Simsek: Early election in Turkey would prolong economic risk

Reuters, *15.07.2015*

Turkish economic growth would take a hit if talks to form a coalition government fail and a new election is called, Finance Minister Mehmet Şimşek said, warning that the uncertainty risked delaying private investment.

The ruling AKP lost its majority for the first time in a parliamentary election on June 7, forcing it to seek a junior coalition partner or face a re-run, and plunging Turkey into political instability not seen since the 1990s. Coalition talks between the AKP and opposition parties entered a third day on July 15. They have until late August to agree on a working government or Tayyip Erdoğan could call a new election.

"Everyone wants Turkey to have a strong coalition government," Şimşek told a news conference in Ankara while announcing June budget developments. "Having an election again is of course a negative scenario, because another election means in a sense facing uncertainty through virtually the whole of 2015," he said. In the weeks after the election, foreign investors' bond portfolios fell $1.7 billion based on Central Bank figures, as investors fretted that an unstable government would be unable to deliver the structural reforms needed to revive growth. The World Bank cut its growth forecasts for Turkey this month as the uncertainty exacerbated structural weaknesses and vulnerability to global liquidity tightening. Though it kept its 3 percent forecast for 2015, it warned of downside risks, and cut its 2016 and 2017 growth forecasts to 3.5 percent.

High credit growth but sluggish gains in private investment are one of the key challenges for the slowing Turkish economy, and Şimsek warned that if the political impasse drags on private investment could slow down. Growth in the first quarter came in at 2.3 percent, and economy officials have said they expect growth of 2.0-2.5 percent this year, below a government target of 4 percent. But Turkey's fiscal position remains a bright spot, with the budget showing a surplus of 3.2 billion Turkish Liras ($1.2 billion) in June, a position Şimşek said had been helped by a 15.8 percent rise in tax revenues in the first half. Inflation was likely to continue its fall in 2015 if oil prices remain low and a normalization in food prices continues, Şimşek said. He also welcomed Iran's nuclear deal with world powers, saying it could reduce geopolitical tensions and help keep oil prices at a level beneficial to Turkey.

Will the Greek disease infect Turkey?

Hurriyet Daily News, *13.07.2015*

The Greek people have said "Oxi – No" to the bitter pill of the European Union's program of belt-tightening.

Greeks, who have been tightening their belts for years, even though they know they will go through even tougher days, said a strong "No" to the EU's conditions for assistance. The opposition leader Antonis Samaras, who was promoting "Yes," has resigned. Renegotiations have started officially and unofficially. If a solution is not found, it is even possible that Greece will leave the euro, and many are wondering what reaction the troika will have for this negative answer.

However, it is certain that this negative answer will act like a signal flare for opponents of austerity in the Mediterranean basin, such as those with similar issues like Spain, Portugal, Italy and even France. All of these countries are under pressure from the International Monetary Fund and the European Central Bank (ECB). Does the fragility of these countries in the Mediterranean basin resemble the fragility of Turkey's economy? Or, as another Mediterranean country, will Turkey experience what EU member countries are going through? Even if these fragilities look similar, are the resources similar as well? Will the fragility in the Mediterranean spread to Turkey? In the eyes of the foreign investor, Turkey and the other Mediterranean EU countries are categorized as "vulnerable countries," but their risks and the organs responsible are different.

The fragility of the Mediterranean partners of the EU is due to public finance. The European Commission and the ECB are also trying to overcome the issue, sometime with the IMF stepping in. But Turkey's fragility is not because of the public; it stems from the private sector. If the bottleneck is not rectified, then the IMF will step in. During the 2000 and 2001 crisis, Turkey experienced what the Mediterranean countries are going through. Turkey said "yes" to what Greece said "no" and overcame the problem at a heavy social and political price. All eyes are focused on Greece. How will it cope with huge debts? How will it cope with an unemployment rate of almost 60 percent of for youth and an average of 27 percent? But it is not only Greece that has problems. Maybe it is a country that has the most striking indicators, but what keeps the focus on this country is its fight with the troika, not succumbing to its conditions.

It is known that when the 2008-2009 global crisis hit the EU, it was the southern countries on the Mediterranean that were hit the worst. The global crisis caused all the vulnerabilities in Spain, Portugal and Italy and even France, as well as Greece, to surface. Fighting the crisis with public funds increased the existing public deficits, rapidly increasing public debts, making the public finance crisis their common problem. The biggest debtor in all these countries, including France, is the public. Thus operations all focus on curbing the public budget deficit, forcing the public debts to shrink. While these are being conducted, public current expenditures and investments and their possible contributions to growth have decreased, shrinking domestic demand.

It is not easy to compete in external markets with the euro. The euro climate almost obstructs the competitive capacity of these countries. They have lost their ability to devaluate their own currencies to gain competitive power after having switched to the euro. They cannot compete with Germany, Austria and the Netherlands over the euro, especially in high added value products. They are forced to medium and low added value production, to the role given to them in the EU domestic division of labor. Turkey experienced the public finance crisis of the Mediterranean basin countries during the 2000-2001 crisis. The IMF imposed the bitter pill on Turkey, the one Greece and others are now resisting. The crisis was overcome at a huge political and social price. The huge devaluation of the Turkish Lira helped in exports. The biggest problem of the 2000-2001 conjuncture was not the current account deficit, it was public finance. The current account deficit was not even $3 billion. (Its peak was in 2011 at $77 billion.) The economy was extremely sensitive to foreign sources as today. At the beginning of February 2001, with the lira's value plummeting, the crisis came. With the Feb. 28, 1997, post-modern coup, while the Islamist Necmettin Erbakan government and its successor, the Justice and Development Party (AKP), were saved from the bitter pill, the previous coalition governments were the administrators and victims of this terrible conjuncture.

The coalition governments formed between 1998 and 2002 were the ones to conduct all these unpleasant operations. The masses were left poor and unemployed. They paid for the measures in the 2002 elections in failing to clear the election threshold. While they were paying the price, the breakaway from the Welfare Party (RP), the neoliberal AKP formed by Abdullah Gül and Recep Tayyip Erdoğan, enjoyed the fruits of their predecessors' labors: public finance, the infrastructure for privatization and well-functioning relations with the IMF inherited from their predecessors. The world situation from 2002 to 2007 also helped this rectified economy. AKP governments were in power during days of abundant liquidity and resources poured in, boosting growth. The masses who opted for the AKP after the 2001 crisis, when there was no serious alternative, voted for the AKP for two more terms. The AKP, on the other hand, with this dream climate, started building a regime.

