

## UN: Turkey ready providing humanitarian access to Afrin

Anadolu Agency, 01.03.2018



The Turkey emphasized its willingness to facilitate humanitarian access in Afrin, the UN Undersecretary General for Humanitarian Affairs and Emergency Relief Coordinator Mark Lowcock said.

“The Turkish authorities have emphasized to us their willingness to facilitate humanitarian access,” Lowcock said informing the UN Security Council (UNSC) about the humanitarian developments in Syria. “We would like to see aid convoys run from Damascus but that has not thus far been agreed on the Syrian side.”

Additionally, he said that civilians who are willing to flee Afrin continue to be stopped at exit points and prevented to access safer areas by PYD/PKK terrorists, who the civilians described as “local authorities”. Turkey on Jan. 20 launched Operation Olive Branch to remove PYD/PKK and Daesh terrorists from Afrin. Afrin has been a major hideout for the PYD/PKK since July 2012, when the Assad regime in Syria left the city to the terror group without a fight. The PKK is listed as a terrorist group by Turkey, the U.S., and the EU, having waged a terror campaign against Turkey for more than 30 years, killing nearly 40,000 people. Lowcock also pointed out that the UN is ready to provide humanitarian aid to 10 different areas which are all under siege however, access to these areas are still prohibited despite the UNSC’s humanitarian ceasefire resolution.

Turning to the situation of Eastern Ghouta, he noted that the humanitarian situation on the ground has not improved in any way, no medical evacuation has taken place, and that the civilians can not leave the region. “More bombing. More fighting. More death. More destruction. More maiming of women and children. More hunger. More misery. More, in other words, of the same,” Lowcock responded to a question what has happened in the last few days, if there has been no humanitarian access since the resolution adopted Saturday. Slamming the Russia’s decision which requires only five-hours ceasefire for a day in eastern Ghouta, he also said it is impossible to bring a humanitarian convoy and distribute the aid packages in five hours. The UN Under-Secretary-General for Political Affairs Jeffrey Feltman also emphasized that the international community has failed to end the war that will go into the eighth year in two weeks.

The suburb has been under siege for the last five years and humanitarian access to the area, which is home to 400,000 people, has been completely cut off. In the past eight months, forces of the Assad regime have intensified their siege of Eastern Ghouta, making it nearly impossible for food or medicine to get into the district and leaving thousands of patients in need of treatment. According to the White Helmets civil defense agency, regime attacks have killed 389 people in Eastern Ghouta in the past six days. Syria has been locked in a devastating conflict since early 2011 when the regime cracked down on demonstrators with unexpected ferocity. According to UN officials, hundreds of thousands of people have been killed in the conflict to date

## Turkey's exports up 14.8 percent in February

Anadolu Agency, 01.03.2018



February 2018 top-performing February in country's history. Turkey's exports jumped 14.8 percent to reach \$12.9 billion in February, compared to the same month of 2017, Turkish Exporters Assembly (TIM) announced.

The figure makes February 2018 the best performing February in the country's export history, TIM said. Turkey's exports surged 12.8 percent to \$25.3 billion in the first two months of 2018 over the same period in 2017. The country's 12-month exports reached \$159.03 billion, 11.1 percent up from the previous time interval.

## Turkish Central Bank reserves top \$115 billion in January

Hurriyet Daily News, 28.02.2018



The Turkish Central Bank's total reserves reached \$115.29 billion as of the end of January, the bank announced on Feb. 28.

Official reserve assets rose by 7.1 percent, compared to \$107.63 billion as of Dec. 31, 2017, according to the Bank's international reserves and foreign currency liquidity report. In January, foreign currency reserves -- in convertible foreign currencies -- rose to \$88.44 billion, a monthly increase of 7.1 percent. As another sub-item of official reserve assets, gold reserves including gold deposits and, if appropriate, gold swapped reached \$25.28 billion, a rise of 7.4 percent.

At the end of January 2017, the Bank's total reserves were \$106.45 billion, including \$89.05 billion in foreign currency along with \$15.93 billion in gold reserves. Over the past 10 years, Central Bank of the Republic of Turkey (CBRT) official reserve assets rose nearly 61.5 percent, from \$71.4 billion in January 2009 to \$115.29 billion in January 2018. In mid-December 2013, the Bank's total reserves saw a historic high of nearly \$136 billion, including some \$21 billion in gold reserves. Meanwhile, the Bank noted that short-term predetermined net drains of the central government and the CBRT - foreign currency loans, securities, and foreign exchange deposit accounts of residents abroad within the CBRT - climbed 0.8 percent in January from the previous month, reaching \$11.77 billion.

