiro of Spiro Sovereign Strategy, a consultancy company, Reuters reported March 31. “The combination of weak growth, a parliamentary election and fragility sentiments puts the Central Bank in a very difficult spot to say the least,” he said. Although 2014’s output beat expectations, economists say first-quarter growth is expected to be lackluster. “The hard data of the latest months - everything is quite negative,” said Tatha Gose, a senior emerging market economist at Commerzbank.

The latest data may lead Erdoğan to renew calls for a rate cut, but the weakening currency could give the Central Bank some breathing room, analysts said. The Turkish Lira is down around 12 percent this year, the sixth-worst performance among 25 emerging market currencies, according to Thomson Reuters’ data. “At the moment, they are keeping policy as tight as possible,” said Erkin Işık, a strategist at TEB-BNP Paribas. “I think they will stick to this policy as long as depreciation pressure continues.” “The 2.9 percent growth mainly depends on an increase in net exports and the support of public spending,” said Enver Erkan, an analyst at LB Forex. “The net increase in exports is positive of course, but it is impossible to welcome a 2.9 percent increase in growth despite a 4.6 percent increase in public spending,” he said.

## Turkish trade gap falls as imports decrease

AFP, 31.03.2015



Fresh data from the Turkish Statistical Institute (TÜİK) has shown the country’s foreign trade deficit narrowed in February, but the data does not point at an improvement since it was engineered by a drop in imports rather than an increase in foreign sales.

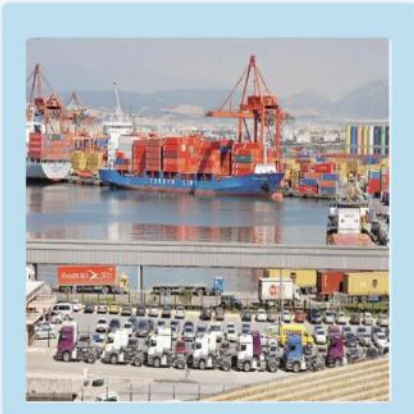
In February, the deficit narrowed to \$4.65 billion, down from \$5.2 billion for same month last year, a 10 percent decrease, continuing the trend of the previous month. However, TÜİK valued February’s exports at \$12.3 billion, a 6 percent decrease year-on-year, while imports also declined to \$16.9 billion, a 7.2 percent decrease.

The country’s exports to the EU, Turkey’s main trading partner, declined by 4.3 percent in February to \$5.2 billion. The U.K. was the largest receiver of Turkish goods in February, worth \$1.1 billion. China was the main exporter to Turkey in February, as the country imported \$2.1 billion worth of goods from the world’s second-largest economy.



# Turkish exports continue poor performance in March

Hurriyet Daily News, 01.04.2015



Turkey's exports fell 13.4 percent year-on-year in March to \$11.23 billion, mainly due to continuing fragilities in the European markets and the fall in euro-dollar parity, the Turkish Exporters' Assembly (TİM) said.

TİM releases its figures almost a month before the TÜİK, and the two sets of data usually match. The export figures of Turkey decreased by 6.8 percent to \$35.82 billion in the first quarter of the year from the same period of the previous year, according to TİM's data. "As euro-based transactions play a big role in our exports, we saw a slash in \$800 million in our exports in January, \$900 million in February" said Büyükekşi.

The largest number of exports was made by the automotive sector with \$1.77 billion in March, the chemical materials and products sector with \$1.35 billion and the readywear and confectionary sector with \$1.33 billion. Büyükekşi said the strong dollar had hit many countries' exports negatively. "In global trade, some 4-5 percent of regression is expected in 2015 due to the strong dollar. A recent decrease in the Capsize Dry Index and the Global Transportation Index, [as well as] six-year lows, have showed that the contraction in global trade will continue. For instance, Germany's exports decreased by 15 percent in January from the same month of the previous year, Britain's exports by 20.5 percent, Spain's exports by 21.3 percent, Italy's exports by 18.2 percent and Brazil's exports by 14.5 percent," he said.

The largest volume of exports was made to Germany, Iraq, Britain, the United States and Italy in March, according to data from the association. Exports to Germany, however, contracted by 18.7 percent, Iraq by 27.9 percent, Britain by 9.7 percent and Italy by 15.1 percent. Turkey's exports to the U.S. increased by 21.8 percent. The most dramatic rise in exports in March was made to the United Arab Emirates with a 39 percent increase. But Turkey's exports to the EU contracted by 17.3 percent in March, to Africa by 10.7 percent, to the Middle East by 6.5 percent and to the former Soviet Union by 21.3 percent. The country's exports to the Far East increased by 40 percent in March, according to the TİM data.

Meanwhile, fresh data from TÜİK has shown the country's foreign trade deficit narrowed in February, but the data does not point to an improvement since it was engineered by a drop in imports rather than an increase in foreign sales. In February, the deficit narrowed to \$4.65 billion, down from \$5.2 billion for the same month last year, a 10 percent decrease, continuing the trend of the previous month, TÜİK data showed on March 31. However, TÜİK valued February's exports at \$12.3 billion, a 6 percent decrease year-on-year, while imports also declined to \$16.9 billion, a 7.2 percent decrease.

# Turkish gov't makes new promises on economy ahead of elections

Anadolu Agency, 02.04.2015



Ahmet Davutoğlu has announced a series of measures worth around 7.5 billion Turkish Liras to increase employment, spanning from vocational training support for employers to tax reliefs, ahead of parliamentary elections in June.

The package includes a 4-billion-lira boost to pensions and the creation of 120,000 temporary jobs, said Davutoğlu at a press conference with the government's leading economy ministers in Ankara. The package has 11 articles, including a job-training program, insurance premium contributions by the state, additional tax breaks for investments and Treasury guarantees.

The measures "won't have a negative impact on either the budget or economic balances," because it will lead to an increase in tax income and employment, spurring growth, Davutoğlu said. "We will comfortably reach the 4 percent growth target this year," he said, blaming bad weather conditions and the slowdown in European economies on 2.9 per cent growth in 2014. "Our key priority as the government is to switch to high technologies, production with higher added value and higher employment," Davutoğlu said.

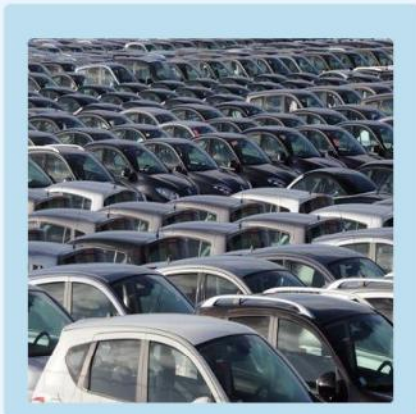
The latest global economic crisis proved economies with production-based industries and which create new employment could more easily resist economic crises, while service-based economies proved weaker, he said. The new package would create 120,000 new jobs by increasing the number of people employed in public utility professions, he said. "Turkey achieved a figure of 1.4 million new jobs created in 2014," he said. The 11-step package starts with support for the Turkish Employment Organization, İŞKUR, for employers in the private sector to pay trainees minimum wage during a six-month vocational training period. "If the trainees are employed in the same sector following their training, İŞKUR will pay the employer's national insurance contribution for 42 months in the manufacturing sector and 30 months for other sectors," he said.

The second step is a 50 percent rise in tax relief for enterprises which are making investments. Davutoğlu further said new investors in 2015 will enjoy more support and tax reliefs. He added Treasury-backed warranties would be expanded so as to involve small and medium scale enterprises (SMEs) in manufacturing as well as female entrepreneurs. He said they initiated a new practice to ease women entrepreneurs' access to financing and accordingly increase women employment. "It will enable women entrepreneurs a warranty of 85 percent for five-year-term credits up to 100,000 Turkish liras," he added.

Other measures include canceling taxes on forward good imports. Turkey's development bank will be reorganized to support production and employment, and the government will submit a bill to parliament allowing small and medium-sized companies to use movables as collateral, he said. Pressure is building on the Turkish government to revive the economy after the GDP has seen a slowdown in growth, the unemployment rates have been increasing and the economic confidence index has been deteriorating.