The many sources of income pouring in after 2002 turned Turkey's economy into one that was focused on the internal market and engaged in construction without a master plan, while also spending foreign exchange without making gains. Turkey's stock of foreign debt climbed to over 50 percent of national income to $400 billion. Of the debts, two-thirds belonged to the private sector, while nearly 40 percent were short-term. The fragility in the Turkish economy today stems from the difficulties in ending the dependency on foreign resources and debt obligations. An important aspect of this fragility is the fact that 40 percent of the total debts are in 12-month terms, which slows down the flow of foreign capital and hinders Turkey from fulfilling its obligations. There is no problem in the public deficit, but the private sector is unable to invest while Turkey has had either difficulties in renewing debts or has been forced to shoulder heavy losses by paying its debt installments at higher rates. Moreover, the ECB does not function like a lifesaver in the way that the European Commission does. In the event of problems, the only door to knock on is that of the IMF – but its prescription will be decidedly unpalatable.

A commentary: Risk of a housing price bubble in Turkey

Hurriyet Daily News, *17.07.2015*

Those who like computer games may be familiar with "Bubble Trouble" – a fun game for children. The mission is to pop all the bubbles in order to advance to the next level. When one bubble pops, it splits into two smaller ones, which are subsequently split further until they disappear. Sounds easy, doesn't it?

This may not be the case if you think about housing bubbles, and Turkish housing bubble in particular. The nation's housing market has become a subject of debate among the national and international property market communities, with some opposing views having been presented.

In its recent report, Cushman & Wakefield (a global real estate services firm) did not see Turkish housing as being in the "bubble." Likewise, a number of Turkish academics also indicated that national housing is following a normal path. However, commentators including Nouriel Roubini, Jesse Colombo and Landon Thomas Jr. are all reporting that the Turkish housing market is in the "bubble." One may, therefore, question whether large house price inflation is the normal course of national market development, or an anomaly which should be corrected before it is too late. Overall, the Turkish housing market has matured successfully over the last decade. The volume of housing loans have increased from $200 million to $51.4 billion between 2002 and 2015. Four million dwelling units were built from 2002 to 2014 and 6.3 million construction permits were issued over the same time period.

According to the Central Bank of Turkey, real house prices grew 34, 68, 13, and 25 percent in Turkey, Istanbul, Ankara, and İzmir, respectively, from January 2010 to January 2015. Economists attribute this house price growth to both positive socio-economic fundamentals, as well as excessive optimism in the market. Likewise, buyers see current house price inflation as a rational course of market expansion. The other perception among buyers is that housing is the best possible investment. The narrative goes that "house prices will always go up." Having just lived thought one of the largest property market crises in history, current market developments in Turkey seem like déjà vu. Wasn't the previous crisis triggered by rising indebtedness, ever-growing prices, extensive construction levels and the belief that prices always go up? The question is, therefore, whether this house price growth indicates a bubble and, if so, can its burst trigger housing market-wide and economy-wide risks to the economy of Turkey?

Notwithstanding its economic strength, Turkey is, however, classified as one of the “Fragile Five” countries. Its key weaknesses are large private and public debt, a significant current account deficit, declining industrial production, growing unemployment, a weakening GDP and a depreciating currency. Combined with excesses in the housing market, all this may suggest that the Turkish economy will face financial difficulties going forward. However, correction in the housing market may not be as contagious as one may think. First, though mortgaged house sales have been advancing steadily in recent years, high interest rates (11.6 percent on May 22), average loan maturity (7.5 years) and income inequality hardly allow for the housing credit-to-GDP ratio to reach the 6.5 percent threshold.

Second, mortgage credit has been mainly issued to mid/upper-income individuals. Due to this somewhat “discriminative” mortgage access structure, a total housing market decline is unlikely. Third, the lack of mortgage securitization and mortgage-backed derivatives suggests that the secondary mortgage market risks are also minimal. What is more, a high LTV (Loan-to-value) ratio (75 percent) and the Banking Authority’s imposed lending standards would be at work in minimizing downturn risks. Taken together, even in the worst-case scenario, the bursting of the perceived housing bubble won’t be as disruptive to the national economy. Although Turkish house price growth may not totally reflect economic fundamentals in recent years, this does not necessarily imply “generalized bubble risk.” A future price correction is likely to affect speculators, credit-holders and credit-driven construction companies. A spillover effect is unlikely to be contagious. However, if the bubble game progresses to the next level, a greater oversight will be needed. Those responsible for shooting bubbles will have to improve their skills; otherwise, it will be game over.

Malaysia, Turkey set to boost trade with new deal

Anadolu Agency, *17.07.2015*

Malaysia is heralding a Free Trade Agreement (FTA) with Turkey, which is due to come into effect next month, four months after it was inked between the two countries.

International Trade and Industry Minister Mustapa Mohamed said the agreement will see exporters from Malaysia and Turkey able to enjoy preferential access for their products in each other’s countries immediately. “Both Malaysia and Turkey will eliminate and bind duties on 70 percent of the tariff lines, upon entry into force of the pact,” the minister said. “After a period of eight years, duties will be reduced or eliminated for almost 86 percent of tariff lines.”

On other strategic products, including iron and steel, both countries will phase-out import duties in stages within an eight-year period, starting from the day the agreement enters into force. Turkey will also eliminate all existing additional duties (ranging from 20 percent to 30 percent) on textiles, apparel and footwear, which currently affect more than a thousand tariff lines. For palm oil and palm products, Turkey has offered a one-off duty reduction of 30 percent from the current Most Favored Nation rate (0 percent to 46.8 percent). “Reduction of duties on these products essentially means that Malaysian palm oil and palm products are placed at a competitive advantage in the Turkish market, over similar products originating from other countries,” Mohamed said.

In 2014, the total trade between Malaysia and Turkey amounted to $969 million. Malaysia’s exports to Turkey totaled $752 million, while imports from Turkey amounted to $217 million. Key exports to Turkey include textiles and clothing, chemicals and chemical products, palm oil, manufactured metal, rubber products and electrical and electronic (E&E) products, while imports include textiles and clothing, machinery appliances and parts, iron and steel products, chemicals and chemical products, other agriculture produce and E&E products. “Malaysian exports that will benefit from immediate duty-free treatment in Turkey include selected textiles and apparel, E&E products, chemicals, iron and steel products, machineries, wood products, leather products and all rubber products,” he said, while urging Malaysian businesses in these sectors to ramp up their exports to Turkey.

