

## MIT economist: Turkey cannot grow further upon existing model

Hurriyet Daily News, 06.07.2015



The Turkish economy is grown upon state contributions, but this is not sustainable, MIT economist Daron Acemoglu said.

Turkey made a series of structural reforms between 2001 and 2007, but this trend has seriously reversed since then and there has been an increase in corruption, he said. "The economic productivity levels had started to increase significantly following a series of structural reforms and budget regulations in 2001. New companies started to show up on the scene across many sectors. This trend flourished the Turkish economy in the following five to six years," he said.

"We have, however, seen that this trend has started to reverse since 2007. There is a rise in corruption, but a dramatic decrease in the implementation of structural reforms and judicial reforms. We have seen an economy which grows upon state contributions rather than a productivity rise in the industries. Such a trend is not sustainable," he added. Acemoglu noted there was no reason for Turkey to resume the reform process as it did in the past.

## Turkey's fishing industry shrinking

Hurriyet Daily News, 07.07.2015



Turkey's fishing industry has been shrinking gradually since 2011 due to a decrease in fishing activities, although there has been an increase in fish breeding, according to TÜİK.

The sector's volume was around 537,345 tons in 2014 with a decrease of around 21.5 percent in sea fishing activities. The biggest decrease was seen in the production of anchovy, sardine and horse mackerel. The production of anchovy decreased by 46.3 percent to 96,440 tons in 2014 compared to the previous year. The production of sardine and horse mackerel also decreased by 24.4 percent and 42.6 percent, respectively, according to the TÜİK data.

There has been an increase in fish breeding activities and fish farming, said the data. The most cultivated species was trout and the production of trout increased by 48.3 percent in 2014 from the previous year. The production of sea bass and sea bream also increased last year. Turkey ranked seventh place in Europe in 2013 in terms of the volume of fish caught in the sea after Norway, Iceland, Spain, Denmark, United Kingdom and France with around 339,000 tons.

## State airports authority: Istanbul's third airport to be operational by 2018

Anadolu Agency, 05.07.2015



The new under-construction airport in Istanbul will be operational by 2018 with two landing fields and one terminal, General Directorate of State Airports (DHMI) head Serdar Hüseyin Yıldırım has vowed, amid recent delays in building work.

“We plan to make the airport operational by the first quarter of 2018. At the beginning there will be two landing fields and one terminal. Construction activities will continue. After the completion of the third and fourth landing fields and the additional facilities, the airport will reach a capacity of 150 million passengers,” Yıldırım said.

He also predicted that the airport will gradually reach its targeted passenger capacity of 150 million after the completion of all planned landing fields and additional facilities. Yıldırım rejected recent claims about further delays to the opening of the airport, but confirmed that the consortium responsible for building it has faced several problems, as the construction site is located on an old mining area. He also rejected claims that there are underground lakes in the area. “We do not know anything about the extent of these problems, but a series of drillings are being made at the site to determine it. Naturally, these drillings take some time,” he said.

The airport is controversial for many people, mainly due to its potential environmental effects as it is being constructed in the middle of a forested area north of the city. Yıldırım also said there would be no terminal specially assigned to any particular airport at the beginning. “As far as we known, all local and foreign airline companies will use the same terminal until the second terminal is completed,” he added. Recent news reports claimed that leading state-run banks will finance a total of 3.5 billion euros of the 4.5 billion euro first-phase financing of the airport. The remaining 1 billion euros will be financed by private banks, including Russia's Sberbank. The Cengiz-Kolin-Limak-Mapa-Kalyon Consortium, a joint venture of Turkish companies, won a tender to build the third airport in Istanbul in 2013, promising to pay the government 22.1 billion euros for 25 years starting from 2017. The construction started in 2014.

# Turkcell, Aselsan ink deal to develop joint 5G technology projects

Hurriyet Daily News, 06.07.2015



Turkey's biggest mobile operator Turkcell and defense company Aselsan signed a framework agreement to develop joint projects in 5G technologies, Turkcell said in a written statement.

“Main aim of the deal is to enable Turkey to become a 5G technologies producing country. To realize this target, two local companies, Turkcell and Aselsan, will work together to develop a road map in 5G technologies. For the commercial success of the planned products, both companies will work together in local and global markets,” read the written statement.

“We have achieved establishing the strongest 3G technologies infrastructure not only in Turkey, but also in the world. Turkcell has become the first and only mobile operator which supports 63.3 Mbps, the highest 3G speed in the world, both on the infrastructural side and in mobile phones with Turkcell Turbo T50, by increasing the speed of the 3G technologies by three-fold,” said Turkcell CEO Kaan Terzioğlu, adding that the company has completed its tests for 4G technologies. “With Aselsan, we’ll make Turkey a hub for the future’s 5G technologies, we believe,” he noted.

Aselsan, which has already undertaken the 4G/LTE Communication System Development Project (ULAK Project) to develop local 4G technologies, will become the most competent partner in the preparation, design, production and launch process of the 5G technologies, said Aselsan General Manager Dr. Faik Eken. The planned tender for 4G Internet technology has been delayed for three months, the Information and Communications Technologies Authority (BTK) said in a statement on May 15. The BTK announced that the tender will be made on Aug. 26 this year, after a three-month delay. The announcement follows President Recep Tayyip Erdoğan’s harsh criticism of 4G technology, saying Turkey should skip directly from a 3G network to 5G one in two years.