Of this amount, \$7.6 billion belongs to principal repayments and \$4.16 billion to interest repayments, it added. The CBRT report also said contingent short-term net drains on foreign currency rose 8.5 percent to \$66.85 billion last month, compared to December 2017. According to the Bank's definition, contingent short-term net drains on foreign currency consist of "collateral guarantees on debt due within one year" and "other contingent liabilities," which are the banking sector's required reserves in blocked accounts in foreign currency and gold, and letters of credit items on the CBRT's balance sheet.

## Turkey's Treasury plans to repay \$9.4 billion debt in March to May period

Hurriyet Daily News, 21.02.2018



Turkey's Treasury will pay back 35.8 billion Turkish Liras (some \$9.4 billion) of debt, 62 percent of which will go to external creditors, in the March-May period this year, the Undersecretariat of Treasury stated on Feb. 28.

According to the official plan, domestic debt redemption of 13.7 billion Turkish Liras (around \$3.6 billion) is projected. Some 86 percent of this amount will be interest payments while the rest will be principal payments. The Treasury will also repay 22.2 billion liras (nearly \$5.8 billion) external debt.

The Undersecretariat's domestic borrowing strategy revealed that the Treasury has projected 15.1 billion liras (around \$3.9 billion) of borrowing, including borrowing from the domestic market through auctions and borrowing from public institutions. There will be no planned external borrowing. From this March to the end of May, the Treasury will hold seven auctions to issue government bonds, the undersecretariat noted.

# Erdoğan's Senegal visit to promote Turkey's Africa policy

Reuters, 20.02.2018



President Erdoğan's five-day, four-country trip to Africa, which continues with a one-day visit to Senegal today, showcases Turkey's dedication to its African initiative program with a focus on improving bilateral economic ties with African countries.

President Recep Tayyip Erdoğan arrived in Senegal late Wednesday on the third stop of his five-day, four-country Africa trip. During his one-day stay in the country, which is seen as a gateway to West Africa due to its geographical position.

President Erdoğan is expected to hold talks with his counterpart Macky Sall and discuss bilateral ties and cooperation. Accompanied by a group of 200 businesspeople, President Erdoğan will attend the Turkey-Senegal Business Forum, during which agreements are expected to be signed and steps toward improving commercial and economic ties will be discussed. High-level visits from Turkey to African countries have shown Turkey's dedication to its African Initiative program, which has profoundly transformed political and economic ties with African countries. Over the last 10 years, President Recep Tayyip Erdoğan has paid more than 30 visits to 28 African countries – the most of any Turkish president. President Erdoğan also visited Senegal in 2013 and 2016. On this trip, he will have visited Algeria, Mauritania, Senegal and Mali in five days once he finishes. Within the scope of Turkey's Africa Initiative, the country's trade volume with the continental countries increased by six-fold in the last 15 years, reaching \$17.5 billion.

Turkey's 15-year Africa Initiative Policy has increased economic cooperation and it has also taken political relations to the next level. For example, the foreign trade volume between Turkey and Senegal in 2017 was \$248.6 million, while the same figure stood at \$91.8 million in 2008, according to Turkish Statistical Institute data. The experience of Turkish businesspeople has been transferred to the region and it has contributed to the development of African countries. Economic relations have been diversified with a "win-win" approach. Turkey, Senegal can develop important energy projects. Foreign Economic Relations Board (DEK) Turkey-Senegal Business Council Chairman Hakan Şahin pointed out that Senegal was a member of the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union, Speaking ahead of President Erdoğan's visit to Senegal, he indicated that the country could take on the central role of commerce in West Africa as well as in North Africa for Turkish investors.



ahin also said that Senegal continued to lay the foundations for stable economic expansion through public and private investments in energy, infrastructure, agriculture, fishery, tourism, textile and information technology, He added that monetary policies of the country being carried out by the Central Bank of the West African Countries and the use of common currency in the region was one of the most important elements facilitating the trade to be made after the investments are carried out. He emphasized that a request for a land acquisition for Turkish Business Center in Senegal was submitted, stating that goods exported by Turkish businesspeople could be exhibited and sold, and that there would be hotels, offices and meeting halls within the scope of the center. Senegal is one of the most economically and politically stable countries in Africa, ahin said. "The natural gas reserves in Senegal have drawn the attention of the whole world to this country. Issues such as deduction of this gas, power plants, storage and distribution systems can develop important projects between the two countries in the medium and long term." "Also, there is an important business potential in solar energy field in Senegal, where new investments are being made, that can be realized by mutual cooperation of the two countries," he continued. "The construction of energy transmission lines that could carry the energy produced in Senegal, which is a candidate to become the region's energy basin in the future, to other countries is another important business development area."