During the signing of the FTA in April 2014, the prime ministers of Malaysia and Turkey set a target of $5 billion in total trade by 2020. Mohamed said that he expected the FTA to facilitate the target. Meanwhile, the deputy chairman of the Turkish Exporters’ Assembly, Süleyman Kocasert, told Anadolu Agency the FTA would contribute to the development of trade between the countries. “It is safe to say that Turkey will have a positive effect on their trading volume with Malaysia,” Kocasert said.

Turkish automotive sector expects record high sales, production figures

Reuters, *13.07.2015*

Record high figures are expected in the Turkish automotive sector’s exports, domestic market sales and production volume this year due to the recovery in European markets and the support of the incentive system.

Kudret Önen said the sector had announced a total $4.5 billion investment plan in 2013 and 2014, and its production capacity will increase to 1.7 million units. “The sector aims to reach 4 million units in production and 3 million units in exports by 2023. The 2013 export target was set at $75 billion by the sector. In this vein, the sector’s investments have been supported by the state since 2012.” He told.

“After the investment incentive package was revealed, many sector players announced comprehensive investment plans, including Tofaş, Ford Otosan, Renault and Toyota in Turkey,” he also told reporters. “We see the first fruits of these investments in the first half of 2015. Both production and export figures increased significantly. We’ll also see the positive effects of these investments in the second half of the year and even in the first half of 2016,” Önen said. “We expect that exports will exceed 925,000 units by the end of the year, much higher than the sector made in 2014. We also expect the production volume to be over 1,225 million units this year, again higher than the 2014 figures,” he said, adding that the sector could see a record high production and export figure in 2015.

The association figures include automotive, light commercial vehicle and tractor figures. The automotive sector reached record-high production levels in 2011 with 1.19 million units, while it reached record-high export levels in 2008 with 910,000 units. The association expects to see an increase of around 5 percent both in production and exports in the measurement of units compared to the figures in 2014. These figures are above the global average, according to data proposed by Önen based upon the LMC Global Car & Truck Forecast. Global motorized vehicle production rose by 2.7 percent in 2014 from the previous year and further 2.5 percent increase is expected in 2015 from 2014, according to data. Some 1.17 million units were produced in Turkey last year. Around 885,000 units were exported, worth around $22.8 billion, while around 807,000 units were sold in the domestic market. “Turkey has proved its competitiveness in the global markets … It now needs to maintain its competiveness over the next four to five years … There has been an increase in exports on the euro basis and we do not see any decrease, though we remain cautious,” Önen said, adding that the sector is also closely following developments in Iran as Tehran nears an agreement with world powers over its nuclear program. The share of the sector in Turkey’s total exports was 17 percent in June this year, the OSD head also stated.

Traffic of Istanbul’s Sabiha Gökçen airport rises by 17 pct

Hurriyet Daily News, *14.07.2015*

The number of passengers through Istanbul’s Sabiha Gökçen Airport increased by 17 percent to 12.6 million in the first half of the year, thecompany said in a written statement.

The airport, which has been chosen as the most rapidly growing airport of Europe for its size for the last five years, served a total of 10.8 million passengers in 2014. Located on the Asian side of Istanbul, the airport served 8.3 million domestic flight passengers and 4.3 million international flight passengers in the first six months of 2015. The airport saw around a 12 percent increase in its passenger numbers in June compared to the same month of 2014.

The Sabiha Gökçen Airport was named the most rapidly growing airport among 10-25 million-passenger person capacity airports in Europe with its 25 percent growth in 2014 by the Airports Council International (ACI) Europe. The airport was followed by Athens and Brussels airports in this category last year. Istanbul's Sabiha Gökçen Airport served around 23 million passengers total in 2014.

Turkish defense company signs deal with two Saudi firms

Anadolu Agency, *11.07.2015*

Aselsan has signed a tripartite agreement with two Saudi companies, King Abdulaziz City For Science and Technology (KACST) and TAQNIA Defense and Security Technologies (DST), a subsidiary of the Saudi development and investment company, to boost ties.

Aselsan announced the signing of the memorandum. Under the deal, the three companies will further increase cooperation in coordination with government agencies. "The agreement is a start of an important strategic partnership that will have a positive impact on technology and innovation capabilities in the Kingdom," al-Saud said.

Turkish public transport vehicle maker named 'European company of the year"

Anadolu Agency, 16.07.*2015*

Turkish Bozankaya has won the 2015 European Frost & Sullivan Company of the Year Award for high quality in public transport services, the company has said in a press release.

The company specializes in design, all the way to the final production stages, of rail, bus and tram-bus vehicles. Frost & Sullivan present this award to companies demonstrating growth strategy, high quality implementation and innovative solutions. Bozankaya was awarded as the company of the year among the European's best applications by sector analysts with its rail systems and public transportation vehicles breaking ground in the field of public transportation.

"Bozankaya develops its strategies in line with the developing needs of transport operators by making significant investments in R&D and manufacturing, following feasibility studies. With integration centers in six locations in Turkey and Germany, Bozankaya can develop and produce individual modules at low costs, and in an ideal time," said Frost & Sullivan research analyst Krishna Achuth at the award ceremony in London. Aytunç Günay, Bozankaya's general manager, accepted the award on behalf of the company. "As Bozankaya, we are working to develop the most innovative vehicles for the public transportation sector. We produced the first local tram-bus in Turkey. Our first local 100 percent low-floor tram project is ready and these vehicles are going to serve in the Central Anatolian province of Kayseri. We have become one of the leading manufacturers of electric buses in Turkey within the perspective that the future of the automotive industry is bound with electric engines. Not only local administrations but also international platforms have shown great interest in all of our vehicles. Transportation committees in many countries are interested in our vehicles," he said.

Bozankaya also supplied 10 units of local tram-bus vehicles to the metropolitan municipality in the eastern province of Malatya. Following the R&D activities, the production of local, 100 percent low-floor trams with 33 meters in length, double-sided driving specifications and consisting of five modules, has commenced, said the company. The first 30 units of these trams, which are being produced for the Kayseri Metropolitan Municipality, will be delivered in 2016 and are the solution to the city's transport problems in accordance with international standards, it added. Bozankaya introduced its first electric bus, E-Bus Sileo, at the end of 2014 to the international arena. Bozankaya's E-Bus Slieo has been in demand by many countries and powered by Bozankaya's single-cell loading (SCL) battery system with 200 kWh capacity batteries, which allow the E-Bus to cover a minimum of 300 km, said the company.

Iran says nuclear deal ends 'manufactured crisis'

AFP, *15.07.2015*

A deal with world powers ended a "manufactured crisis" over Iran's nuclear programme, its foreign minister said after negotiating the accord.