## Turkey's gold imports decrease by 95 pct

Dogan News Agency, 06.07.2015



Turkey's gold imports decreased by 94.4 percent in June compared to the same month in 2014 and by 18.1 percent from May 2015 to 1.35 tons.

Turkey imported around 24 tons of gold last June due to a dramatic rise in gold demand. The gold imports dropped by 77.1 percent to 11.33 tons in the first six months of the year compared to the same period of the previous year, according to data from the Borsa Istanbul Precious Metals and Precious Stones Markets. Gold imports were around 131.3 tons in 2014, with a 57 percent of decrease from 2013, when the country had record high gold imports.

There has recently been a rise in Turkey's gold exports. Turkey's current account deficit has narrowed since January thanks to gold exports, according to the World Bank's July report on the Turkish economy. However, the gold adjusted deficit, a more accurate measure of external demand, deteriorated due to persistent weaknesses in Turkey's trading partners, it added. In the last three months, the 3-month rolling gold adjusted current account deficit increased by \$2.3 billion to \$12.6 billion.

## Industrial production falls 2 pct on monthly basis

Doğan News Agency, 08.07.2015



Turkey's industrial production fell by 2 percent in May on a monthly basis, limiting the annual increase at 2.4 percent, according to the Industrial Production Index data released by Turkish Statistics Agency (TÜİK).

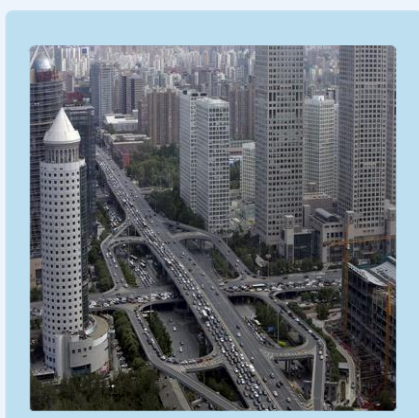
In the sub sectors of the industry, mining and quarrying production fell by 4.2 percent and manufacturing production fell by 2.3 percent, while electricity, gas, steam and air conditioning supply production rose by 1.1 percent in May on a monthly basis. According to the main industrial grouping classification, the largest fall was in capital goods, a 7.8 percent decrease in May compared to the previous month.



The largest decrease in manufacturing sub sectors was in computer, electronic and optical products at 34.8 percent, followed by other transport equipment by 24.7 percent, and motor vehicles, trailers and semi-trailers by 12.2 percent in May 2015, compared with the previous month. Manufacturing sub sectors that saw the highest increase were in machinery/equipment repair and installation by 33.6 percent. It was followed by the manufacturing of coke and refined petroleum products by 22.2 percent, with the manufacture of leather and related products rising 5.8 percent in May 2015, compared with the previous month. Calendar-adjusted industrial production rose by 2.4 percent in May on an annual basis, as mining and quarrying production fell by 9.9 percent, manufacturing production rose by 3 percent, and electricity, gas, steam and air conditioning supply production increased by 3.8 percent, compared to the same month last year.

## The Sino-Turkish strategic partnership amid new initiatives

Hurriyet Daily News, 08.07.2015



Two recent initiatives will likely galvanize the “Middle Kingdom” already the world’s most populous country, second largest economy, number-one trading nation, and biggest energy consumer into further consolidating its global ambitions.

Xi Jinping’s brainchild a web of new secure energy, trading, transport, communications land and maritime corridors and investment schemes reaching out. They include the Silk Road Economic Belt, the China-Pakistan, the Bangladesh-China-India-Myanmar and other “March West” initiatives, all requiring infrastructure investment.

The ancient Silk Road, famously traveled by Italian explorer Marco Polo, connected China and India with Persia, Arabia, East Africa, Turkey and the eastern Mediterranean. Today, China has an ambitious vision to revive it by creating a 21st-century corridor from Shanghai in the east of China, stretching 8,000 miles across China, Mongolia, Central Asia and Turkey, all the way to Berlin. We are talking about roads and motorways, railways, power lines, energy distribution networks and fiber-optic cable lines. Cities and ports en route would also be redeveloped. But there’s more – a ‘Maritime Silk Road’ – linking China with the Persian Gulf and the Mediterranean via the China Seas and across the Indian Ocean. To give you an idea of the scale of this – it would cover some 4.4 billion people (remember that the global population is 7 billion) and one-third of the earth’s circumference. The economic output of the region covered is \$21 trillion.

China's connections with these regions have expanded considerably in the past decade. Having grown fivefold since 2003, Sino-European trade, for example, reached \$559 billion in 2013, solidifying the EU as China's largest trading partner for the past 10 years. While the EU has invested more in China than the latter's direct investment in the former, the EU is expected to attract \$250 billion to 500 billion more Chinese direct investment by 2020. A scenario likely to occur in the next few years is that China will invest more in Europe, instead of vice versa. The human element is important in such exchanges. In 2013, Chinese citizens made approximately 100 million overseas trips and spent over \$100 billion on their trips, overtaking the United States and Germany as the world's number-one tourist spending nation. Today nearly one-third of the world's personal luxury goods are bought by Chinese consumers.