Apart from this, ahin said, there are significant opportunities and possibilities in health, textiles, food and animal husbandry fields that could contribute to the improvement of the trade between the two countries. He also pointed out that Turkish contractors were ready to undertake important projects regarding the infrastructure investments that are essential for Senegal's development. ahin concluded that President Erdoğan's visit will contribute to the increase in the bilateral commercial and economic relations. Ankara sees the relations with Dakar as a "strategic partnership," Turkish Ambassador to Senegal Nihat Civaner said, adding that they have rapidly covered distance in this direction.

Civaner said he expects a "leap" in the bilateral relations during Erdoğan's visit and added that several agreements will be signed to improve the ties. He said it was "not surprising" to see how Turkey has a strong presence in Senegal. The ambassador said the Turkish Cooperation and Coordination Agency (T KA) has been very active in Senegal for many years and it carried out projects worth around \$12 million in last 10 years. According to DE K data, Senegal ranks second after Ivory Coast in terms of the level of industrial development among the French-speaking West African countries. Natural resources are rather limited in Senegal, whose economy is based on agriculture. A total of 70 percent of the country's labor force is employed in the agricultural sector. According to 2016 figures, Senegal's gross domestic product (GDP) was \$12.1 billion and its gross national product per capita was \$774. The Turkish-Senegalese relations go back to the 1960s when Senegal declared independence. The two countries have embassies in each other's capitals. There are reciprocal visits between the two countries at the level of presidents, prime ministers, foreign ministers and other ministers. The regular flights offered by Turkish Airlines (THY) to Senegal also contribute to the improvement of relations between the two countries.

During Erdoğan's visit to Algeria on Tuesday, two Turkish firms inked a \$1 billion agreement with Algeria's state-owned energy and chemicals group Sonatrach to establish a polypropylene production plant in the Yumurtalık district of Turkey's southern province of Adana. Erdoğan said that Turkey and Algeria have a bilateral trade volume of \$3.5 billion and that it needs to be raised to \$5 billion at first and then to \$10 billion. To achieve that goal, he said energy cooperation is the most important and requires immediate action.

## Turkey's economic confidence index drops in February

Anadolu Agency, 27.02.2018



Economic confidence in Turkey slipped month-on-month in February, falling 1.8 percent, TurkStat said on.

The economic confidence index dropped to 103, down from 104.9 in January, the TurkStat said in a statement. This decline stemmed from the decreases in consumer, real sector, services, retail trade and construction confidence indices. The five indices declined to 72.3, 110.8, 100.7, 104.7 and 83.8, respectively. In August 2017, Turkey's economic confidence rose to its highest level --106.4 -- in more than five years, helping the Turkish lira strengthen against the dollar.

According to TurkStat, the index indicates an optimistic outlook on the general economic situation when it is above 100, or a pessimistic outlook when it is below 100. "The economic confidence index is a composite index, encapsulating the evaluations, expectations, and tendencies of both consumers and producers on the general economic situation," TurkStat said. The next economic confidence figures are due to release on March 27.

## European Investment Bank to finance Turkish megaproject

Anadolu Agency, 01.03.2018



Turkish Treasury and the European Investment Bank signed a loan agreement amounting to €150 million (\$183 million) to finance a continuing mega infrastructure project in Istanbul, according to an official statement.

“The loan will be utilized to meet the additional financing requirements of Marmaray Project which is implemented by the General Directorate of Infrastructure Investments,” the Undersecretariat of Treasury said. According to the Treasury, the loan will be used for partial financing of a sub-project of suburban line improvements and electromechanical systems within the Marmaray Project.

The first leg of the project, a 13.6-kilometer-long tunnel built 60 meters below the sea level, was launched on Oct. 29, 2013, as a part of the 90th anniversary celebrations for the founding of the Republic of Turkey. Around 5.5 billion Turkish liras (\$2.5 billion) were spent for the sub-sea railway tunnel part, which was constructed by a Turkish-Japanese consortium. Connecting Asia and Europe with an uninterrupted railway network under the Bosphorus, Marmaray reduces travel time between the two continents to four minutes. On a yearly basis, over 60 million passengers use Marmaray to cross the sea.