## Automotive sales rise 50 percent in Q1

Doğan News Agency, 03.04.2015



The automotive sector posted dramatically high sales figures in the first quarter of the year, although many other sectors have been in a slow-down process, due to the rise in the sale of low-cost 2014 models and fleet sales.

According to the Automotive Distributors Association (ODD) data, the sales of automobiles and light commercial vehicles increased by 50.29 percent to 173,248 in the first quarter of the year from the same period of 2014. The automobile sales increased by 42.13 percent to 126,991 units and the light commercial vehicle sales by 78.43 percent to 46,257 units in the first quarter of the year.

The sales of automobile and light commercial vehicle increased to 83,302 units in March by 75.07 percent from the same month of the previous year. There are several reasons behind the dramatic rise in the automotive sales, according to sector representatives. First of all, consumers appear to buy cars with concerns about the future possible losses in Turkish Lira against the U.S. dollar. There is also a dramatic rise in the car companies' launch of promotional campaigns with lower prices and more affordable interest rates. The companies also increase their sales to the fleet market, according to sector representatives.

# TOBB head: Turkey must develop a new economic model

Anadolu Agency, 30.03.2015



Turkey needs a new economic model that focuses on technological transformation, women's participation in the workforce, and increasing entrepreneurship, Union of Chambers and Commodity Exchanges (TOBB) head Rifat Hisarcıklioğlu.

"Turkey needs a new economic model ... The most basic element of the new model must be high technology. We need to put an end to unnecessary daily debates and focus on the main point," Hisarcıklioğlu said at the 11th summit of the Economy Journalists' Association (EGD) in the northwestern district of Kartepe.

In his speech, he noted that Turkey lags behind many emerging countries in producing high technologies and has become stuck in the middle-income trap. Hisarcıklioğlu said that only 21 of the 100 most rapidly growing companies in Turkey are software and IT companies, compared with 60 in the United States. "It is time to make new reforms. Turkey needs to distinguish itself in a geographical location embroiled a series of stiff conditions ... It needs comprehensive educational, legal and administrative reforms," he said.

The TOBB head also addressed the income inequalities between the regions in Turkey as a huge problem holding back the economy. "The richest region, the Marmara region, is four times richer than the poorest region. We need to reflect on distributing wealth more evenly across all regions and 81 provinces. As the TOBB members, we are working on developing a strategy to reach this aim. Turkey cannot become wealthier only on what the Marmara region produces. We need all regions to be mobilized," he said. To this end, a hub to produce high technologies needs to be established in an area outside the Marmara region, Hisarcıklioğlu said. "We must not wait for the flow of investment to the eastern and southeastern regions only by the public sector ... The role of the state must be to build the required infrastructure to lure the private sector to these regions to make investments," he said.

Hisarcıklioğlu also stated that he and TOBB representatives met with Deputy Prime Minister Yalçın Akdoğan to discuss the economic ramifications of the peace process. "If there is no peace, there will be no trade, and if there is no trade, there will no wealth. According to research, the most hopeful province for the future was the eastern province of Batman by around 90 percent last year, thanks to the signs of peace in the region. Batman was followed by the eastern province of Diyarbakır with 82 percent, the southern province of Gaziantep, the northwestern province of Kocaeli and the eastern province of Bingöl. So what the peace process brings is of crucial importance for our country," he said.



Turkey is expected to reach around \$13,000 income per capita by 2020 with an average annual growth of around 3 percent. However, Hisarcıklioğlu suggested that if a “new story” is written in the Turkish economy through reforms, these figures could increase to \$17,000 at around 7 percent growth. He noted that current growth signals were not strong in the first quarter of 2015 and net exports had not made a big contribution to growth. “But Turkey still continues to grow. Unemployment is still a problem, but the private sector added 1.1 million new jobs in 2014. This figure is really good,” Hisarcıklioğlu also said.

## Turkey has ‘a Kurdish issue costing billions of dollars’

Hurriyet Daily News, 01.04.2015



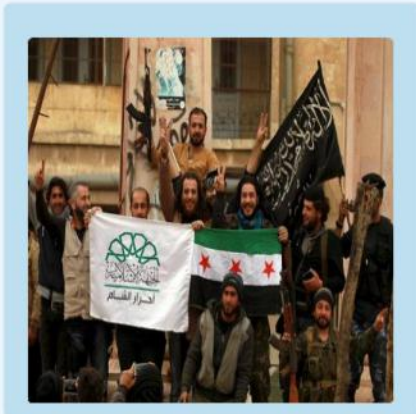
Turkey still has a Kurdish issue, Finance Minister Mehmet Şimşek said, apparently contradicting President Recep Tayyip Erdoğan’s recent claim that Turkey no longer has a Kurdish problem, only a terrorism problem.

“Around 40,000 people have lost their lives due to this problem. The same problem also cost the country more than \$300 billion, even exceeding \$500 billion considering indirect losses. We do not want to lose lives or money anymore. We want to invest this money in our education system and boosting our infrastructure,” Şimşek said, speaking in his opening speech at the Turkish-Arab Economy Forum.

The government’s current Kurdish peace process is critical to this end, he added. “This is a huge step. The process may be successful in the upcoming period,” he said, adding that Turkey’s GDP would increase by 1 percent annually if the process comes to a positive conclusion. Şimşek, a former Merrill Lynch banker of Kurdish origin, also said Turkey aims to reach the best global governance standards, regardless of whether or not it becomes an EU member. “We have not reached our targets in good governance and democratic standards yet, but we are determined to do so. We’ll do whatever it takes to become an EU member. Turkey will be like Norway or Switzerland, even if it does not enter the EU,” he said.

# UN report: Syria, Iraq a ‘finishing school’ for foreign fighters

Reuters, 01.04.2015



Syria and Iraq and have become a “veritable international finishing school for extremists,” United Nations experts have reported to the U.N. Security Council, noting that there were more than 22,000 foreign fighters from 100 countries in the Mideast neighbors.

The experts said that along with the 22,000 foreign fighters in Syria and Iraq, there were also 6,500 in Afghanistan and hundreds more in Yemen, Libya, Pakistan and Somalia. At a meeting of the 15-member Security Council, the experts were asked to report within six months on the threat from foreign fighters joining the ISIL.

“For the thousands of [foreign fighters] who traveled to the Syrian Arab Republic and Iraq ... they live and work in a veritable ‘international finishing school’ for extremists as it was in the case in Afghanistan during the 1990s,” the experts wrote in their report submitted to the council late this month. Al-Qaeda founder Osama bin Laden found refuge in Afghanistan in the 1990s, where the militant group – blamed for the Sept. 11, 2001, hijacked airliner attacks on the United States – ran training camps. The U.N. experts said Libya had increasingly becoming a training base for foreign fighters bound for the Middle East, but since the start of 2015 there had been a reverse flow of fighters from the Middle East to Libya. “Those who eat together and bond together can bomb together,” the experts wrote. “The globalization of al-Qaeda and associates, particularly visible with [ISIL], but also evident with al-Qaeda in the Arabian Peninsula [in Yemen], creates a deepening array of transnational social networks.”

The report warned of a medium-term threat from the new generation of foreign fighters through “plug and play social networks for future attack planning – linking diverse foreign fighters from different communities across the globe.” It also said an unintended consequence of defeating ISIL in Syria and Iraq could be the scattering of violent foreign fighters across the world. The Security Council adopted a resolution in September 2014 demanding all states make it a serious criminal offense for their citizens to travel abroad to fight with militants, or to recruit and fund others to do so.

# Iraq forces retake government HQ in Tikrit from ISIL

Reuters, 31.03.2015



Iraqi forces have retaken the Salaheddin provincial government headquarters in Tikrit from the ISIL, a significant advance in the battle to recapture the city, officials said.