Central Asia is key to China's security and access to Eurasia. China has already become the largest trading partner of all five Central Asian republics; its trade with the region is now more than double that of Russia. China has built major oil and gas pipelines across Central Asia that cut through Russia's long-standing stranglehold on the region's energy exports. Through increasing trade and investment, China's growing presence has also reshaped the landscape in Africa. While negligible two decades ago, China-Africa trade reached \$200 billion in 2013, which makes China Africa's largest trading partner today. China's cumulative investment in Africa exceeded \$150 billion by the beginning of 2014. The second major element of China's strategy is the determination to upgrade its technology and manufacturing capacities. China's Communist Party launched a major 10-year "Made in China 2025" campaign, aimed at spending more on R&D and innovation, transforming its manufacturing sector and pushing the country beyond labor-intensive work into more sophisticated sectors.

China wants to jump into areas such as robotics, aerospace, automation, jet planes, advanced medical devices, energy-saving vehicles, marine engineering and high-end ships, deep-sea exploration and equipment for electric power and agriculture. Still, the campaign is in its infancy. If realized, top beneficiaries are likely to be Lenovo, Zhengzhou Yutong Bus, Zoomlion Heavy Industry Science & Technology, Great Wall Motor and Sino Biopharmaceutical. China has reached the glass ceiling in sustainable growth. The new "normal" GDP growth rate is 7-8 percent. Industrial profits are down, particularly at state-owned enterprises. Companies want to focus on high end and value added manufacturing while moving low-cost factories to the poor hinterland or overseas to keep costs down, with Vietnam and Cambodia topping the list of preferred destinations. Investing in human capital, technological upgrades, security of its trading routes and borders, as well as opening new economic corridors to high-value international markets, will get China to where it wants to be by 2040 as the world's superpower – unless there are some unforeseen risks undermining its huge potential between now and then.

For countries like Turkey, which is at the heart of these critical corridors, there are valuable lessons to learn in terms of how China has done so well, what it aspires to achieve and in what ways to benefit from such gains in trade, investment, technology, regional integration and security through "win-win partnerships." During my recent two consecutive visits to Beijing in June in less than a month and discussions with Chinese political and business leaders, I am once again convinced that the future points to a stronger Sino-Turkish strategic partnership, of course without neglecting other pillars of our global engagement.

## Business association: Turkish-American university to open soon

Anadolu Agency, 08.07.2015



The Turkish-American Business Association American Chamber of Commerce (TABA/AmCham) will start to work for the establishment of a Turkish-American university with a focus on IT technologies education in 2016, the new president of the association has said.

“After the U.S.-Turkey Strategic Economic and Trade Cooperation Framework initiative was launched by U.S. President Barack Obama and his Turkish counterpart, Recep Tayyip Erdoğan, in 2009, we have seen many opportunities to build closer ties in trade and social areas between the two countries...

Among the projects we have focused on in line with this mission is the establishment of a Turkish-American university which specializes on information technologies education,” said the association’s head, Bora Gürçay, on late July 7. The working schedule to build the university will be finalized by September, he said. “We will start the official process for the establishment of the university in 2016,” he noted.

## Turkey appealing for UK investors through British Chamber of Commerce

Hurriyet Daily News, 07.07.2015



Already bridging economic relations between Turkey and the United Kingdom for more than 100 years, the activities of the British Chamber of Commerce in Turkey (BCCT) have been gaining further momentum over the past two years, the BCCT said.

The BCCT has now been a strategic partner of the United Kingdom Trade & Investment (UKTI) for a year and a half. Closer cooperation with UKTI has empowered the chamber to further improve and expand its value-added services for the benefit of companies looking to engage in commercial activities between the two countries.

According to BCCT Chairman Chris Gaunt, all current economic dynamics point to a promising future for Turkish investment in the U.K., British investment in Turkey, and for partnership and trade between companies from the two countries. The bilateral yearly trade volume between the U.K. and Turkey has reached \$16 billion, nearly 65 percent of which consists of exports from Turkey to the U.K., reads the BCCT statement, adding that the U.K. is Turkey's third largest export market and its 11th biggest import partner.

As the second largest foreign investor in the Turkish market in 2014 with investments amounting to around \$1 billion, the U.K. is looking to increase exports and foreign direct investment in Turkey, especially in the area of energy, renewables, and information and communication technology (ICT). Gaunt pointed out that the chamber provides consultancy services for British SMEs that are interested in the Turkish market, with more than 300 companies contacting it for such services over the last 18 months. He added that local strategic partnerships are the best starting point for such companies, and that BCCT encourages British companies to get involved in such collaborations. When local know-how and local best practices are combined with British firms' capabilities in innovation, technology, design and R&D, the results are very successful, Gaunt said. "An initiative by Beko, a Turkish home appliances and white goods manufacturer with a successful track record especially in Europe, and a member of BCCT, is a good example of such an existing partnership. The company has recently partnered with two U.K. universities for R&D in order to accelerate innovation for the company's consumer electronics business," reads the statement. Gaunt said the chamber's priority is to continue to "build awareness about Turkey's intrinsic value" and to encourage strategic partnerships that would stimulate innovation and domestic R&D. Within the past 18 months, the BCCT has moved to new offices that better fit its purpose and has put together a broader team to deliver services for U.K. companies looking to conduct business in Turkey and vice versa.