## Iraq expects \$5B from Russia for economic recovery

Anadolu Agency, 26.02.2018



Turkish Iraq expects Russian to invests \$5 billion for economic recovery, Foreign Minister Ibrahim al-Jaafari said Monday.

Victory against Daesh has allowed Iraq to begin to return to a peace and Iraq needs a lot of help, al-Jaafari said at a news conference following a meeting with his Russian counterpart Sergey Lavrov. Al-Jaafari promised an attractive environment for Russian investors. In turn, Lavrov said Russia supports Iraqi efforts to rebuild and urged the international community to help form a government of national accord for Iraq's sovereignty and territorial integrity.

At a conference earlier this month, negotiations between an Iraqi delegation and representatives from the UN, World Bank and various nations resulted in a statement of readiness to invest \$30 billion in Iraq.

## Iraq denies pull-out from oil-rich Kirkuk

Anadolu Agency, 24.02.2018



Iraq's Defense Ministry on Saturday denied media reports about the withdrawal of federal police forces from the oil-rich Kirkuk province.

Local media said federal police forces had pulled out from the province amid reports about an imminent attack by the Daesh terrorist group. In a statement, the ministry called the reports "fabricated". "Security forces are continuing to do their duties," the ministry said. "There is no pull-out as the presence of the security forces has been welcomed by residents," it added. The federal police command described the reports as "part of a negative media campaign."

It is aimed to affect the public opinion in Kirkuk and weaken public confidence in state institutions and armed forces". Kirkuk governor Rakan Jabour also dismissed the reports, saying the security situation was stable in the province. Last December, officials in Baghdad declared that Daesh's military presence in Iraq had been all but dismantled. Nevertheless, it appears that the group still maintains "sleeper cells" in several parts of the country, including Kirkuk.

## G20 international trade soars in 2017: OECD

Anadolu Agency, 28.02.2018



International merchandise trade in G20 countries soared year-on-year in 2017, according to OECD data released Wednesday.

G20 country exports and imports rose 10.0 percent and 11.5 percent respectively last year compared to 2016. The data showed that the highest annual export growth in 2017 was seen in Australia -- 20.5 percent -- and Russia -- 25.4 percent. India and Russia posted the highest import growth over the same period with 23.2 percent and 24.5 percent, respectively. G20 countries' international merchandise trade.

Also soared for the seventh consecutive quarter. G20 exports in the fourth quarter climbed 2.7 percent to over \$3.56 trillion, while imports rose 3 percent to top \$3.6 trillion. According to the data, Turkish exports and imports were also on the rise in the last quarter of 2017 with 3 percent and 3.2 percent, respectively.

## EU pledges ‘countermeasures’ on Trump’s new tariffs

Daily News, 02.03.2018



**Strongly regretting the U.S. president’s announcement of the implementation of new tariffs on imported steel and aluminum, the European Commission on Thursday promised “countermeasures” against the U.S. goods for a “rebalance” in trade between Europe and the U.S.**

**“We strongly regret this step, which appears to represent a blatant intervention to protect U.S. domestic industry and not to be based on any national security justification,” Jean-Claude Juncker, President of the European Commission, said in a written statement.**

“Protectionism cannot be the answer to our common problem in the steel sector. Instead of providing a solution, this move can only aggravate matters,” Juncker added. Promising retaliation for the U.S. restriction on steel and aluminum affecting the EU, Juncker the EU would react “firmly and commensurately” to defend its interest. “We will not sit idly while our industry is hit with unfair measures that put thousands of European jobs at risk,” Juncker said, adding, “The Commission will bring forward in the next few days a proposal for WTO-compatible countermeasures against the U.S. to rebalance the situation.”

Earlier in the day, Trump said the U.S. would implement 25 percent tariff on imported steel and a 10 percent on aluminum imports as of next week. Mentioning “a negative impact” of U.S. measures on transatlantic relations and on global markets, Cecilia Malmström, Commissioner for Trade, added: “In addition, they will raise costs and reduce choice for U.S. consumers of steel and aluminium, including industries that import these commodities.” Malmström also said the EU would ask for a dispute in Geneva “at the earliest opportunity”.