The spokesman for the Badr militia said members of the Popular Mobilisation units -- pro-government paramilitary forces dominated by Iran-backed Shiite militias -- took part in the fighting, after some froze offensive operations last week in response to US-led air strikes. "Iraqi forces cleared the government complex in Tikrit," an army major general said, speaking on condition of anonymity. "The government buildings have been under our control."

It is the most significant advance in Tikrit since pro-government forces launched an operation to retake the city on March 2, their largest since IS led an offensive that overran much of the country's Sunni Arab heartland last June. Salaheddin Governor Raad al-Juburi confirmed that the government headquarters had been retaken, saying that Iraqi flags now flew over various recaptured buildings in the city. Badr spokesman Karim al-Nuri also said that the government headquarters was recaptured, and that Popular Mobilisation members fought alongside federal police in the operation.

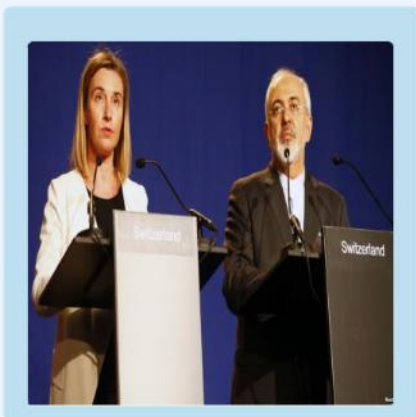
Key Shiite militia forces said they were halting Tikrit operations when a US-led anti-IS coalition began air strikes in the area after weeks in which Iran was the main foreign partner in the operation. The coalition strikes started last Wednesday, angering Shiite militiamen who accused Washington of attempting to hijack their victory. The Pentagon conditioned its intervention on an enhanced role for regular government forces, and on Friday hailed the withdrawal from the fight of "those Shiite militias who are linked to, infiltrated by, (or) otherwise under the influence of Iran". The coalition said it carried out three strikes in the Tikrit area from Sunday to Monday, in its most recent statement on the air campaign.

After giving themselves political cover by declaring that they do not want to work with each other, both sides are still taking part in the Tikrit operation. The main militias in the Popular Mobilisation forces have played a key role in successful operations against IS in multiple areas north of Baghdad, but they have also been accused of abuses including summary executions and destruction of property.

During a visit to Baghdad on Monday, UN chief Ban Ki-moon said that Iraq must “bring volunteer armed groups fighting in support of the government under government control”. “Civilians freed from the brutality of Daesh should not have to then fear their liberators,” Ban said, using an Arabic acronym for IS. Security in and around Baghdad has improved markedly during the battle against IS, in large part because the jihadists have been occupied with fighting elsewhere. But attacks still occur, such as a suicide bombing that targeted a bus carrying Iranian pilgrims on Tuesday in the Taji area, north of the capital. The blast killed at least four people and wounded at least 11, security and medical officials said. There was no immediate claim of responsibility for the attack, but suicide bombings are a tactic almost exclusively employed in Iraq by Sunni extremist groups including IS, which consider Shiites to be apostates and frequently target them.

## ‘Framework’ Deal reached at Iran Nuclear Talks

AFP, 02.04.2015



Iran and six world powers agreed to “key parameters” for a preliminary deal involving Tehran’s nuclear program Thursday, following eight days of talks in Lausanne, Switzerland.

European Union foreign policy chief Federica Mogherini and Iran’s Foreign Minister Mohammad Javad Zarif announced the measure, saying enough progress had been reached to continue the negotiations until a final deadline of June 30. “Today we have taken a decisive step,” Mogherini said. “We have reached solutions on key parameters for a comprehensive future nuclear deal.”

The tentative agreement clears the way for talks on a future comprehensive settlement that should allay Western fears that Iran was seeking to build an atomic bomb and in return lift economic sanctions on the Islamic Republic. President Barack Obama, speaking from the White House Rose Garden Thursday, said the U.S. has reached a “historic understanding with Iran.” He called the agreement “a good deal, a deal that meets our core objective” of keeping Iran from obtaining a nuclear weapon. Obama outlined the basics of the agreement, whose key details will be finalized over the next three months.

He said that the deal reached between Iran and the six world powers would keep Iran from being able to pursue a bomb either using plutonium or enriched uranium, and that it was the best possible defense to Tehran covertly obtaining a nuclear weapon. Obama, who has invested significant political capital in the nuclear negotiations, said his administration would fully brief Congress on the efforts. The talks have strained the U.S. relationship with Israel, which sees Tehran as an existential threat, and deepened tensions with Congress.



U.S. Secretary John Kerry, speaking from Lausanne, said the Iran deal's parameters ensure that all pathways to a nuclear weapon have been blocked. "The political understanding with details that we have reached is a solid foundation for the good deal we are seeking," he told reporters, according to Reuters news agency. "We still have many technical details, other issues that need to be worked out." According to a State Department news release, the framework deal — fiercely opposed by U.S. ally Israel — substantially reduces Iran's enrichment program for at least a decade. Among its more than 40 parameters, it cuts the Islamic Republic's number of installed centrifuges for enrichment from 19,000 to 6,000, reduces its stockpile of low-enriched uranium, and extends its "breakout time" — the period needed to acquire sufficient material for a weapon — to at least a year. It's estimated to be two or three months now.

Iran also has agreed to transparency for its nuclear program, allowing inspectors to monitor the supply chain, materials and facilities. Different restrictions on Iran's nuclear program would continue for a quarter-century. In return for compliance, international sanctions will be gradually lifted. "Iran will receive sanctions relief, if it verifiably abides by its commitments," the release says. The EU's Mogherini indicated that he was looking at fleshing out the framework deal. "We can now start drafting the text and annexes," said Mogherini, who has acted as a coordinator for the six powers: Britain, China, France, Germany, Russia and the United States.

Negotiations continued on a dispute over how much of the agreement to make public. Its details are highly sensitive to both sides, especially Iran, which is worried about signing off on explicit targets to curb its nuclear program in the absence of a final settlement that would see economic sanctions lifted. Zarif told reporters that once the International Atomic Energy Agency verifies that Iran has implemented all the key nuclear-related steps in the agreement, U.S. and EU nuclear-related sanctions would be suspended, calling that action "a major step forward." The talks have centered on two positions: the U.S. and its five partners want to curb Iran's nuclear technologies so it cannot develop weapons; Tehran denies such ambitions but is negotiating because it wants economic sanctions imposed over its nuclear program to be lifted.

Israeli Prime Minister Benjamin Netanyahu demanded that the deal between Iran and world powers "significantly" curb Iran's nuclear program. Moments before Iran and international negotiators announced the deal, Netanyahu put out this statement on his Twitter feed: "Any deal must significantly roll back Iran's nuclear capabilities and stop its terrorism and aggression." A White House press official confirmed that President Obama discussed the deal with Israeli prime minister by phone while aboard Air Force One Thursday. "The president emphasized that, while nothing is agreed until everything is, the framework represents significant progress towards a lasting, comprehensive solution that cuts off all of Iran's pathways to a bomb and verifiably ensures the peaceful nature of Iran's nuclear program going."

Obama also told Netanyahu that "he has directed his national security team to increase consultations with the new Israeli government about how we can further strengthen our long-term security cooperation with Israel and remain vigilant in countering Iran's threats."

According to reports by Reuters, on Thursday U.N. Secretary-General Ban Ki-moon congratulated all parties to deal, saying a comprehensive nuclear deal between Iran and world powers by June 30 could “enable all countries to cooperate urgently to deal with the many serious security challenges they face.” Jordan’s U.N. ambassador Dina Kavar, who is president of the United Nations Security Council for April, told reporters that she hoped the progress between Iran and world powers could “open up other situations in our region.” When asked for more detail, she said: “Maybe it will give us a chance also to address the issues of Palestine and Israel in the council ... Let’s see what happens.”