## Air strikes, ground combat in Yemen killed nearly 200 in one day

Reuters, 07.07.2015



Saudi-led coalition air strikes and clashes killed at least 176 fighters and civilians in Yemen, residents and media run by the Houthi movement said, the highest daily toll since the Arab air offensive began more than three months ago.

The United Nations has been pushing for a halt to air raids and intensified fighting that began on March 26. Almost 3,000 people have been killed since then as the Arab coalition tries stop the Houthis spreading across the country from the north. The Iran-allied Shi'ite Houthis say they are rebelling against a corrupt government, while local fighters say they are defending their homes from Houthi incursions.



Sunni Saudi Arabia says it is bombing the Houthis to protect the Yemeni state. About 63 people were killed in air strikes on Amran province in the north, among them 30 people at a market, Houthi-controlled state media agency Saba said. In the same province, about 20 fighters and civilians were killed at a Houthi checkpoint outside the main city, also named Amran, about 50 kilometers northwest of the Yemeni capital of Sanaa, local residents said. Arab alliance war planes also killed about 60 people at a livestock market in the town of al-Foyoush in the south. Also in the south, residents reported a further 30 killed in a raid they said apparently targeted a Houthi checkpoint on the main road between Aden and Lahj. They said 10 of the dead were Houthi fighters.

Tribal sources in the central desert province of Marib said about 20 Houthi fighters and soldiers fighting alongside them were killed in air raids and gun battles with tribal fighters, who support Yemen's president in exile Abd-Rabbu Mansour Hadi. U.N. envoy to Yemen Ismail Ould Cheikh Ahmed continues meetings with Houthi officials in Sanaa to try to broker a ceasefire to allow aid deliveries. One Houthi official said Monday's attacks had dealt a blow to peace efforts. "Even as the U.N. envoy is present, there are a hundred martyrs and hundreds of wounded ... No truce, no retreat, no surrender. Forward, forward heroes of Yemen, for victory is coming," Yahya Ali al-Qahoom wrote on his Twitter account.

## Iran says 'major step' taken to resolve UN concerns

AFP, 07.07.2015



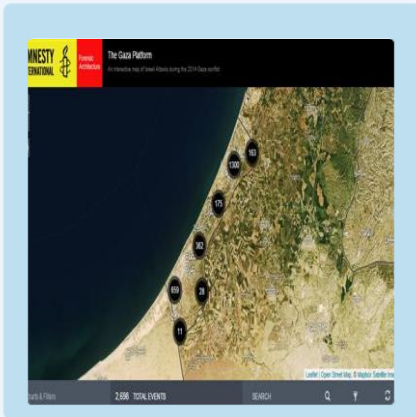
Iran and UN nuclear monitors took a "major step" toward resolving remaining issues regarding the Islamic republic's disputed atomic programme, an Iranian spokesman said.

The 24-hour visit to Iran by experts from the IAEA followed a similar trip its chief executive Yukiya Amano, but no clear outcome was reached. The spokesman for Iran's Atomic Energy Organisation, Behrouz Kamalvandi, said progress was made but he gave no details on the latest discussions. "Iran and the IAEA took a major step in resolving the outstanding issues to reaching a fundamental understanding on the topics and the timing of cooperation," he said.

Kamalvandi described meetings as "constructive and forward-looking" and said the second IAEA visit "shows the serious determination of both sides to enhance cooperation." However, the statement came as the latest deadline for a final nuclear deal between Iran and the P5+1 powers (Britain, China, France, Russia, the United States and Germany) seemed likely to be missed at talks in Vienna. The IAEA suspects Iran carried out research at least until 2003 on developing nuclear weapons. It is seeking access to scientists who might have been involved, as well as documents and the sites at which any such activities took place. Iran denies the allegations and its supreme leader Ayatollah Ali Khamenei in a speech on June 23 ruled out granting access to military sites or nuclear scientists.

## New tool maps Israel attacks in Gaza war

AFP, 08.07.2015



Amnesty International and Forensic Architecture released an investigative online tool mapping Israeli attacks in Gaza during the conflict of July and August 2014.

The new tool, called the Gaza Platform, enables the user to explore and analyze data about Israel's 2014 military operation in Gaza. The tool's purpose is to help push for accountability for war crimes. "The preliminary data currently plotted on the platform, which will be updated over the coming months, already highlights a number of patterns in the attacks by Israeli forces that indicate that grave and systemic violations were committed," the statement read.

"The Gaza Platform is the most comprehensive record of attacks during the 2014 conflict to date. It allows us to piece together more than 2,500 individual attacks, illustrating the vast scale of destruction caused by Israel's military operations in Gaza during the 50-day war last summer," said Philip Luther, director of Amnesty International's Middle East and North Africa Program. "By revealing patterns rather than just presenting a series of individual attacks, the Gaza Platform has the potential to expose the systematic nature of Israeli violations committed during the conflict."

## U.S., Ukraine weighs expansion of American training program

The Wall Street Journal, 08.07.2015



U.S. and Ukrainian officials are making plans to expand the training of Ukrainian military forces at a training base in the western part of the country, officials said.