President Barack Obama faced a bruising battle to sell the deal in Washington as Congressional leaders queued up to denounce it. In return for curbs on its nuclear programme for at least 10 years, Iran will be freed from Western and UN sanctions that have crippled its economy. Obama is to hold a news conference on July 15 to try to convince Americans of the benefits of an agreement that has drawn opposition from US allies in the region, including Israel.

Foreign Minister Mohammad Javad Zarif, who led Iran's negotiating team in the final 18 straight days of talks that culminated in the July 14 deal, said on his return home that common ground had been found with the six powers led by the United States. "We will take measures, and they will do their part," he told reporters at Tehran's Mehrabad airport. "It will happen in around four months from now," he said of the deal's formal implementation. Zarif's comments came after a night of celebrations in Tehran, where his own name was chanted in the streets by joyous Iranians. Many festooned their cars with balloons and danced in the street to celebrate the prospect of an end to long years of economic hardship caused by Western sanctions. "Maybe the economy is going to change, especially for the young people. I was thinking about leaving, but now I will stay to see what happens," said Giti, 42, a computer programmer.

The sentiment was shared by most Iranian newspapers. Financial daily Donyaye Eqtesad said Iran had "entered the post-sanctions age." "Iran Siege Broken," headlined the moderate daily Ghanoon. In Washington, however, the deal came under intense scrutiny. The speaker of the Republican-led US House of Representatives, John Boehner, said it was "likely to fuel a nuclear arms race around the world". But Zarif hit back at the deal's biggest critic, Israeli Prime Minister Benjamin Netanyahu, head of the region's sole if undeclared nuclear state, who branded the agreement a "historic mistake". "Netanyahu kicked up a fuss, as he is upset that Iran managed to get sanctions lifted and prevent a manufactured crisis," Zarif said. British Foreign Secretary Philip Hammond headed to Israel on July 15 to explain the deal in person. He also voiced hope London could reopen its embassy in Tehran, which was closed in 2011 after being stormed by a mob. Iran has always denied seeking an atomic bomb, a stance President Hassan Rouhani reiterated after the July 14 agreement.

Soon after the deal was announced the White House launched a campaign to stop sceptics at home and abroad from derailing the hard-won accord. US lawmakers have 60 days to review the agreement but Obama has vowed to use his veto over any attempt to block it. Under the deal, Iran will cut by about two-thirds the number of centrifuges -- which can make fuel for nuclear power stations but also the core of a nuclear bomb -- from around 19,000 to just over 6,000. It has also agreed to allow the UN nuclear watchdog tightly controlled access to its military bases, an Iranian official said. Obama said the accord meant "every pathway to a nuclear weapon is cut off". "This deal offers an opportunity to move in a new direction. We should seize it," he said, pointing to a broader effort to end the hostility that has persisted ever since the overthrow of the US-backed shah in the Islamic revolution of 1979.

Washington hopes the accord may lead to more cooperation with Iran at an explosive time in the Middle East after the Islamic State of Iraq and the Levant (ISIL) jihadist group surged last year, seizing vast swathes of Syria and Iraq. Russian Foreign Minister Sergei Lavrov said the deal paved the way for a "broad" coalition to fight the Sunni extremist group, which is as hostile to Shiite Iran as it is to the West. "It removes the barriers -- largely artificial -- on the way to a broad coalition to fight the Islamic State [ISIL] and other terrorist groups," Lavrov said. But the agreement has alarmed some of America's most important Middle East allies, including Sunni regional power Saudi Arabia. French Foreign Minister Laurent Fabius said he had accepted an invitation to visit Tehran soon. With Iran set to reopen for business with the progressive lifting of sanctions, he was likely to be the first in a long line of top diplomats beating a path to Tehran. France was one of the powers that reached the deal with Iran, along with Britain, China, Germany, Russia and the United States.

Toll soars to 90 after ISIL bomb guts Iraq town

AFP, *17.07.2015*

Rescuers in the Iraqi town of Khan Bani Saad were searching collapsed buildings for bodies July 18 after a huge car bomb ripped through a busy market, killing at least 90 people.

The suicide attack by the ISIL group was one of the deadliest since it took over swathes of Iraq last year and came as the country marked Eid al-Fitr, the feast that ends the Muslim fasting month of Ramadan. Residents recounted scenes of horror in the aftermath of the July 17 attack, in which officials said at least 15 children died. Muthanna Saadoun, a municipal employee who drives a street sweeper, used his truck to help put out the fires that the blast caused in the market area.

“People were burning in their cars because no ambulances or fire engines were able to reach them,” the 25-year-old said. ISIL said the suicide attacker had three tons of explosives in his vehicle. The crater the explosion left in the main street of the town’s central Al-Khan neighborhood was about five meters wide and two meters deep. Cuts of charred meat were still hanging from the hooks of one butcher’s stall that was ravaged by flames. Several collapsed buildings were still smoldering 12 hours after the attack. A child’s toy elephant lay in the middle of the street as a defense ministry bulldozer shoveled the debris and cleaners swept blood-stained water. “What we witnessed yesterday cannot be described. Fire, bodies, wounded, women and children screaming... Al-Khan is now a disaster zone,” said Salem Abu Moqtada, 34, who sells vegetables in the market. “The toll so far is 90 martyrs and 120 wounded, and we have between 17 and 20 missing,” Abbas Hadi Saleh, the top official in Khan Bani Saad, told AFP. “Every year [during Ramadan] there’s a bombing. We are guilty of being Shiite,” he said. “This is the biggest in Diyala since 2003.”

Sunni Muslims began marking Eid al-Fitr on July 17 but Iraq’s majority Shiite community started celebrations. Markets are usually packed in the days before the holiday as people preparing for large family gatherings shop for food and clothes. Khan Bani Saad, which is only 20 kilometers from Baghdad’s northern outskirts, lies in Diyala province. The town is predominantly Shiite but has Sunni minority. “We do not have an Eid,” said Hussein Yassin Khidayyer, a 45-year-old shop owner. The force of the blast threw him to the back of his shop but he escaped unscathed. “No one wished each other a happy holiday,” he said. Eid al-Fitr is one of the most important dates in the Islamic calendar and traditionally sees families gather to celebrate the end of a month during which many fast from dawn to dusk. ISIL said in its claim that the attack targeted Shiite militias, a claim it often makes even when most of the victims are civilians.