France said last week it plans to start discussions with partners in the “coming weeks” on a United Nations Security Council resolution to lay out parameters for ending the Middle East conflict. Russia, a major Iranian ally, said there is no doubt the framework will have a “positive impact” on the Middle East. The foreign ministry said Iran would be allowed to take a more active role in solving regional conflicts. Iran has always denied wanting to build a nuclear bomb, saying its nuclear program is strictly for peaceful civilian purposes.

Republican House Speaker John Boehner (R-OH) issued a statement on Thursday saying “parameters for a final deal represent an alarming departure from the White House’s initial goals.” “Congress must be allowed to fully review the details of any agreement before any sanctions are lifted,” he said, adding “my concerns about Iran’s efforts to foment unrest, brutal violence and terror have only grown. It would be naïve to suggest the Iranian regime will not continue to use its nuclear program, and any economic relief, to further destabilize the region.” “The Administration owes Congress the details on many key questions from today’s announcement,” said a statement released by Rep. Ed Royce (R-CA), Chairman of the House Foreign Affairs Committee. “Just what is the research and development that Iran will be permitted on its advanced centrifuges, key to advancing its nuclear program? What violations would constitute ‘significant nonperformance?’ There must be a zero-tolerance policy for Iranian cheating,” he said.

U.S. Senator Bob Corker (R-Tenn.), chairman of the Senate Foreign Relations Committee, echoed demands for full congressional reviews of the details of preliminary deal. Representative Eliot L. Engel (D-NY), the top Democrat on the House Committee on Foreign Affairs, said “no deal is better than a bad deal, and we need to ensure that this agreement forecloses any pathway to a bomb.” “As we move ahead with negotiations with Iran, our allies must know that we stand shoulder-to-shoulder with them to ensure their security and protection from Iran’s destabilizing activities,” he said.

# Syria aid pledges top \$2 billion as donors meet

Reuters, 31.03.2015



The European Union and other donors pledged more than \$2 billion on Tuesday to help alleviate war-torn Syria's humanitarian crisis, which Kuwait's emir called the worst in "modern history".

Stressing the gravity of the situation, UN chief Ban Ki-moon told participants at the meeting in Kuwait to help raise \$8.4 billion in aid this year for Syria, where four out of five people were living in "poverty, misery and deprivation". The EU pledged nearly 1.1 billion euros (\$1.2 billion), double the amount the bloc promised last year, while Kuwait opened the conference with a promise of \$500 million.

The United States pledged \$507 million and non-governmental organisations committed more than \$500 million. Other major contributions came from Britain with \$150 million, United Arab Emirates with \$100 million and Norway which promised \$93 million. Jordan and Lebanon, which together host close to 2.5 million refugees, were represented by their premiers who appealed for international aid to help their economies cope with the tragedy. Qatar's Foreign Minister Khalid Al-Attiyah proposed to set up a special fund for the education of Syrian children.

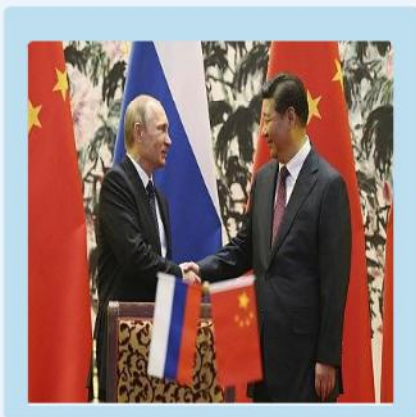
More pledges are expected at the one-day conference attended by 78 countries at ministerial levels. In Brussels, EU aid commissioner Christos Stylianides said in a statement that "the needs are overwhelming, and an extraordinary effort is needed by the wider donor community to mobilise significant funding". The money pledged by the bloc consists of 500 million euros in "humanitarian aid, early recovery and longer-term stabilisation assistance" from the European Commission, with the balance coming in pledges from the bloc's 28 countries, the EU said. Ban warned that "the Syrian people are victims of the worst humanitarian crisis of our time." "Four out of five Syrians live in poverty, misery and deprivation. The country has lost nearly four decades of human development," Ban said. Kuwait has hosted a donor conference for Syrians in each of the past two years, generating several billion dollars worth of pledges.

Tuesday's conference, attended by representatives from nearly 80 countries, was preceded by a meeting of charitable organisations, which pledged a total of \$506 million. "Failing to meet the required funds risks resulting in a horrifying and dangerous humanitarian catastrophe," Abdullah al-Maatuq, UN special envoy for humanitarian affairs, said as he opened that meeting. UN humanitarian affairs chief Valerie Amos said the donor response at Tuesday's conference "needs to be comprehensive". The UN has complained that not all previous pledges for aid had translated into funding.

Amos said the situation had deteriorated in Syria, with no reduction in violence and with children particularly badly affected. Ban said in a report last week that the war had forced around 7.6 million people to leave their homes in Syria, while another 3.9 million have sought refuge in neighbouring countries. “Every day brings more death, displacement and destruction,” the report said. UN High Commissioner for Refugees Antonio Guterres warned of an “unsustainable” situation. “After four years of conflict, we are at a tipping point. It is clear that the world’s response to the crisis in Syria cannot be business as usual. The situation is becoming unsustainable,” he said. Almost half of all Syrians have been forced to flee their homes, the UN Office for the Coordination of Humanitarian Affairs said. Of the \$8.4 billion needed this year, \$5.5 billion is for refugees and \$2.9 billion for people still inside Syria. International aid agency Oxfam criticised the international response to the Syrian crisis, saying money pledged was woefully inadequate. Last year was the deadliest yet in the conflict, with at least 76,000 people killed out of a total of more than 215,000 since it began in March 2011 with peaceful pro-democracy demonstrations.

## Ukraine and the Russia-China Axis

The Diplomat, 02.04.2015



**It is easy to make an emotional case for Western assistance to the Ukrainian government in its confrontation with Russia. In principle, the people of Ukraine should have the liberty to determine their own foreign policy orientation and the international community should support their freedom to make this choice. Such a stance is morally unimpeachable. It is also a perilous basis for policymaking.**

**Pursuing ideals in isolation from assessments of what is achievable and without reference to the broader international context risks unleashing a horror of unintended consequences.**

This being so, foreign policy makers must restrict themselves to the art of the possible and base their decisions on cold-hearted assessments of long-term security interests. Based on the prioritization of such strategic goals, what should be the West’s Ukraine policy? There are those who believe that, on this occasion, realist and liberal goals coincide, and that security imperatives dictate that the West must act forcefully to end Russia’s intervention in its neighbor’s affairs. The argument here is that Vladimir Putin’s Russia is an aggressive, expansionist state whose actions, in the words of Chancellor Merkel of Germany, call “the whole of the European peaceful order into question.” What is at stake, therefore, is not just the status of one country but the fate of the entire postwar international system. This is because it is assumed that conceding to Russian demands in Ukraine will inevitably encourage it to advance elsewhere. Given the specter of Russian tanks rolling into the Baltic States, it is no surprise that many have come to favor supplying Kiev with “lethal defensive weapons.”



This makes for a compelling narrative, not least because it draws upon historical memories of appeasement and Nazi expansionism. In reality, however, the argument is without foundation. Economically weak and demographically in decline, Russia represents no serious threat to the international status quo. Indeed, holding a privileged position that it no longer merits, Russia has absolutely no incentive to challenge the postwar order. Moscow's actions in Ukraine are therefore best interpreted, not as self-assured expansionism, but rather as the panicky response of an insecure state to a perceived threat to its fundamental national interests. Even if Russia's actions are driven by weakness and not strength, this does not necessarily mean that Western interests would not be best served by taking a forceful stance. What alters this calculation, however, is an assessment of the broader geopolitical implications of this policy. Regarded at a global level, the punishing sanctions regime and exclusion of Russia from Western groupings comes to look like a strategic mistake. This is because it has had the effect of forcing Moscow to overcome its hesitations and commit fully to close relations with Beijing. Should this relationship evolve into a full-blown Chinese-Russian axis, it will be a development of historic proportions since, while Russia on its own does not seek to challenge the established international order, China certainly does. What is more, despite Russia's diminished status, it is able to contribute significantly to Chinese international power. Closer bilateral relations can therefore be anticipated to encourage Beijing's attempts to assert regional hegemony. In this way, by taking an uncompromising stance against its 20th century adversary in Europe, the United States may be inadvertently assisting its 21st century rival in Asia.