The U.S. is currently training Ukrainian national guardsmen at the training site. Members of the National Guard, part of the Ministry of Interior, aren't front-line troops but are in charge of defending supply lines and operating check points. Ukrainian military officials said Wednesday they want to bring their conventional army troops and special-operations forces to the training center to run through the course taught by U.S. soldiers from the 173rd Airborne Brigade, based in Italy.



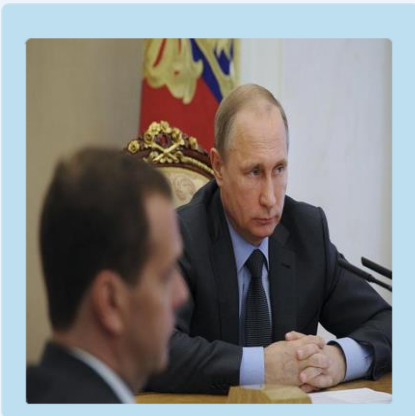
The Ukrainians have selected mechanized and airborne units that would be part of an expanded training program. U.S. officials have also begun planning for a potential expansion of the training, lining up funding and beginning planning for the expansion. But officials said a final decision on increasing the training is up to the White House. White House officials didn't immediately respond to a request for comment. On a visit to the training base, Gen. Ray Odierno, the Army chief of staff, said it was clear the Ukrainian government wanted the U.S. to expand its training, but declined to say whether he would support stepped-up training. Still, Gen. Odierno said he backed Ukrainian plans to expand the capability of the training base to handle larger units, saying the center is critical for Kiev to prepare and sustain their forces fighting Russia-backed separatists.

Soldiers of the 173rd said the National Guard has fought high intensity engagements against well-armed forces, including sustained barrages of artillery fire by Russian forces, a particular kind of attack that U.S. forces haven't experienced for decades. Gen. Odierno said that wartime experience meant U.S. forces are learning important lessons from Ukrainians even as they teach Kiev's forces about basic combat. "This training is shared training," Gen. Odierno said. "It is American forces training Ukrainian forces, and it's Ukrainian forces training American forces." A Wall Street Journal reporter accompanied Gen. Odierno on his visit to the base. As he toured the training ground, Gen. Odierno told the 173rd soldiers that it was important to learn from Ukrainians how the Russians and separatists were fighting. "We haven't faced something like this ourselves for a while," Gen. Odierno said.

The U.S. also is teaching the Ukrainians how to disarm roadside bombs. The training is based on the kinds of mines being used in eastern Ukraine and on tactics that U.S. soldiers saw in Iraq and Afghanistan and believe are likely to migrate to Ukraine. Soldiers from the 173rd also have brought lessons learned in Afghanistan and Iraq on battlefield medicine. At the training center, U.S. soldiers played the part of wounded civilians, complete with fake blood, dummy severed limbs and simulated chest wounds. Staff Sgt. Brian Kociuruba, a battalion senior medic with the 173rd, said he was teaching the Ukrainians to work with limited supplies, emphasizing that all soldiers need to know how to administer first aid. He said that in recent weeks the units he has trained have quickly improved as medics. "They have come a long way, I would fight with any of them, I would let any of them treat me," Sgt. Kociuruba said. Gen. Odierno asked one Ukrainian medic if he was going to be a doctor one day. "No," the Ukrainian officer responded. "I am going to be infantry" "It is the same thing," Gen. Odierno quipped.

# Russia's Putin welcomes Chinese leader to twin summits, says they can solve problems together

U.S. News, 08.07.2015



Welcoming China's leader to two summits in a Russian city, President Vladimir Putin said that Russia and China can overcome their countries' difficulties by working together.

Putin and Chinese President Xi Jinping both arrived Wednesday in the Russian city of Ufa for summits of the BRICS trade group and the Shanghai Cooperation Organization. The BRICS group also includes Brazil, India and South Africa, while the SCO, which also focuses on regional security and political issues as well as economics, includes the former Soviet Central Asian republics of Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. I

Iran, India and Pakistan are observer SCO participants. The summits, held in a city 1,170 kilometers (725 miles) east of Moscow, come as both the Russian and Chinese economies are undergoing major strains. Russia's economy has contracted and its currency has sunk due to the fall in world oil prices and Western sanctions over the Ukraine crisis. China, after a yearslong bull market, has seen its benchmark stock index drop 30 percent in the past month. "Combining efforts, no doubt we will overcome all the problems before us," Putin said. The Russian president held bilateral meetings with other leaders on Wednesday ahead of the BRICS summit opening Thursday and a meeting that day with Iranian President Hassan Rouhani. The two-day SCO summit also opens Thursday. Alexei Ulyukaev, Russia's minister of economic development, said financial aid to Greece won't be discussed at the BRICS summit, and added that Greece has not asked for aid from Russia. "Naturally, the situation in the eurozone will be discussed, the trigger for which is the problem of Greek debt, because the development of the situation in the eurozone creates risks for all the participants in BRICS," he said, according to the RIA-Novosti news agency.



# EU's Tusk says 'last chance' for Greek debt deal

AFP, 08.07.2015



EU President Donald Tusk warned that Greece and its European partners now faced the very last chance to reach a rescue deal needed to keep debt-ridden Athens in the eurozone.

“Without unity on Greece we will wake up in four days in a different Europe; this is really and truly the final wake-up call for Greece and for us, our last chance,” Tusk told the European Parliament in Strasbourg. Greek Prime Minister Alexis Tsipras earlier told MEPs that Athens “will tomorrow file new concrete proposals, credible reforms, for a fair and viable solution,” after five months of fruitless talks.