According to witnesses and officials, the bomb went off at a checkpoint guarding an entrance to the market. Vehicles could be seen heading south from the town with coffins on their roofs taking some the bombing's victims to be buried in the Shiite holy city of Najaf. Baghdad announced in January that Iraqi forces had "liberated" Diyala, significant parts of which had been overrun by ISIL after the jihadists launched a brutally effective offensive last June. The jihadists no longer have fixed positions in the province but have reverted to their old tactics of planting car bombs and carrying out suicide operations or hit-and-run attacks. Prime Minister Haider al-Abadi condemned the attack as "a despicable crime by the "Daesh [ISIL] terrorist gangs." "We are determined to hunt them down on the battlefield and in every corner of Iraq until we get rid of the last terrorist," he said in a statement. Iraqi forces are currently pressing a broad offensive in Anbar, where they are tightening the noose on IS in the western province's two main cities, Ramadi and Fallujah. The United Nations' top envoy in Iraq, Jan Kubis, expressed his "deepest sorrow." "This horrible carnage is truly outside all boundaries of civilized behavior," he said in a statement.

Coalition-backed Iraq forces in fresh Anbar push

AFP, *14.07.2015*

Iraqi forces tightened the noose on the ISIL in its stronghold of Anbar on July 13 with a ground operation teed up by a record number of coalition air strikes.

Iraqi security forces, Shiite paramilitaries and Sunni tribal fighters advanced towards Ramadi and Fallujah, the two main cities in the western province of Anbar. In a long-awaited morale boost, a much-delayed first batch of US F-16 fighter jets flew to Iraq, a delivery that should enhance the capacity of the country's embattled military. However, it was warplanes from the US-led coalition that did the grunt work in Anbar when 29 strikes were carried out against ISIL targets.

"Near Ramadi, 29 air strikes struck 67 ISIL staging areas destroying two ISIL excavators, an ISIL armoured personnel carrier, and an ISIL vehicle," the US statement said. That number of strikes on a single area on the same day is unusually high. The US statement did not provide specific locations, but on July 13 Iraqi forces recaptured two villages east of Ramadi. "The security forces were able to advance and liberate the areas of Albu Shijil and Shiha near Khaldiyah, between Saqlawiya and Ramadi," an army lieutenant colonel said. A top official from the Khaldiyah area, Ibrahim al-Fahdawi, confirmed the liberation of the two villages in the Euphrates Valley. Iraq's joint operations command trumpeted the launch of "operations to liberate Anbar" at dawn, but provided few details. A commander of a Hashed al-Shaabi unit of Sunni tribal fighters said the Al-Sijer area was retaken on July 13, further isolating Fallujah, which lies about half way between Baghdad and Ramadi.

Operations to liberate Anbar, the vast western Iraqi province which is largely controlled by ISIL, have been previously announced. The last one was proclaimed in the immediate aftermath of the shock capture by the jihadists of the provincial capital Ramadi in mid-May. The government had to call in the Hashed, an umbrella organisation whose main components are Tehran-backed Shiite militias, to supplement its own underperforming forces. The army and the Hashed have sent conflicting messages as to whether Ramadi or Fallujah should be the first target of their efforts in Anbar. The army, which has direct support from the coalition, favours going for Ramadi first, while the Hashed al-Shaabi has most of its forces around Fallujah. Fallujah has been out of government control since the start of 2014 and is where US forces faced their toughest battles during their eight-year occupation of Iraq. Senior commanders have said that no attempt to retake Fallujah would begin before Eid al-Fitr, the holiday marking the end of the holy Muslim fasting month of Ramadan and which is due to begin at the end of the week.

At least 23 people were killed Sunday in a string of bombings in Shiite neighbourhoods of Baghdad, several of them suicide attacks. They were claimed by ISIL. Iraqi pilots flew four F-16 fighter jets to the Balad air base north of Baghdad on July 13, a delivery that was delayed by fighting near the base earlier this year. Iraq has ordered a total of 36 F-16s from the US but delivery has been slow and reinforcements to its air force when ISIL threatened to take over the country last year came from Russia and Iran in the form of Sukhoi jets. The more sophisticated F-16s received on July 13 are expected to enhance the Iraqi air force's capacity, but with foreign aircraft in action every day since last year, their delivery is not seen as a game-changer in the war against ISIL. According to a report released by the United Nations Monday, at least 15,000 civilians have been killed and twice as many wounded since the start of the armed conflict at the beginning of 2014. Three million people have also been displaced by the violence over the same period.

Trade deal with Ukraine a vote of confidence in country's potential

Financial Post, *17.07.2015*

It's hard to believe, while touring this charming medieval city, there's a war raging in this country against Russia. But the fighting is 25 hours' drive east, and the psychology is even further away. There are reminders here and there, a memoriam to a lost loved one or volunteer soldiers.

Lviv is Ukraine's "west", in more ways than geographically. The city has population of 800,000, more than a dozen universities and enterprising people with world-class businesses and skills. Along with Kiev and others, this region illustrates why this week's Canada-Ukraine free trade agreement is a splendid idea.

It’s a national vote of confidence by Canadians in Ukrainians, with a very credible upside. Ukraine has two principal assets: One-third of the world’s rich “black earth” as well as an over-sized share of brainpower. The level of Literacy is 99.7 per cent, the education rate is the world’s fourth-highest and every year 16,000 software experts and 130,000 engineers graduate. In Silicon Valley jargon, disruption is the euphemism for destruction, and the consensus is that Canada as whole, along with big oil producers Saudi Arabia, Russia or Venezuela, will be “disrupted” within one generation. But it’s a country of contrasts. Just outside Lviv, I took a photo of two farmers in a horse-drawn cart commuting between fields. Despite such primitive conditions, Ukraine remains the world’s biggest producer of grains, sunflower oils, mushrooms for Europeans and is now blanketed with apple orchards and processing plants to produce juice and cider. The biggest upside for its agri-business is that the European Union has given the country full access to its market next year. But the country’s human capital has found a major niche and been succeeding despite war and corruption. The world’s fourth-biggest cluster of certified IT professionals is here, after the United States, India and Russia. There are 100,000 software engineers and architects, proficient in English, building products and doing research for clients around the world.