It may seem perverse to claim that a country that has recently annexed part of a neighboring state, and is currently engaged in backing a separatist insurgency, is a status quo power. Nonetheless, this is the case. On a global level, Moscow strives to uphold the current international order since it flatters Russian power and constrains that of those mightier than itself. Above all, the current system gives Russia permanent membership of the United Nations Security Council, providing it with cherished equal status to the United States and China. The UN's core principle of national sovereignty is also generally favored by Moscow because it can be used to place diplomatic obstacles in the path of U.S. foreign policy. An example of this is Russia's appeal to national sovereignty and its use of veto power to protect Syria's Assad regime from the threat of Western airstrikes. Evidently Moscow has shown no such respect for the concept of non-interference when it comes to Ukraine. However this does not mean that Russia has abandoned its former stance and become an expansionist power set on challenging the broader status quo.

First, although undoubtedly carried out using aggressive means, Russia's intervention in Ukraine was actually defensively motivated. The February 2014 revolution in Kiev brought to power a radically pro-Western government that explicitly sought to reorient Ukraine away from Russia's sphere of influence. This was perceived by Moscow to be an unacceptable threat to national security, especially because it was believed it would eventually lead to Ukrainian NATO membership. Were this to have occurred, the Alliance would have gained the strategically important Crimean peninsula, as well as a 1,200-mile frontier with Russia's European heartland. To eliminate this danger, Russia permanently seized Crimea and is using the separatist movements in Donetsk and Lugansk to prevent Ukraine's successful integration with the West.

Given that Russia's actions are driven by a desperation to avoid strategic losses, and not a desire to make territorial gains, they are unlikely to be widely repeated, even if it is ultimately successful in Ukraine. The Baltic States and the former Warsaw Pact countries of Central Europe have already become part of the Western Alliance and this has been accepted by Moscow as an undesirable but unchangeable fact. The only case in which further aggression could therefore be expected is if another state deemed to be strategically important to Russia and located within its "near abroad" were also to seek to reorient itself towards the West. Were this, for example, to occur in Belarus, it is certain that Moscow would take steps to intervene. Overall then, it must be anticipated that Russia will remain ready to use military force to reverse strategic losses that are perceived to undermine core national security. Absent such threats, however, Russia can be expected to remain a supporter rather than a challenger to the international status quo.

While Russia is not a revisionist power, China unquestionably is. This is not a reflection of anything specific to China's political system. Rather, it is simply the fact that, as with all rising powers before it, China's international ambitions are growing in proportion to its economic and military might. Beijing is therefore seeking to make use of its greater clout to expand control over surrounding areas and to remake the international order to reflect its interests. This revisionist agenda is particularly pronounced in East Asia where China judges the status quo to be against it. This is above all due to the heavy presence of U.S. troops in Japan, South Korea, and Guam, as well as America's regional naval dominance. China's strategic goal is therefore to push the US out beyond the "first island chain" and thereby to establish its own hegemony within the East and South China Seas. Having achieved this, China will then look to extend its influence further into the Western Pacific. Undoubtedly at some point in this process Beijing will also seek to reintegrate Taiwan.

It would be nice to think that the expansion of China's international ambitions could be managed peacefully. History, however, teaches that rising states tend to clash with established powers. The likelihood is therefore that the forthcoming decades will be an era of profound tension between China and the United States. These are commonplace observations. What is less often noted, however, is the pivotal role that will fall to Russia within this context of Sino-U.S. confrontation. It may seem surprising given Russia's faded international standing, but maintaining good relations with Moscow is a matter of great significance to Beijing. To begin with, this is because, in comparison with the United States, China has few close allies. This is especially true in the Asian region where China has territorial disputes with Japan, Vietnam, the Philippines, and India. Having friendly ties with at least one neighbor is therefore particularly important, especially since Russia can provide China with diplomatic support in key international institutions.

Even more fundamental is Russia's strategic significance. By maintaining amicable relations with Russia, China is able to protect its otherwise exposed northern flank. From the 1960s to the 1980s, tense relations across this 2200-mile land border, helped ensure that much of China's military potential had to remain focused in the northeast. It was only with the improvement in bilateral ties after 1989 and later settling of the countries' border dispute in 2004 that China was able to concentrate fully on expanding its influence to the south and east. An instructive parallel in this regard is the way in which stable relations with Canada and Mexico have served as the foundation of U.S. international strength, providing Washington with a level of domestic security that has enabled it to focus on projecting power overseas.

Added to this is Russia's importance as a resource exporter. At present, around 80 percent of China's energy is imported from the Middle East and West Africa. This represents a major strategic vulnerability since, in the event of conflict, the United States would use its naval superiority to control the Malacca Straits and cut off the supply of these vital resources. Closer ties with Moscow help reduce this problem since Russia, along with Central Asian states, can provide oil and gas supplies via more easily protected overland pipelines.

Evidently wise to these considerations, Beijing has been careful to cultivate closer ties with Moscow and Chinese leaders now routinely make Russia the destination of their first overseas visit. Beijing's attentions in this regard have been generally welcomed in Russia yet, until recently, there had remained reluctance about embracing China fully. Part of the hesitance is explained by Russian discomfort at the rapid reversal of the countries' relative positions. It is not uncommon, for instance, to hear it remarked in Moscow that, having once been China's older brother, Russia now finds itself in the role of younger sister. This loss of pride is also accompanied by economic concerns. Above all, there is the worry that in exporting little more than raw materials to China, Russia is increasingly tying itself into a semi-colonial relationship. When it comes to international politics too, many Russian are anxious that Moscow's longstanding influence over Central Asia is being eclipsed by that of Beijing. Others fear an eventual Chinese takeover of the Russian Far East. This would come either via uncontrolled migration into the sparsely populated area or by direct annexation of territories that were historically Chinese until the second half of the 19th century.

The implications of this situation for U.S. policy are clear. If Washington wishes to contain China and ensure that it does not succeed in achieving regional hegemony in East Asia, it must find ways of exploiting Russian fears and of driving a wedge between Moscow and Beijing. This would have the effect of depriving China of its solid rear and, with every increase in uncertainty along the Russian-Chinese border, Chinese maritime ambitions would be scaled back. Such thinking will be criticized by many as a relic of a previous era. However, as noted by Prime Minister Shinzo Abe of Japan, East Asia is now in a "similar situation" to that of Europe prior to the First World War. This being so, if a rising China is to be stopped from challenging the international status quo, it may be time for a revival of some old-fashioned realpolitik.

Blind to this logic, Washington's current policy is working directly against long-term U.S. strategic interests. By imposing sanctions on Russia and threatening to arm Ukraine, the United States has inadvertently succeeded in getting Russian policymakers to abandon their lingering anxieties and to rush headlong into China's supportive embrace. Just as damagingly, Washington has lent heavily on allies to follow its policy prescription. Most notably, Japan, having recognized the disastrous implications of a China-Russia alliance for its own interests, had been pursuing a rapprochement with Moscow and was beginning to develop security ties, clearly with a view to drawing Russia away from China. This sensible approach has had to be suspended, however, as Washington pressured Tokyo into joining the sanctions effort.

The effects of U.S. policy have been all too apparent as Russian-Chinese cooperation has accelerated rapidly since March 2014. With regard to overall political relations, during his state visit to Shanghai in May, Putin gushed that bilateral interactions had become the “best in all their many centuries of history.” Striking also was the Russian president’s frequent use of the term “alliance,” albeit not with reference to military ties. In addition to this positive rhetoric, it was during the May trip that Russia and China finally signed their mammoth 30-year, \$400 billion gas deal. After more than ten years of inconclusive negotiations, it seems that Western sanctions helped break the impasse by pushing Russia to accept China’s price terms.