## EU urges implementation of cease-fire in Syria at once

Anadolu Agency, 27.02.2018



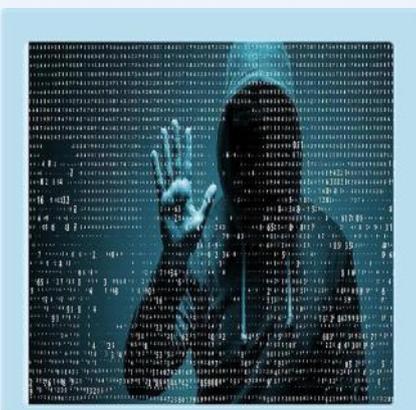
The EU foreign policy chief on Monday urged implementation of the UN's new Syria cease-fire resolution.

Federica Mogherini said the peace process guarantor countries -- including Turkey -- should work together to implement the cease-fire process. "I will send a letter today to the foreign ministers of three guarantors of the Astana process -- Russia, Turkey, and Iran -- and ask them ... to work for the implementation of UN Council resolution, in particular for the implementation of de-escalation zones that were decided in Astana and for which they have a role to play,"

The UN Security Council on Saturday passed a resolution calling for a 30-day cease-fire in Syria to allow for humanitarian aid deliveries. The resolution came as regime forces intensified attacks on Eastern Ghouta, a Damascus suburb, in recent days, killing 389 people in the past six days, according to the White Helmets. Syria has been locked in a devastating conflict since early 2011, when the regime cracked down on demonstrators with unexpected ferocity. According to UN officials, hundreds of thousands of people have been killed in the conflict to date.

## German government data hacked by Russian group: reports

Anadolu Agency, 28.02.2018



A Russian hacking group infiltrated the German government's data network used by ministries and security agencies, local media reported.

The hacking by "APT28" group was discovered in December 2017, but German authorities suspect it started months ago, German news agency DPA reported. In a written statement on Wednesday evening, Interior Ministry confirmed that authorities were investigating an IT security incident following a cyber attack that targeted the German Federal Administration Information Network, also known as the IVBV. "The attack was isolated and brought under control"

The ministry said, but did not make a comment on the media claims that a Russian hacking group was behind this cyber-attack. The IVBV data network was used by state institutions, including the chancellery, foreign and defense ministries, and security agencies, according to the media reports.

## German travelers return to Turkey after attacks, coup attempt

Anadolu Agency, 21.02.2018



Summer bookings to Turkey by German holidaymakers have doubled, though are still far from the levels seen a few years ago, German market researcher GfK said on Feb. 28.

Tourists, a major source of financing for Turkey's wide current account deficit, are starting to return to the country after a series of bomb attacks and an attempted coup scared them away for a couple of years. Bookings for Turkey from Germany for summer 2018 were up 101 percent at the end of January from a year ago, GfK data showed. But the volume of bookings was still only about half of that for Greece.

"But if we assume that nothing further happens to keep people away, then Turkey should return to former strength in a year or two," Doerte Nordbeck, head of Travel & Logistics Germany at GfK, told journalists at a news conference ahead of the world's biggest travel fair in Berlin next week. Germans' summer bookings for Greece were 40 percent higher than a year ago by the end of January, helping the country overtake the Balearic islands as Germans' most popular holiday destination, she said, citing booking data from travel agencies and online portals. Bookings for the Balearic islands were up 3 percent. Egypt also continued its comeback, with bookings up 64 percent. Norbert Fiebig, president of German travel association DRV, said holidaymakers were returning to Turkey because the security situation and political tension appeared to be easing and it was more affordable than comparable destinations. "In Turkey they can get an all-inclusive holiday in a five-star hotel for a price at which they would have trouble finding something with three or four stars in Spain," he said.

Europe's largest travel group TUI said this month, when asked about the effect of recovering bookings for Turkey on margins, that the focus there was currently on building volume. Overall, Germans' summer bookings by the end of January were 18 percent higher than a year ago. DRV expects bookings for 2017-18 to end up roughly around 5 percent higher than a year earlier, when Germans took 4 percent more trips. Germans' spending on travel bookings should also grow, after jumping 8 percent to a record 64.7 billion euros (\$79 billion) in 2016-2017, excluding expenses made during their trips. Germany is the world's third-largest spender on foreign travel behind China and the United States.

## Asian markets sell off after Trump's tariff announcement; Nikkei leads losses

CNBC, 02.03.2018



Asian stocks declined on Friday, with steel producers and automaker names recording steep drops. The fall in regional markets tracked sharp losses on Wall Street following a tariff announcement from U.S. President Donald Trump.