Left-wing Tsipras won power in January promising to end the austerity policies adopted by previous governments in return for two massive international bailouts worth 240 billion euros. Greece’s 18 eurozone partners warned that Athens had to come up with a convincing, concrete new program of reforms, ahead of a crunch EU summit in the weekend, or risk being forced out of the single currency bloc. Tusk told the parliament that Tsipras’ address and the replies from MEPs showed how “divided we are on Greece”, but he urged all sides now to avoid recriminations and show each other respect. Debts are debts, however, and must be repaid, he said, adding that the Greek crisis was not a morality story where creditors were bad and the debtor simply an “innocent victim”. Tusk also warned again of the wider dangers facing Europe if there was no agreement and Greece crashed out of the eurozone. “Seek help among your friends and not among your enemies, especially when they are unable to help you,” he told the assembly, apparently referring to Russia, as Tsipras listened attentively. Tusk has repeatedly warned that failure to resolve the crisis that has pushed Greece near to total economic collapse would have a huge negative impact on both the country and Europe’s “geo-political” situation.

As a former Polish premier, Tusk was known for his hard line on Russia and has adopted a similar stance over Moscow’s involvement in the Ukraine conflict. Tsipras has visited Moscow several times since he came to power, meeting Russia President Vladimir Putin and highlighting the longstanding cultural and political ties between the two countries. Meanwhile, Greece yesterday promised it would start pension and tax reforms next week, as demanded by creditors, in return for a three-year eurozone loan to drag its financial system back from the brink of collapse. “We propose to immediately implement a set of measures as early as the beginning of next week including: tax reform related measures; pension related measures” if the loan from the European Stability Mechanism (ESM) was forthcoming, the finance ministry said in a letter to the eurozone bailout fund. The letter, signed by new Finance Minister Euclid Tsakalotos, aimed to give Greece some breathing room to work out a new, broader bailout deal with its eurozone creditors.

# Merkel pledges ‘no artificial delays’ to Balkans’ EU prospect

Euractiv, 09.07.2015



Angela Merkel assured Albania and other Balkan states there would be no holdup in their drive to join the European Union, and said it was in the bloc’s interests they make it in.

Speaking in Albania’s capital during the first leg of a tour that will also take her to Serbia and Bosnia and Herzegovina, Merkel she had heard complaints from Balkan states seeking entry to the bloc that the EU was stalling. “May I tell you that it is in our own interests that our promise that the countries in the Western Balkans have a European perspective that we realise this perspective, because that concerns our credibility,” Merkel said.

Balkan countries are likely to suffer spillover effects from the Greek debt crisis. Merkel’s visit – at a time when she herself is busy wrestling with the problems in Athens - sends a signal that the region’s stability is crucial to the EU. Governments in the region fear their progress towards EU membership could stall because of enlargement fatigue inside the bloc and because Brussels is too preoccupied with saving the euro. “I can tell you, nothing will be artificially delayed. There won’t be any difficulties constructed ... I think it is widely recognised that Albania is taking big steps forward,” Merkel said at a news conference alongside Albanian Prime Minister Edi Rama. Of the Western Balkan countries, Slovenia and Croatia are already EU members. Serbia and Albania have been given candidate status, but they have yet to start accession talks.

Macedonia’s progress is stuck because Athens disputes its right to call itself by that name, which is also the name for a region of Greece. “We must take things forward step by step, and here I want to say quite clearly that in my view this will only work if we have European perspectives for the countries of the Western Balkans not just on paper, but if they become reality,” she said. At the news conference, Albanian prime minister Rama referred to “propaganda” which asserted that Albania’s mixed Muslim and Christian population was getting in the way of its accession to the EU. Merkel rejected the notion out of hand. “Four million Muslims live in Germany, and we live well together. So the idea that we wouldn’t want to have Albania in the European Union because Muslims live here and more Christians live in our country – that is completely wrong.”

# European Parliament backs TTIP, rejects ISDS

Euractiv, 09.07.2015



Parliament adopted a resolution supporting the transatlantic trade deal, but rejected a key US demand for an extra-judicial arbitration mechanism.

Second time lucky. Members of the European Parliament yesterday voted by 436 to 241 in favour of adopting a common position on the Transatlantic Trade and Investment Partnership (TTIP). Parliament's support comes on the condition that the investor-state dispute settlement (ISDS) mechanism be replaced by another system, but many observers remained sceptical as to whether this will be possible.

Unlike the June plenary session, a vague consensus began to emerge within the main political groups around Bernd Lange's TTIP report. But the debate in the hemicycle was heated, and a number of amendments were submitted. "We have worked hard since last year to make the agreement as transparent as possible. Progress has been considerable," said Bernd Lange, the German TTIP rapporteur. Wednesday's debate threw the divide between TTIP's diehard opponents and the more measured, silent majority, into sharp relief. Most of the committee chairs expressed their support for the commercial agreement, for a wide variety of reasons. Francisco Jose Millan Mon, from the Committee on Foreign Affairs, stressed the geopolitical implications of TTIP and echoed the sentiment of Trade Commissioner Cecilia Malsmström, who believes the EU "needs an ally because we know that the strength of our voice in the world is, in relative terms, decreasing". "The agreement will allow us to bring the United States closer to us. The challenges that we face in the Mediterranean should bring us closer to our natural ally," the committee chairman said.