In the arms sector too, Russia has shown a new willingness to make concessions. Having previously denied China access to its most advanced weaponry due to concerns over theft of intellectual property, Russia has now agreed to sell Beijing the S-400 air-defense system and Su-35 fighter. These technologies will help China extend its defensive coverage and strike range, thereby strengthening its position with regard to Taiwan and the Senkaku/Diaoyu dispute. Further to weapons sales, bilateral naval cooperation has progressed and, following joint exercises in the East China Sea in May 2014, Russia and China agreed to conduct military drills in 2015 in the Mediterranean and Pacific. Last of all, sanctions have had a clear impact on Russian public opinion with attitudes towards China rapidly improving as those towards the West have soured. Indeed, according to an opinion survey conducted by the Levada Center in January 2015, a full 81 percent of Russians now regard the United States negatively whilst 80 percent have positive views of China. Each figure is the highest recorded in the history of the survey. With the sanctions having gifted China so many benefits, Beijing must be privately cheering on Washington’s Russia policy.

Unless ways are found to draw Russia away from China again, this alignment is likely to solidify. To prevent this from happening, Washington rapidly needs to alter its stance. First, there needs to be a change in mindset. Rather than considering Europe and Asia in isolation, as currently seems to be the case, U.S. decision makers need to recognize how their policies towards one region are connected to outcomes in the other. Additionally, there needs to be a shift in the way Russia is seen. At present, many in Washington persist in the Cold War view that Russia is an expansionist power which, given half a chance, would send its tanks rolling on European capitals. Such fears wildly exaggerate Russia’s capabilities and demonstrate a failure to understand the transformation of Russia’s status from a global to a regional power. Moscow’s strategic priority is to aggressively defend its current standing in international politics against what it sees as persistent Western attacks. It does not have ambitions to uproot the global system. This being so, attempting to oppose Russian expansionism is a damaging distraction. If the U.S. is to maintain primacy in the 21st century, it must instead recognize that China is its primary geostrategic rival and subordinate other foreign policy goals to the paramount objective of containing its rise.

None of this is to say that Washington should take no role in the resolution of the Ukraine crisis. Quite the reverse, it is essential that the U.S. help bring the war to a rapid conclusion. Once this has been achieved, relations between Russia and the West can be gradually detoxified and long-term efforts can begin to encourage Moscow to distance itself from Beijing.



The key to ending the conflict is to permanently exclude the possibility of Ukraine's membership of NATO. It was the Alliance's reckless decision in April 2008 to declare that both Ukraine and Georgia "will become members" that intensified Russian insecurity, provoking its aggressive response to defend the status quo. It might be a different matter if Ukraine could be successfully integrated into the Western bloc, but this is unrealistic. While Western governments are half-hearted about this possibility, Russia is absolutely determined in its opposition. Since the reorientation of Ukraine towards the West is seen as a fundamental security threat, Moscow will be willing to bear considerable costs to prevent this from happening. Sanctions will therefore have no effect. Arms supplies to the Ukrainian government, meanwhile, will only make things worse by aggravating Russian insecurity and forcing Moscow into further escalation that the West would be reluctant to match.

As distasteful as it may be to give in to Russia's demands, in the interests of lasting peace Western governments should reassure Moscow that Ukraine will not be admitted to NATO. Unfortunately, since Moscow believes that NATO broke an earlier promise not to expand eastward following the end of the Cold War, a verbal commitment will not be sufficient. Instead, an additional guarantee is required. This can be provided via the creation of a federal structure for post-conflict Ukraine that gives regions veto rights over fundamental foreign policy and security decisions, such as membership of military alliances. As well as satisfying Ukrainian rebels and their Russian backers with regard to NATO, this mechanism would have the benefit of ensuring that Ukraine could never be dragged into any Russian-dominated organization against the will of its Western regions.

With Ukraine thus established as a neutral country, Russia will become a more reasonable neighbor. Its fears assuaged, Moscow will reduce its support for the rebels, permit the closure of the border, and allow the reintegration of the breakaway areas of Donetsk and Lugansk. Since Russia is a status quo power, these concessions will not encourage further aggression. Despite this, to reassure NATO members in Eastern Europe, the Alliance should establish permanent military bases in Poland, reaffirm the commitment to defend the Baltic States, and persuade members to honor their pledge to increase defense spending to 2 percent of GDP. These measures will not please Moscow, but improvements in the security of existing NATO members are not perceived as comparable to the threat posed by expansion of the Alliance into Russia's nearest "near abroad."

Having reestablished security in Europe, the United States can return its attention to the priority of containing China. An important part of this will involve selective courting of Russia (such as by offering membership of the Trans-Pacific Partnership) and rekindling the frictions between Moscow and Beijing that have been extinguished in recent months.

Overall, it must be said that this is a highly disagreeable outcome for Ukraine that shatters many of its people's dreams of Western integration. The alternative, however, is an approach that will only serve to prolong bloody conflict while actively encouraging the formation of a powerful Chinese-Russian axis that will present a formidable challenge to U.S. interests in the Asia-Pacific and beyond for decades to come. If this is the result of Washington's Ukraine policy, it will surely come to be seen as one of the greatest geopolitical mistakes of the 21st century.

# EU warns Greece reform push ‘not there yet’

Reuters, 30.03.2015



The EU warned March 30 that Greece and its creditors had yet to hammer out a new list of reforms despite talks lasting all weekend aimed at staving off bankruptcy and a euro exit.

“We’re not there yet,” European Commission spokesman Margaritis Schinas told reporters when asked about the progress of the talks. “This is why the talks should benefit from further fact-finding in Athens that should continue.” Experts from the IMF and the EU are scrutinising reform plans that Greek Prime Minister Alexis Tsipras agreed earlier this month to provide, in a bid to receive the last 7.2 billion euros (\$7.8 billion) of Greece’s 240 billion euro bailout.

Tsipras -- whose hard-left government was elected in January with a vow to roll back austerity -- said last week that the reforms would be ready by Monday, but Greek officials and experts from the creditors were still negotiating towards a final list. “The fact that experts worked through the entire weekend and continue today is a positive sign that shows the willingness and seriousness of both sides to engage with each other,” Schinas said.

The final list must be accepted by the 19 finance ministers of the eurozone, who would then decide whether to release bailout funds to cash-strapped Greece. Schinas said eurozone officials would likely hold a conference call this week, and then decide whether to call a full meeting of finance ministers after Easter, which falls this Sunday. This pushes any resolution of the Greek crisis later into April and risks alarming financial markets where worries are high that Greece is out of cash and verging on default and a catastrophic exit from the euro. The radical leftist government in Athens has already raided central government coffers to pay public salaries and pensions and has signalled that options to scrape together more money are dangerously limited without the remaining bailout cash. Tsipras will face a grilling in Greek parliament on the negotiations, with many accusing him of reneging on his election promises.

# French right deals major blow to ruling Socialists in local elections

AFP, 30.03.2015



France's ruling Socialists took a drubbing in run-off local polls that saw major gains for former president Sarkozy and the far-right ahead of 2017 presidential elections.

Right-wing parties, spearheaded by Sarkozy's UMP, won a thumping victory, taking 66 councils out of a possible 101, according to results compiled. Voters punished the Socialist government of President Hollande for failing to revive the slumping economy, with left-wing parties winning only 34 councils. There was still one council result to be declared. The results mean 25 councils switched from left to right-wing party control with only one going in the opposite direction.

"Never... has our political family won so many councils," Sarkozy told cheering supporters, adding that voters had "massively rejected the policies of Francois Hollande and his government." The far-right National Front (FN) of Marine Le Pen, which took a quarter of the vote in the first round last week, was not expected to win any councils -- in part because mainstream voters often combine to keep it out of power in second-round run-offs. But it won dozens of individual seats across the country, leading Le Pen to hail a "magnificent success" that showed it was "a powerful force" in many local areas, building on its victorious showing in last year's European elections. "These elections are a crucial step for the patriot movement on its road to power," said Le Pen. But the big winner was Sarkozy, who had used an energetic campaign to rebuild his status as a serious contender after he was criticised for being distant, preoccupied and even bored since returning to frontline politics in September.