Trump said on Thursday that the U.S. will impose tariffs of 25 percent for steel and 10 percent for aluminum. The tariffs will be implemented broadly, without targeting specific countries. Markets stateside fell on the news as investors worried about retaliatory actions from U.S. trade partners that could potentially result in a trade war.

In addition, tariffs are also seen as inflationary as they could mean higher prices for consumers. Japan's trade minister responded to the news on Friday, saying that Japanese steel exports were not a threat to U.S. national security, Reuters reported, citing local wire service Jiji. Canada, the largest source of U.S. steel imports, indicated it would respond to U.S. tariffs with its own measures. The European Union, meanwhile, said it would "react firmly and commensurately" to defend its interests. "Given uncertainty whether the move presages a path of increased tariff application for the U.S., we expect risk sentiment to remain fragile for now," Chang Wei Liang, a strategist at Mizuho Bank, said in a note. In Tokyo, the benchmark Nikkei 225 fell 479.33 points, or 2.18 percent, as the yen firmed, with steel stocks trading sharply lower. JFE Holdings declined 2.86 percent, Nisshin Steel lost 2.34 percent and Kobe Steel lost 2.68 percent. Automakers, which make use of steel and aluminum products, also tracked losses seen stateside. Honda Motor and Toyota Motor sank 3.29 percent and 2.05 percent, respectively.



Other sectors, including technology, were also firmly lower. Sony lost 1.11 percent and SoftBank Group tumbled 3.14 percent. Elsewhere, the Kospi declined 0.86 percent, with technology and manufacturing stocks mostly trading lower. Index heavyweight Samsung Electronics fell 1.7 percent. Meanwhile, steelmaker Posco and Hyundai Steel dropped 3.04 percent and 2.61 percent, respectively. Automakers were also firmly in negative territory, with Hyundai Motor down 3.1 percent. Down Under, the S&P/ASX 200 edged lost 0.67 percent, with gold producers the only sector to trade in the green. Gold stocks rose 1.3 percent. Mining majors were lower, with Rio Tinto sinking 1.14 percent. Meanwhile, Bluescope Steel rose 0.93 percent. Greater China markets followed regional markets lower, with Hong Kong's Hang Seng Index falling 1.53 percent. Large cap names were downbeat: China Construction Bank was down 2.31 percent, Tencent lost 2.01 percent and insurer AIA sank 2.06 percent. Mainland markets saw more moderate declines than their regional peers. The Shanghai composite slipped 0.32 percent and the Shenzhen composite edged lower by 0.44 percent.

Steel and aluminum stocks listed on the mainland recorded steep losses as markets reacted to news about U.S. tariffs, with Baoshan Steel falling 3.3 percent. Shares of Aluminum Corporation of China, or Chalco, fell 1.28 percent. U.S. markets slid in the last session on the back of Trump's announcement, with stock indexes recording losses of more than 1 percent. The Dow Jones industrial average closed 420.22 points to close at 24,608.98, despite advancing more than 150 points earlier in the session. Markets also took note of Federal Reserve Chairman Jerome Powell's Thursday testimony before the Senate Finance Committee. Powell said that he did not currently see any signs of overheating in the U.S. economy.

On Friday, U.S. stock index futures traded mixed during Asia afternoon trade, with Dow futures off by 81 points following the sell-off overnight. In currencies, the dollar index, which tracks the greenback against its rivals, edged lower to trade at 90.160 by 12:39 p.m. HK/SIN, flat from Thursday's close of 90.242 and off a high of 90.932 earlier in the overnight session. Against the safe haven yen, the dollar extended losses to trade at 106.12 after sliding in the previous session. That compared with levels around the 107 handle hit earlier in the week. Retaliatory responses from other countries to U.S. tariffs "would be a mild drag to global economic activity and support the dollar, particularly against cyclical-sensitive currencies," Elias Haddad, a currency strategist at Commonwealth Bank of Australia, said in a note.

# China adviser heads to US for trade talks

Reuters, 26.02.2018



Chinese President Xi Jinping's top economic adviser, Liu He, are set to visit the United States this week, China's Foreign Ministry said on Feb. 26, at a time of tension between the two countries over trade.

Liu will be in the United States from today to March 3, ministry spokesman Lu Kang told a daily news briefing. Views will be exchanged "on China-U.S. relations and the two countries' economic and trade cooperation", the spokesman said, confirming reports from the United States on the trip, but without giving other details.