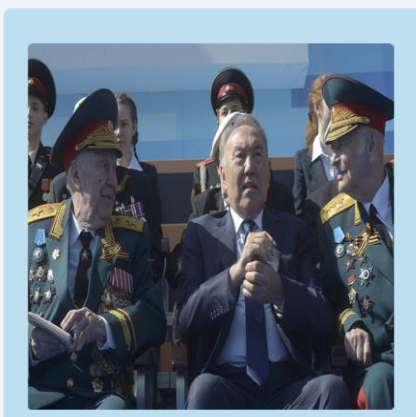
Arne Lietz, a member of the Development Committee, insisted that trade and development policy must go hand in hand. "We should carry out an analysis of the effects of TTIP on development. We have too little information on the impact it could have, there have not been enough detailed studies," the MEP said. According to a study by the German IFO institute, developing countries could benefit from the agreement, as increased economic growth in the EU and the United States would also increase demand for products and services elsewhere. Not everyone agrees. Developing countries today benefit from preferential access to European and US markets, but this may be eroded by an EU-US agreement, according to a study by Belgian NGO CNCDD. Danish MEP Jeppe Kofod, from the Industry Committee, told his peers that an outright rejection of TTIP was not a viable solution, but that the EU needed a strong declaration of its position.

The Environment Committee expressed concerns over health and environmental aspects of the deal, as well as the arbitration system. “We have certain concerns over standards: for beef, cloned meat, concessions on water and public health, ISDS. The proposed compromise is not enough!” Green MEP Bart Staes said. Jerzy Buzek said that a successful treaty would see energy prices converge on both sides of the Atlantic. “We need liquefied natural gas from the United States,” the MEP said. But he accepted that Europe’s carbon restrictions may hinder international competitiveness. Finally, the Agriculture Committee agreed that TTIP would improve access to American food markets, but stressed that European standards must not be compromised. Despite broad support for TTIP in the committees, many MEPs are less enthusiastic about the trade deal. Left Front MEP Patrick Le Hyaric asked on Tuesday 7 July for the negotiations to be suspended in the wake of the latest revelations of NSA spying on European leaders. He also bemoaned the continued inclusion of ISDS in the latest version of the Lange report, arguing that this would lead business rights to “triumph over human rights”.

The issue of dispute settlement between investors and states, which has been the most contentious point in the negotiations, was finally adopted by 447 votes for to 229 against, with 30 abstentions. The final compromise calls for a new public legal structure to replace the investor-state dispute settlement mechanism. Gianni Pittella, the leader of the S&D group in the European Parliament, said “ISDS is dead. It must be replaced by a new public and transparent system of investment protection, in which private interests cannot undermine public policy and which is subject to public law.” But opinions are divided on the subject. Within the S&D group, but also among the Greens and GUE/NGL, many MEPs believe the new text, which suggests establishing a specific arbitration court for EU-US conflicts, is insufficient.

## 75th birthday of Kazakhstan’s strongman raises questions about country’s future

Reuters, 05.07.2015



Nursultan Nazarbayev celebrates his 75th birthday, but the expected fireworks and fanfare mask uncomfortable questions about the future of the economy.

Nicknamed “Papa” and officially titled “Leader of the Nation,” he extended his 26-year reign in April by another five years, “apologizing” to his critics for cornering 97.7 percent of the vote in an early election. With sweeping powers that enable him to keep a tight lid on dissent, the former steelworker prides himself on maintaining discipline and stability in his mainly Muslim country of 17.5 million while overseeing market reforms.



He justifies his iron grip on power by saying it safeguards his Central Asian nation, with a population including Kazakhs, Russians, Ukrainians, ethnic Germans and Tatars, from the shocks that have led to turmoil in other ex-Soviet nations. "Tell me, does anyone here in Kazakhstan want a repeat of what happened in Ukraine, or in Georgia, or in Moldova? Does anyone want to see this here?" he said to a question about ceding some of his presidential powers to parliament. "These countries all have parliamentary republics," Nazarbayev said in a documentary made specially for his birthday and aired on July 1. Most of his opponents have been jailed or have fled abroad but Nazarbayev pays little heed to human rights groups that criticize him for crackdowns on freedom of speech and assembly. Allowed by the law to run for president as many times as he wants, he has said that he will groom a successor for himself. But, unnerving the vast business community which has invested more than \$200 billion in the oil-rich nation since independence, he has not dropped the slightest hint about who this might be. However, even if he officially leaves the stage one day, his status of "Leader of the Nation" will still allow him to play a key role in ruling the nation. "Many, including investors, say: 'May this system just not get worse'," said Kazakh political analyst Dosym Satpayev. "They see that the system is not ideal, but at least it's stable."

## US, Cuba reach deal to reopen embassies

AFP, 06.07.2015



The United States and Cuba have reached a deal to reopen embassies in Washington and Havana, in a major step toward ending decades of Cold War enmity.