Sarkozy's decision to ally his right-wing UMP with centrists has been welcomed by voters, who punished him during the 2012 presidential campaign when he shifted further to the right to rival FN. Meanwhile, the Socialists fear their poor showing in the local "departments", which control issues such as school and welfare budgets, could spell doom in the regional and presidential polls to come. Prime Minister Manuel Valls acknowledged that the leftist Socialists had suffered a "setback" in the elections and stressed that the FN's score was "far too high." "The French have declared... their anger at a daily life that is too difficult," he said, vowing to "redouble" the government's efforts to pep up the French economy, the second biggest in the eurozone.

Hollande has seen his popularity ratings plummet back to record lows after a slight bump following the January jihadist attacks in Paris, when he was credited with bringing the country together. "Everyone in the (Elysee) is scared he will be eliminated in the first round in 2017," a presidential advisor told AFP, adding that Hollande had no choice but to continue unpopular austerity reforms that have alienated the public and many in his own party.

Gilles Finchelstein, a political strategist close to the Socialists, painted an even darker picture in an article for L'Express magazine, saying "the left is in danger of dying, (and) risks becoming nothing more than a residual political force". Around 40 million French were eligible to vote in the local elections, and around half were estimated to have turned out.

## Nigeria elects Buhari as president in historic vote

Anadolu Agency, 01.04.2015



Challenger Muhammadu Buhari won Nigeria's presidential election by 2.57 million votes, official results showed, defeating incumbent Goodluck Jonathan in the first democratic change of power in Africa.

The victory writes a new chapter in the country's often turbulent history after six military coups since independence in 1960 and 16 years of unbroken civilian rule by Jonathan's party. The gripping contest also capped a remarkable transformation for 72-year-old former army general Buhari, who led a tough military regime in the 1980s but now describes himself as a "converted democrat".

Thousands spilled onto the streets of northern Nigeria's biggest city, Kano, in celebration, shouting campaign slogan "Sai Buhari" ("Only Buhari") as he took an unassailable lead with one state to declare. Many brandished brooms, Buhari's party symbol, with which they have pledged to sweep away years of government waste and corruption. In another northern city of Kaduna -- the scene of rioting after the 2011 presidential election -- supporters of his All Progressives Congress (APC) chanted: "Change! Change!"

The Independent National Electoral Commission (INEC) said Buhari won 15,424,921 votes, or 53.95 percent, of the 28,587,564 total valid ballots cast. Rival Jonathan, 57, of the Peoples Democratic Party (PDP), won 12,853,162 votes (44.96 percent) in the election held Saturday and Sunday. INEC chairman Attahiru Jega said: "Muhammadu Buhari, of the APC, having satisfied the requirement for the law and scored the highest number of votes, is hereby declared the winner and is returned elected." The election was hit by glitches in new voter technology and claims of irregularities, after being delayed by six weeks due to concerns of attacks by Boko Haram insurgents. But with dissatisfaction rife over Nigeria's security, corruption and the economy faltering as oil revenues dived, voters turned out in force sensing an unprecedented opportunity for change.



In the financial hub of Lagos, in the southwest, Buhari supporters celebrated wildly, some of them on horseback, with fireworks exploding into the night. "This is the first democratic change ever in Nigeria," Anas Galadima told AFP, as thousands thronged the APC headquarters in the capital Abuja, dancing and banging drums. "It's not about Muslim or Christian or any party. It's about politicians knowing that if you don't do the job, we can kick you out. "I haven't been this excited since the night of Barack Obama's election."

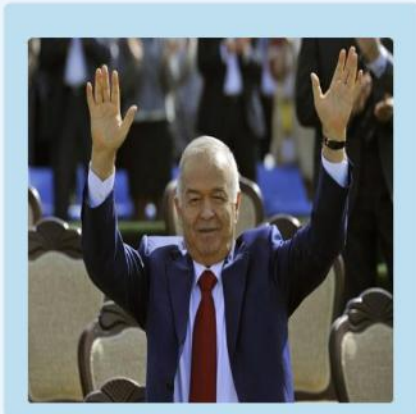
Political commentator Chris Ngwodo said the victory had "instigated the supremacy and primacy of the electorate" in a country where elections had generally been a foregone conclusion for the incumbent. "The dynamics between the governed and government has changed for good," he said. Buhari won because, backed by a strong and well-organised party machine, he had managed to secure national support in a nation split between a largely Muslim north and mainly Christian south, Ngwodo added. Jonathan conceded in a telephone call to Buhari at 5:15 pm (1615 GMT) even before the final results were declared, earning him praise from politicians of all stripes. "I promised the country free and fair elections. I have kept my word," he said later, urging disputes over the results to be settled in court rather than on the street. "Nobody's ambition is worth the blood of any Nigerian," he added.

Buhari has accused Jonathan of a failure of leadership in tackling the Boko Haram insurgency, which over six years has left more than 13,000 people dead and some 1.5 million people homeless. Military gains against the militants in recent weeks were welcomed but seen as too little, too late by voters after so much bloodshed. Initial results indicated Buhari had won 94 percent of the vote in Borno state -- the region worst affected by the Islamists' rampage and from where more than 200 schoolgirls were abducted in April last year. Hundreds of thousands of people defied threats of suicide attacks and bombings to vote, with polling stations set up in camps for people displaced by the conflict in state capital Maiduguri.

Buhari, a Muslim, won massively in the violence-hit north but also made crucial gains elsewhere, including Lagos, which had been targeted by both sides as a swing state. Jonathan at one point clawed back the deficit to some 500,000 votes after winning near total support in his home state of Bayelsa and neighbouring Rivers. But it was not enough to seize back the momentum and with eight states to declare, most of them in the north, APC spokesman Lai Mohammed called victory. "This is the first time the opposition has voted a government out of power in Nigeria's history," he told AFP. Buhari has acknowledged that he cannot perform miracles, with poverty widespread among Nigeria's 173 million people, the ongoing threat from Boko Haram and the oil-dependent economy stalling. But with his military background, the former leader was seen as a better bet to fight the insurgents, while he has cast himself as an anti-corruption crusader -- despite excesses and abuses during his military rule. He has vowed to lead by personal example, pledging: "Corruption will have no place and the corrupt will not be appointed to my administration." But he has rejected PDP charges that he is unchanged from his days in the military, where he fell foul of rights groups in his pursuit of corrupt officials and general "indiscipline". "Before you is a former military ruler and a converted democrat who is ready to operate under democratic rules," he said in February.

# Uzbekistan declares polls set to re-elect strongman Karimov valid

AFP, 29.03.2015



Uzbekistan declared its presidential ballot valid after more than the required third of voters turned out in an election that 77-year-old strongman incumbent President Islam Karimov is almost certain to win.

The central electoral commission of the ex-Soviet Central Asian country said 36.55 percent of the 20 million registered voters had cast their votes in the first four hours, passing the threshold of a third stipulated by Uzbek law for an election to be valid. Voting at more than 9,000 polling stations across the country began at 6.00 am local time (0100 GMT) and was set to continue until 8.00 pm (1500 GMT).

Karimov, who has ruled the country since before the collapse of the Soviet Union, is standing against three candidates put forward by parties in the Uzbek parliament that openly support his presidency. One of the candidates, Akmal Saidov, representing the Democratic National Renaissance Party, faced off with Karimov in the last presidential poll in 2007, but won less than three percent of the vote while Karimov took close to 90 percent. Hotamjon Ketmonov, the chairman of the People's Democratic Party, and Nariman Umarov, who leads the Social Democratic Party of Uzbekistan Adolat (Justice), are the other two candidates on the ballot. While exit polls are prohibited under Uzbek law, many voters in the capital Tashkent told AFP they had voted for the incumbent.