Liu, a Harvard-trained economist and trusted confidant of President Xi, has emerged as the front-runner to be the next governor of China's central bank, according to sources with knowledge of the situation. Xi's top adviser on economic policy is also expected to become vice premier overseeing the Chinese economy, part of a government reshuffle coinciding with the annual meeting of China's parliament that opens on March 5 and is likely to last about two weeks. A senior U.S. official said last week that there will be discussions on trade disputes with Liu when he visits Washington. On the U.S. side, the talks will be led by President Donald Trump's trade envoy, Robert Lighthizer. The discussions will take place as Donald Trump considers new tariffs on steel imports.

Trump has long sought a way to a more balanced trade relationship with China and threatened to impose a big "fine" against China to protect American intellectual property. The U.S. official said Trump had been discussing imposing a global tariff on imports of steel from China and other countries. The U.S. Commerce Department on Feb. 16 recommended that Trump impose stiff curbs on steel imports from China and other countries and offered the president several options, ranging from global and country-specific tariffs to broad import quotas.

# Trump announces steel, aluminum tariffs

Anadolu Agency, 02.03.2018



President Donald Trump said Thursday the U.S. would implement stiff new tariffs on imported steel and aluminum.

Trump said the new tariffs of 25% on imported steel and a 10% on aluminum imports would take effect next week. The “disgraceful” treatment of U.S. steel and aluminum producers by other nations, especially China, helped lead to the decision, Trump said. “And when it comes to a time when our country can’t make aluminum and steel and somebody said it before and I will tell you you almost don’t have much of a country, because without steel and aluminum, your country is not the same,” he said announcing the new tax.

“We need great steel makers, great aluminum makers for defense.” The Dow Jones industrial average disapproved of the move, plunging nearly 500 points in afternoon trading -- a 2 percent decrease. Shares of Pennsylvania-based U.S. Steel, the second-largest steel producer in the nation, rose nearly 6 percent to \$46.07. Approximately 90 percent of aluminum used in American manufacturing is imported as well as one-third of steel. Industry groups believe consumers will bear the brunt of the tariffs because of increased prices for items like beer, cars and other objects built of or packaged in metals.

“These proposed tariffs on steel and aluminum imports couldn’t come at a worse time,” said Cody Lusk, CEO of auto industry advocate the American International Automobile Dealers Association, in a statement. “Auto sales have flattened in recent months, and manufacturers are not prepared to absorb a sharp increase in the cost to build cars and trucks in America. The burden of these tariffs, as always, will be passed on to the American consumer.” Democrat and Republican politicians also criticized the announcement. “Let’s be clear: The President is proposing a massive tax increase on American families,” Senator Ben Sasse, a Republican, said in a statement shortly after the announcement. “Protectionism is weak, not strong.” Reaction also came from Canada where the tariffs will be a blow to that economy, which is the largest exporter of steel and aluminum to the U.S. In 2017, Canadian exports of steel accounted for 16 percent of the 26.9 metric tons imported by the U.S. The dollar value and amount of aluminum exported Canada’s southern neighbor, however, were not readily available. Foreign Affairs Minister Chrystia Freeland in a statement called the tariffs “absolutely unacceptable” and that “Canada will take responsive measures to defend its trade interests and workers” if the tariffs are enacted next week.

Freeland also chided the U.S. for the tariffs she said would harm workers in both countries. “Any restrictions would harm workers, the industry and manufacturers on both sides of the border,” she said. “The steel and aluminum industry is highly integrated and supports critical North American manufacturing supply chains.” The head of the Canadian arm of the United Steelworkers union, Ken Neumann, said the tariff could “decimate” the steel industry in Canada. He made the remark one day before Trump announced the tariffs. The tariff announcement takes place as Mexico, Canada and the U.S. are in the seventh round of North American Free Trade Agreement renegotiations this week in Mexico City. And the European Commission promised “countermeasures” against American goods to “rebalance” trade between Europe and the U.S.

“We strongly regret this step, which appears to represent a blatant intervention to protect US domestic industry and not to be based on any national security justification,” European Commission President Jean-Claude Juncker said in a statement. \*Anadolu Agency correspondent Ata Ufuk Seker in Brussels and Barry Ellsworth in Canada contributed to this report.