President Barack Obama is expected to issue a statement at 11:00 am (1500 GMT) Wednesday in the White House Rose Garden about the deal, which constitutes one of the major foreign policy achievements of his presidency. "We will formally announce tomorrow that the United States and Cuba have reached an agreement to re-establish formal diplomatic relations and open embassies in each other's capitals," a US official said.

Diplomatic ties have been frozen for five decades. From the Bay of Pigs invasion to the Missile Crisis, antagonism across the narrow Straits of Florida often threatened to turn the Cold War hot. Both countries are currently represented by "interest sections," formally part of the Swiss embassy. The current head of the US interests section in Havana, Jeffrey DeLaurentis, is expected to deliver a message on reopening embassies from Obama to Cuban President Raul Castro. But after 18 months of secret negotiations by aides, it was Obama and Castro who agreed in December to restore relations. The pair held a historic meeting in Panama in April -- the first sitdown between US and Cuba leaders since 1956. In May, the United States paved the way for further rapprochement by taking Cuba off the list of state sponsors of terrorism. Havana had vehemently protested its 1982 inclusion on the blacklist, which hampered its access to global markets.

Polls show a majority of Americans support Obama's efforts to improve ties. But the island is still subject to a US trade embargo put in place in 1962. There is fierce opposition to lifting the embargo from Republican lawmakers. Republican presidential hopeful Jeb Bush on June 30 said the move to open a US Embassy in Cuba was a bad idea. "This July 4, reports of a new US embassy in Havana will legitimize repression in Cuba, not promote the cause of freedom and democracy." In the meantime, other vestiges of ideological animosity are rapidly receding into history.

Travel and communications restrictions between the two countries have been significantly eased. An American orchestra has toured Cuba for the first time in decades, and Airbnb has even established a foothold on the Communist Party-ruled Caribbean Island. The White House has said that a presidential visit is possible before Obama leaves office in 2017. Latin American allies have hailed thawing US-Cuba ties as transformative for Washington's role in the region. Visiting Washington on June 30, Brazilian President Dilma Rousseff described better US-Cuba relations as "a very decisive milestone and point in time in US relations with Latin America." "It is really about putting an end to the last lingering vestiges of the Cold War, and it ultimately elevates the level of the relations between the US and the entire region," she said. She described Obama's move as a "gesture to all of Latin America and also to world peace at large. It is an important example of relations to be followed."

# Announcements & Reports

## ► *Lessons from the Global Fund's Reform*

**Source** : CSIS  
**Weblink** : <http://csis.org/publication/lessons-global-fund-reform>

## ► *Project Atom*

**Source** : CSIS  
**Weblink** : <http://csis.org/publication/project-atom>

## ► *Houses of Wisdom Matter: The Responsibility to Protect and Rebuild Higher Education in The Arab World*

**Source** : Brookings  
**Weblink** : <http://www.brookings.edu/research/papers/2015/07/09-higher-education-in-the-arab-world-barakat-milton>

# Upcoming Events

## ► *National Perspectives on The Euro Area*

**Date** : 10 July 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/536-national-perspectives-on-the-euro-area/>

## ► *Capital Requirements and Loss Absorbing Capacity for Large Banks*

**Date** : 10 July 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/538-capital-requirements-and-loss-absorbing-capacity-for-large-banks/>

## ► *The Meaning of Russia's Nuclear Threats*

**Date** : 11 July 2015  
**Place** : Washington DC – The USA  
**Website** : <http://www.brookings.edu/events/2015/07/08-russia-nuclear-threat>

## ► *Financing The Post-2015 Sustainable Development Agenda: What Are The Issues and What Is The Role of The IMF?*

**Date** : 11 July 2015  
**Place** : Washington DC – The USA  
**Website** : <http://www.brookings.edu/events/2015/07/08-financing-post-2015-sustainable-development-lagarde>

► *The Productivity Gap: Why is Innovation Not Increasing Growth?*

**Date** : 13 July 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/544-the-productivity-gap-why-is-innovation-not-increasing-growth/>

► *The Kuwait Crisis 25 Years Later*

**Date** : 15 July 2015  
**Place** : Washington – The USA  
**Website** : <http://www.brookings.edu/events/2015/07/15-kuwait-crisis-25-years-later>

► *Competitive Gains in the Economic and Monetary Union*

**Date** : 21 July 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/534-competitive-gains-in-the-economic-and-monetary-union/>

► *The Future of Capitalist Democracy: UK-Japan Perspectives*

**Date** : 21 July 2015  
**Place** : London - UK  
**Website** : <http://www.chathamhouse.org/event/future-capitalist-democracy-uk-japan-perspectives>

► *Emerging Markets and Europe: Time for Different Relationships?*

**Date** : 07 September 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/524-emerging-markets-and-europe-time-for-different-relationships/>

► *What future for Europe's Social Models?*

**Date** : 08 September 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/526-what-future-for-europes-social-models/>

► *Challenges for Growth in Europe*

**Date** : 28 September 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/521-challenges-for-growth-in-europe/>

► *Global Governance of Public Goods: Asian and European Perspectives*

**Date** : 01 October 2015  
**Place** : Paris - France  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/529-global-governance-of-public-goods-asian-and-european-perspectives/>



► *The Future of the Welfare State*

**Date** : 17 November 2015

**Place** : Berlin - Germany

**Website** : <http://www.bruegel.org/nc/events/event-detail/event/541-the-future-of-the-welfare-state/>