One successful entrepreneur is Andrew Pavliv (who I met recently in Silicon Valley). He is CEO and founder of N-iX, with offices in Lviv, Sweden and Bulgaria. “We have long-term relationships, years in many cases, and 95 per cent stay with us to the end of their projects,” he said. We want to create a community, and encourage young people to embark on IT careers. Such commitments require stability and Russia since the seizure of Crimea and eastern violence, is losing out to Ukraine. Likewise, the war has displaced 1.3 million people including thousands of IT experts who have resettled in Lviv or Kiev. N-iX has grown to 200 employees since 2002 and — like other software professionals — many are rallying to the country’s cause. Ukraine now has the world’s first “geek army” of thousands of volunteers who are helping rebuild and repurpose the rag tag national army. A succession of Russian puppets posing as Ukrainian Presidents downsized its forces and sold off its equipment to foreigners for personal gain. “I would not really say that we are involved in the IT war effort much as a company, but some of our people are volunteering, and we support this,” Pavliv wrote. His firm occupies three floors in a Soviet-style building with a security guard but no chairs or cheer in its lobby. However, Pavliv’s firm is an oasis right out of Silicon Valley with high ceilings, plenty of natural light, open plan seating, clumps of chairs for meetings, a spacious kitchen and a large room with gym equipment, video games, fussball and cots tucked away for those with client meetings in the middle of the night. “We are 40 per cent to 50 per cent cheaper than Western countries but these people make the highest wages in Ukraine and clients pay hard currency,” said a spokesman. “When the mess started a year ago we lost 20 out of 200 [to immigration], just one per cent, but the mood is less negative and we’ve stabilized. And people, and clients, are relocating away from the militarized zone. We’ve gotten a few people from there.”

Lviv is also embarking — with its mayor and the Ukrainian Catholic University — on a strategy of growing the sector. The university launches the country’s first computer sciences degree this fall and offers a Masters of Technology Management degree; and the city is providing facilities for startups, incubators and public land to build IT House, a bargain-rate condo residence that will eventually house nearly 300 IT professionals and their families. “We want to create a community, and encourage young people to embark on IT careers,” said Stepan Veselovskyi, an IT entrepreneur who heads these initiatives on behalf of Lviv’s existing community of 16,000. Most important, this sector proves that Ukrainians can match the best. It’s not coincidental that where corruption and meddling has been absent, Ukrainians create wealth and excellence.

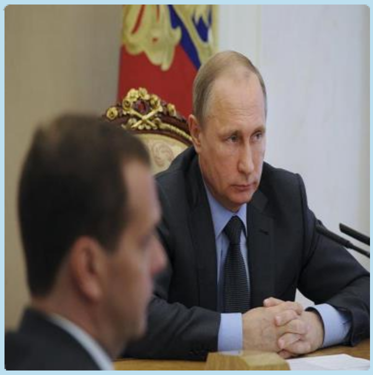
We are 40 per cent to 50 per cent cheaper than Western countries but these people make the highest wages in Ukraine and clients pay hard currency. The backdrop to trade deals is that the new government in Kiev is trying to eradicate corruption, but progress is slower than many want. It’s tragic that Ukraine — the largest country in Europe, twice the size of Germany — has become Europe’s biggest under-achiever. Incomes are $3,082 per year, roughly the same as the West Bank’s. Meanwhile, Poles next door enjoy nearly five times’ more. So far, the new government has tackled major problems: firing crooked traffic cops en masse (prosecutors and judges should be next); cleaning up its dirty natural gas monopoly that looted the national treasury; rebuilding its army with volunteer help; closing 50 dirty banks that laundered money; chopping regulations that gave officials shakedown opportunities; and appointing foreigners to undertake tough reforms. Such reforms remain a priority. Ukrainians have staged two revolutions since independence — 2004 and 2014 — to rid themselves of the rot within. The next time won’t be peaceful because these 45 million people, gentle and smart, simply will have run out of patience.

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 huge military upgrade hit another snag and Putin is not happy

Business Insider, *17.07.2015*



Despite suffering economic sanctions and the falling price of oil, Putin is pushing forward with an estimated 20 trillion ruble program to modernize the Russian military by 2020.

But the Russian defense sector is struggling to meet its goals. “The objective reasons for the failure to meet state defense procurement orders include restrictions on the supply of imported parts and materials in connection with sanctions, discontinuation of production and the loss of an array of technologies, insufficient production facilities,” Deputy Defense Minister Yuri Borisov said in videoconference with Putin, according to The Moscow Times.

Borisov said that navy guard ships, 200 amphibious aircraft, antitank missiles, radio equipment for surface-to-air missiles, and launchers for Tupolev-160 bombers are behind schedule. “I will especially emphasize that those who are delaying production and supplies of military technologies, who are letting down related industries, must within a short term ... correct the situation,” Putin reportedly said. “And if that does not happen, the appropriate conclusions need to be made, including, if necessary, technological, organizational, and personnel [changes],” Putin added. The extravagant plans for military spending were drawn up before the ruble crashed and oil prices bottomed out, back when the government was expecting 6% GDP growth annually. Nevertheless, Russia has continued with their hike in military spending, which is estimated to reach $29.5 billion in 2015, with around $4.4 billion to $4.7 billion going towards research and development alone.

The Moscow Times notes that Putin is looking to defense spending to bolster employment, investment, and technological development. As he said on his call-in show in March, “without a doubt, this program will be fulfilled,” adding that, “Our goal is to make sure that by that time, by 2020, the amount of new weapons and military technologies in our armed forces reached no less than 70%.” Given that Russia’s troubles will likely continue — sanctions will likely remain in place as fighting in eastern Ukraine continues and oil may drop as Iranian oil hits the market — Putin’s big push may meet a harsh reality sooner than later. “Russia has already spent more than half of its total military budget for 2015,” Russian economist and former rector of the New Economic School in Moscow Sergei Guriev wrote in May. “At this rate, its reserve fund will be emptied before the end of the year.”

Eurozone strikes Greek deal with tough conditions

Reuters, *13.07.2015*

Eurozone leaders made Greece surrender much of its sovereignty to outside supervision in return for agreeing to talks on an 86 billion euros bailout.

The terms imposed by international lenders led by Germany in all-night talks at an emergency summit obliged leftist Prime Minister Alexis Tsipras to abandon promises of ending austerity and could fracture his government and cause an outcry in Greece. "Either we are going to accept these draconian measures or it is the sudden death of our economy through the continuation of the closure of the banks. So it is an agreement that is practically forced upon us," he told.

If the summit had failed, Greece would have been staring into an economic abyss with its shuttered banks on the brink of collapse and the prospect of having to print a parallel currency and exit the European monetary union. "The agreement was laborious, but it has been concluded. There is no Grexit," European Commission President Jean-Claude Juncker told a news conference after 17 hours of bargaining. He dismissed suggestions that Tsipras had been humiliated even though the summit statement insisted repeatedly that Greece must now subject much of its public policy to prior agreement by bailout monitors. "In this compromise, there are no winners and no losers," Juncker said. "I don't think the Greek people have been humiliated, nor that the other Europeans have lost face. It is a typical European arrangement." Tsipras himself, elected five months ago to end five years of suffocating austerity, said he had "fought a tough battle" and "averted the plan for financial strangulation".