Burkhon, a 63-year municipal transport mechanic who declined to give his surname, cited periodic unrest in neighbouring Kyrgyzstan and Tajikistan, as well as the ongoing crisis in Ukraine, as reasons for casting his vote for Karimov. "We haven't had such bad things, thanks to Karimov, and we don't want them happening in the future," Burkhon told AFP. Gulhayo Khujanova, an 18-year-old student casting her vote for the first time, told AFP: "I voted for our president, Islam Karimov. I am really satisfied with what he is doing for young people." More than 300 international observers from 43 different countries are participating in the vote. The Organisation for Security and Cooperation in Europe(OSCE)is expected to provide its assessment of the ballot. In the OSCE's interim report published March 20 the organisation noted Karimov was standing for a third time despite a two-term restriction on presidents written into the country's constitution.

The candidates began a low-key campaign on February 17 in which Karimov stressed the importance of stability for the country that shares a 137-kilometre (85-mile) border with war-torn Afghanistan to the south. Karimov has had to contend with rumours of illness and physical frailty but appeared healthy last weekend when dancing at celebrations of the Nowruz state holiday marking the beginning of spring on March 21. "What do Uzbek people need? We need peace and wellbeing," Karimov told the crowd at the Nowruz celebration.

During another appearance before a small group of voters in Tashkent on March 25 Karimov said “there will be chaos in society” without a “strong government”, while adding that “the time will come” for greater freedoms in Uzbekistan, in comments aired by Uzbek state media. Karimov’s campaign has been endorsed by the other three candidates, none of whom has openly called on voters to opt for them instead of the incumbent president. Karimov has continually stressed the danger posed by Islamic radicals based in Afghanistan, some of whom are ethnic Uzbeks. “If we retain stability in Uzbekistan, we secure order in the entire Central Asian region,” Rafik Sayfullin, a political analyst based in Tashkent, told AFP. “Let these elections pass normally so that we can keep the same team.”

Strategically located Uzbekistan is a close partner to both Russia and China and has also provided support to the US-led military operation in Afghanistan. The presidential vote will complete a political cycle for the country of more than 30 million people, after parliamentary elections took place in December. A polling station also opened in Moscow. More than two million Uzbek migrant labourers live in Russia, according to its Federal Migration Service.

## Defence minister: Aliens have never invaded Japan

AFP, 02.04.2015



Alien spaceships have never entered Japanese airspace, the country’s defense minister has told parliamentarians, after being questioned about a possible aerial invasion by little green men.

Gen Nakatani said the nation’s war planes can be scrambled whenever there is a report of an unidentified flying object (UFO) but, so far, they had not encountered visitors from space. “When the Air Self Defense Force detects indications of an unidentified flying object that could violate our country’s airspace, it scrambles fighter jets if necessary and makes visual observation,” he said.

“They sometimes find birds or flying objects other than aircraft but I don’t know a case of finding an unidentified flying object believed to have come over from anywhere other than Earth,” he said. Nakatani, a sober politician with a reputation for thorough understanding of his brief, was responding to a question from flamboyant wrestler-turned-lawmaker Antonio Inoki. At a meeting on April 1 of the budget committee in Japan’s upper house, Inoki had asked if aircraft were dispatched to meet extra-terrestrial visitors and “whether studies (into them) are going on.” Inoki, known for his outsized chin and trademark red scarf, said he did not know whether or not aliens existed, but he had once seen a mysterious flying object rocket into the air on the horizon and disappear.

The latest exchange was not the first official Japanese pronouncement on spacemen and their aircraft. A 2007 statement said the government “has not confirmed the existence of unidentified flying objects believed to have come from anywhere other than Earth.” But the statement, formally endorsed at a cabinet meeting at the time, prompted a surprise rebuttal from the top government spokesman. Nobutaka Machimura, chief cabinet secretary at the time, said: “Personally, I absolutely believe they exist.” Then-defence minister Shigeru Ishiba also said that in his personal opinion there were “no grounds” to deny that there are UFOs controlled by alien life-forms.

## US Republican Ted Cruz confirms 2016 presidential bid

AFP, 31.03.2015



Republican US Senator Ted Cruz confirmed Monday he will run for president in 2016, the first major candidate to officially declare a bid in the next race for the White House.

“I’m running for president and I hope to earn your support!” the right-wing Texas conservative said on Twitter. The 44-year-old grassroots Tea Party supporter has been Senator in Texas since 2012, and is a long-time critic of Barack Obama’s administration. He has raised hackles in his own party in recent years when he helped push the US government into shutdown over budget fights, and for opposing Republican leaders on a series of issues.

In a 30-second video posted on Twitter early Monday, Cruz said it was time to “restore” America, and called on young conservatives to support him. “It’s a time for truth, a time to rise to the challenge, just as Americans have always done,” he said in the video. “I believe in America and her people, and I believe we can stand up and restore our promise. “It’s going to take a new generation of courageous conservatives to make America great again and I’m ready to stand with you to lead the fight.”

Cruz’s advisors told US media he will aim to raise between \$40 million and \$50 million for his campaign, and will rely on support from his Tea Party base that voted him in as senator. Though the first to officially declare his presidential bid, other Republicans, including Jeb Bush, Wisconsin governor Scott Walker and Senators Rand Paul and Marco Rubio have signalled they too could join the race. Democrat Hillary Clinton could be another presidential hopeful, and Cruz has said she “embodies the corruption of Washington.”



## Announcements & Reports

### ► *Poor and Under Pressure: The Social Impact of Europe's Fiscal Consolidation*

**Source** : Bruegel

**Weblink** : <http://www.bruegel.org/publications/publication-detail/publication/877-poor-and-under-pressure-the-social-impact-of-europes-fiscal-consolidation/>

### ► *Verify and Trust May Come with Iran: The Parameters for the Proposed Joint Comprehensive Plan*

**Source** : CSIS

**Weblink** : <http://csis.org/publication/verify-and-trust-may-come-iran-parameters-proposed-joint-compensative-plan>

### ► *The U.S. Climate Submission and International Climate Negotiations*

**Source** : CSIS

**Weblink** : <http://csis.org/publication/us-climate-submission-and-international-climate-negotiations>

## Upcoming Events

### ► *Trade and The Digital Economy: Opportunities for U.S.-Japan Global Leadership*

**Date** : 04 April 2015

**Place** : Washington - USA

**Website** : <http://www.brookings.edu/events/2015/03/30-trade-digital-economy-opportunities-us-japan>

### ► *Changing the Odds? Achieving Stability in Afghanistan*

**Date** : 04 April 2015

**Place** : London - UK

**Website** : <http://www.chathamhouse.org/event/changing-odds-achieving-stability-afghanistan>

### ► *Policy, Power and Sectarian Identities in the MENA Region*

**Date** : 05 April 2015

**Place** : London - UK

**Website** : <http://www.chathamhouse.org/event/policy-power-and-sectarian-identities-mena-region>

## ► *Securing Stability in Somalia: AMISOM's Evolving Role and Regional Implications*

**Date** : 05 April 2015  
**Place** : London - UK  
**Website** : <http://www.chathamhouse.org/event/securing-stability-somalia-amisoms-evolving-role-and-regional-implications>

## ► *America's Asia Pivot: By Accident or by Choice?*

**Date** : 08 April 2015  
**Place** : London - UK  
**Website** : <http://www.chathamhouse.org/event/americas-asia-pivot-accident-or-choice>

## ► *Water Security in the Middle East*

**Date** : 14 April 2015  
**Place** : London - UK  
**Website** : <http://www.chathamhouse.org/event/water-security-middle-east>

## ► *The Google Antitrust Investigation and The Case for Internet Platform Regulation in Europe*

**Date** : 15 April 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/511-the-google-antitrust-investigation-and-the-case-for-internet-platform-regulation-in-europe/>

## ► *The Implications of Decarbonisation for Business and The Financial Sector*

**Date** : 27 April 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/515-the-implications-of-decarbonisation-for-business-and-the-financial-sector/>