Greece won conditional agreement to receive a possible 86 billion euros ($95 billion) over three years, along with an assurance that euro zone finance ministers would start within hours discussing ways to bridge a funding gap until a bailout - subject to parliamentary approvals - is finally ready. That will only happen if he can meet a tight timetable for enacting unpopular reforms of value added tax, pensions, budget cuts if Greece misses fiscal targets, new bankruptcy rules and an EU banking law that could be used to make big depositors take losses. German Chancellor Angela Merkel said she could recommend "with full confidence" that the Bundestag authorize the opening of loan negotiations with Athens once the Greek parliament has approved the entire program and passed the first laws.

Asked whether the tough conditions imposed on a desperate Greece were not similar to the 1919 Versailles treaty that forced crushing reparations on a defeated Germany after World War One, Merkel said: “I won’t take part in historical comparisons, especially when I didn’t make them myself.” The deterioration of the Greek economy since Tsipras won office in January, and particularly in the last two weeks, had led to a much higher financing need, she said. One senior EU official calculated the cost to the Greek state of the last two weeks of political and economic turmoil at 25 to 30 billion euros. A euro zone diplomat said the full damage might be closer to 50 billion euros. Tsipras accepted a compromise on German-led demands for the sequestration of Greek state assets worth 50 billion euros - including recapitalized banks - in a trust fund beyond government reach, to be sold off primarily to pay down debt. In a gesture to Greece, some 12.5 billion euros of the proceeds would go to investment in Greece, Merkel said.

The Greek leader had to drop his opposition to a full role for the International Monetary Fund in the next bailout, which Merkel had insisted on to win parliamentary backing in Berlin. In a sign of how hard it may be for Tsipras to convince his own Syriza party to accept the deal, Labor Minister Panos Skourletis said the terms were unviable and would lead to new elections this year. Six sweeping measures including spending cuts, tax hikes and pension reforms must be enacted by Wednesday night and the entire package endorsed by parliament before talks can start, the leaders decided. In almost the only concession after imposing its tough terms on Tsipras, Germany dropped a proposal to make Greece take a “time-out” from the euro zone that many said resembled a forced ejection if it failed to meet the conditions. Tsipras was subjected to a 17-hour browbeating by leaders furious that he had spurned their previous bailout offer on more favorable terms in June and held a referendum last week to reject it. Only France and Italy worked to try to soften the terms being imposed on Greece.

Some diplomats questioned whether it was feasible to rush the package through the Greek parliament in three days. Tsipras is set to sack ministers who did not support him and make dissident Syriza lawmakers resign their seats, people close to the government said. Even if this week’s rescue succeeds, many EU diplomats question whether an unstable Greece will stay the course on a three-year program. Merkel, whose country is the biggest contributor to euro zone bailouts, said from the start that she would drive a hard bargain against a backdrop of mounting opposition at home to more aid for Greece. The final sticking point was Germany’s insistence on an independent external trust fund to control state assets for privatization. Berlin initially wanted to use a structure in Luxembourg managed by its own national development bank, KfW, but eventually relented. One diplomat said that was tantamount to turning Greece into a “German protectorate”. But Merkel declared the matter a “red line” for Germany. Euro zone finance ministers were tasked with finding sources of immediate bridge funding for Greece if it passed the laws, to prevent it defaulting on a key payment to the ECB next Monday. Finance ministers said Greece needed 7 billion euros of funding by July 20, when it must make a crucial bond redemption to the ECB, and a total of 12 billion euros by mid-August when another ECB payment falls due. The ECB maintained emergency funding for Greek banks to keep them just afloat this week, a banking source said. But the finance ministry in Athens said the banks would remain shut for now.

Greek parliament to vote on controversial bailout

Euractiv, *15.07.2015*

Greece geared up for a parliamentary vote on draconian reforms demanded by eurozone creditors in exchange for a huge new bailout.

The crucial vote comes hours after the International Monetary Fund issued a stark warning that Greece would need far more debt relief to stop it crashing out of the common currency than European governments have so far been willing to contemplate. The last-ditch deal struck saw Tsipras agree to sweeping changes to labour laws, pensions, VAT and other taxes in exchange for new funds to keep Greece's struggling economy alive.

The parliament in Athens must approve the deal before the 18 other eurozone leaders start negotiations over what Greece is to get in return: a three-year bailout worth up to 86 billion euros ($95 billion), its third rescue programme in five years. But while the motion is expected to pass, Tsipras has been forced to turn to pro-European opposition parties to get it through in the face of opposition from some 30 rebel lawmakers in his own radical left Syriza party, raising questions about his political survival. The embattled premier said he took "full responsibility" for signing an accord he did "not believe in, but which I signed to avoid disaster for the country" as it teetered on the brink of economic collapse. "A prime minister must fight, speak the truth, take decisions and not run away," Tsipras said in an interview on Greek public television, when asked whether he would resign if the reforms fail to pass or he loses his parliamentary majority.

Fresh polls published late on July 14 by Kapa Research found 72 percent of Greeks surveyed thought the deal was necessary, with the majority blaming Europe for the "tough measures", but many see it as a humiliating climb down for a country still reeling from years of painful austerity. Civil servants are set to stage a 24-hour strike on July 15, the first big stoppage since Tsipras took power, while several in Syriza have vowed to vote against the plans, which contradict much of their own agenda. "The great majority of Syriza organisations oppose this agreement... in terms of labour and pension issues this is worse than the last two bailouts," parliament vice-president Despoina Haralambidou told Vima FM radio. Under the new plan, eurozone governments will contribute between 40 and 50 billion euros to Greece's new three-year bailout, the IMF will contribute another major chunk and the rest will come from selling off state assets and the financial markets, a European official said.

Greek assets for privatisation will be parked in a special fund worth up to 50 billion euros, with some 25 billion euros of the money earmarked to recapitalise Greece’s banks. Tsipras said the establishment of the fund meant ordinary Greeks’ savings were safe, but added that the reopening of the banks -- which have been closed for over a week -- depended on the finalising of the deal, which could take a month. The European Central Bank has been keeping Greek banks afloat with emergency liquidity, but it could be forced to cut off that aid if Greece misses a huge debt repayment due on July 20. Tsipras has predicted “the great majority of Greek people” will support the deal, but admits he “cannot say with certainty” that it will be enough to stop Greece exiting the eurozone -- a so-called “Grexit” -- until the final bailout agreement is signed. Adding to his concerns, the IMF warned late July 14 in a study that Greece’s creditors will still have to go “far beyond” their existing estimates for debt relief to stabilise the country’s finances. The EU needs to decide between a dramatic extension of grace and payment periods for the debt, direct cash payments to the government to finance its deficit, or a debt “haircut”, or writedown. “The dramatic deterioration in debt sustainability points to the need for debt relief on a scale that would need to go well beyond what has been under consideration to date,” the new study said.

A senior IMF official also said the fund would only participate in a third bailout if its EU creditors produce a clear plan. The current deal “is by no means a comprehensive, detailed agreement”, the official said. European governments on July 14 also clashed over options to help Greece meet its short-term cash needs while it waits for a eurozone bailout deal to be finalised, likely to take at least four weeks. Greece’s creditors estimate Athens needs 12 billion euros to get through mid-August -- including 4.2 billion euros it is due to pay the ECB on July 20 -- but countries such as Britain are resisting contributing to any bridge financing. In a sign of the ongoing concern about the global fallout of the Greek crisis, US Treasury Secretary Jacob Lew will travel to Germany and France on July 15 and 16 for talks with top officials. If Greece does pass the agreement, Europe’s next step would be to push the deal through several national parliaments, many in countries that are loath to afford Athens more help. Germany’s Bundestag is likely to vote on July 17, provided the Greek parliament rushes through the four new market-oriented laws by Wednesday. A new poll said 55 percent of Germans supported Chancellor Angela Merkel on the bailout deal, while a third said they would have preferred a Grexit.

Japan PM pushes bill to expand role of military

AFP, *15.07.2015*

Prime Minister Shinzo Abe made another pitch for security bills which would beef up Japan's military, as he pushed legislation through a key panel despite surging public and parliamentary opposition.

At the House of Representatives committee, which is dominated by Abe's Liberal Democratic Party (LDP), members of opposition parties surrounded the chairman, holding banners to protest the "forced" passage. But the bills that would expand the remit of the country's armed forces were approved by the lawmakers of the ruling coalition, and are now set to move to a vote in the main chamber.

They would then be debated in the upper house before they could become law. The voting in the lower house committee came as hundreds of protestors shouted opposition to the bills outside the parliament building, while thousands also rallied against the Abe government on July 14. The proposed legislation is something of a pet project for Abe, despite widespread public disquiet over what many Japanese say is an affront to the country's 70 years of pacifism. "Unfortunately, the Japanese people still don't have a substantial understanding" of the bills, the prime minister told the panel on July 15. "I will work harder so public understanding would deepen further." Japanese politics abounds with the notion that those who disagree with a position do not understand it properly, and must have it explained to them more carefully.

Abe, a robust nationalist, has pushed for what he calls a normalisation of Japan's military posture. He has sought to loosen restrictions that have bound the so-called Self-Defense Forces to a narrowly defensive role for decades. But unable to muster the public support to amend the pacifist constitution imposed by the United States after World War II, Abe opted instead to re-interpret it for the purpose of his bills. Chief among the changes is the option for the military to go into battle to protect allies -- so called "collective defence" -- even if there is no direct threat to Japan or its people, something successive governments have ruled out. It has proved highly unpopular among academics and Japan's public, who are deeply wedded to the commitment to pacifism. Abe's support rate has fallen to 39 percent, lower than the 42 percent disapproval rating, according to the latest poll by the leading Asahi Shimbun daily newspaper. The shift in military policy is supported by 26 percent of those polled, while 56 percent expressed opposition.

White House hopeful Trump claims $10 bn net worth

AFP, *16.07.2015*

Property tycoon Donald Trump, one of the richest men in America, on July 15 claimed a net worth of more than $10 billion in his race for the White House. The ex-reality TV star vying for the Republican nomination disclosed an income of $362 million last year, minus dividends, interest, capital gains, rents and royalties.

But Forbes, pointing out that Trump has lost a string of business deals after calling Mexicans rapists, insisted he was not worth more than $4 billion. The 69-year-old has trumpeted his staggering wealth an asset in his quest for political office.

Instead of portraying himself as an average Joe who understands the concerns of the hard-pressed voter, he has presented his success as proof of his leadership abilities. “This report was not designed for a man of Mr Trump’s massive wealth,” his campaign crowed about the financial disclosure. The Federal Election Commission told AFP that the forms would be made public after they were reviewed. Many boxes required that he check “$50 million or more” -- such as in the case of a building worth $1.5 billion, it said. On top of his income, he made more than $27 million by selling stocks in January 2014 and still holds a portfolio of around $22 million on the stock market, his team said. He listed nearly 500 business entities, 91 percent of which he owns in full, and divulged a salary of around $214 million from starring in 14 seasons of the hit TV show “The Apprentice.” But as with almost every move he makes, his financial disclosure got Trump into hot water -- this time with Forbes.

Trump blazed into the campaign in June, promising to “make America great again” in an offense-dishing speech that called Mexicans rapists and vowed to take on China. Forbes said it downgraded its valuation of his wealth from $4.1 to $4 billion since his remarks about Mexicans ended severed ties with, among others, NBCUniversal and Macy’s. Trump’s team said he was the one who turned down NBC. He was approached for a 15th season of “The Apprentice” but refused because of his presidential run, they said. Despite the controversies, Trump’s plain talk has appealed to Republican voters, with polls putting him in the lead of a crowded field for a second straight week. “I look forward to the challenge of winning the presidency and doing a fantastic job for our country,” he said. He sailed into fresh controversy over a campaign advertisement, posted on Twitter, which appeared to show Nazi soldiers marching under the White House. His campaign blamed an intern and deleted the tweet.

Announcements & Reports

► *The Arab-US Strategic Partnership and the Changing Security Balance in the Gulf*

Source : CSIS
Weblink : http://csis.org/publication/arab-us-strategic-partnership-and-changing-security-balance-gulf

► *The Evolution of Cybersecurity Requirements for the U.S. Financial Industry*

Source : CSIS
Weblink : http://csis.org/publication/evolution-cybersecurity-requirements-us-financial-industry

► *The Vulnerability of Europe's Small and Medium-Sized Banks*

Source : Bruegel
Weblink : http://www.bruegel.org/publications/publication-detail/publication/890-the-vulnerability-of-europes-small-and-medium-sized-banks/

Upcoming Events

► *National Perspectives on The Euro Area*

Date : 18 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 : 18 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 : 20 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 : 20 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 : 21July 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 : 21 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/