## New Fed chairman says Amazon helped keep inflation low

CNBC, 01.03.2018



**Federal Reserve Chairman Jerome Powell believes Amazon played a role in keeping a lid on inflation over the past decade.**

The central banker was asked why inflation has been so low since the financial crisis. “It’s a global phenomenon. We don’t perfectly understand it. Since the [financial] crisis, a big factor that has been weighing down inflation is just the weakness in the economy. You had a lot of slack and the economy has not been tight,” Powell said Thursday during his testimony to Senate Banking Committee.

“There are other stories. There’s the Amazon effect story. There’s global slack. The idea that slack around the word is affecting the tightness of the U.S. labor market. [It’s] really hard to tie those down from an empirical standpoint, but they may be having some sort of an effect on inflation,” he said. Amazon’s market share of U.S. retail sales is rising. The e-commerce juggernaut generated 44 percent of all U.S. e-commerce sales last year, or about 4 percent of the country’s total retail sales figure, according to data from One Click Retail. Consumers are gravitating toward online sales due to lower prices and wider selections versus physical store retailers. The central banker also cited currency and energy commodity prices as factors for low inflation during the past decade. “We also had the strong dollar and lower oil prices in ‘14 and ‘15. That pushed down [inflation],” Powell said.

# This index shows enthusiasm for the economy is getting out of hand

CNBC, 28.02.2018



While Federal Reserve Chairman Jerome Powell talks up the strength of the U.S. economy, growth expectations appear to have gotten a little out of hand.

Wednesday's report that GDP increased 2.5 percent in the fourth quarter — a notch lower than first reports — was just the latest indicator that while the economy is still performing well, it's a far way from blasting off into the stratosphere. One measure, the Citi Economic Surprise Index, shows graphically how economists have been overestimating the expansion.

The pace of growth is significant as investors have been sweating over how rapidly Powell and his Fed colleagues will move when it comes to raising interest rates. Markets on Wednesday increased the chances for a fourth rate hike this year. As its name suggests, the index measures actual data against Wall Street estimates. After hitting a nearly seven-year peak in early January, the gauge has cooled off considerably and is at its lowest point since mid-November. Back in late June, the highly cyclical index reached its lowest measure since August 2011. The index has an inconsistent history in terms of its correlation with the stock market, though lately both have been trending lower. The index does not suggest that the economy is falling off a cliff. Its reading of 33.5 indicates that data continue to surprise to the upside, but not nearly as much as earlier this year.

While the fourth-quarter GDP reading came in right around expectations, there have been some notable other data misses in February. Domestic auto sales, retail sales excluding autos, multiple housing indicators and durable goods orders all fell short. A continued downtrend could cause economists to start marking down what have been increasingly aggressive forecasts for full-year growth. Many have come around to the Trump administration's assertions that the combination of tax cuts and increased domestic spending will push GDP considerably higher this year. Most recently, though, the Atlanta Fed slashed its projection for first-quarter growth. The bank's widely watched GDPNow tracker drew headlines Feb. 1 when it estimated that the first quarter was moving at a powerful 5.4 percent pace, which would equate to the best quarterly gain since the financial crisis. However, the string of disappointing reports has caused the Atlanta Fed this week to pull its forecast all the way down to 2.6 percent, after the disappointing reports on durable goods orders and advanced economic indicators. Even with the cooling economic data, Fed Chairman Powell told Congress in a speech Tuesday that he is optimistic about growth.



“The economic outlook remains strong,” he said in testimony before the House Financial Services Committee. “The robust job market should continue to support growth in household incomes and consumer spending, solid economic growth among our trading partners should lead to further gains in U.S. exports, and upbeat business sentiment and strong sales growth will likely continue to boost business investment. Moreover, fiscal policy is becoming more stimulative.” Powell’s enthusiasm even spooked the market some, with the Dow industrials dropping nearly 300 points after traders worried that the new central bank leader might push for faster rate hikes given his views on growth and inflation soon rising to 2 percent. Most economists seem to share his views, despite the recent dip in data compared with expectations. “Looking forward, the outlook remains quite good. Consumer confidence in February reached a 17-year high, even as tight labor market conditions are showing signs of boosting wage growth,” Jim Baird, partner and chief investment officer at Plante Moran Financial Advisors, said in a note. “At the same time, many households are just starting to see the benefit of lower federal taxes in their take-home pay.”

Markets are adjusting their outlook for Fed hikes, with the consensus still forming around three rate increases this year, the first one coming in March. However, the implied chance for a fourth move jumped Wednesday to a new high of 36 percent from 28 percent a week ago, according to the CME’s FedWatch tracker. There’s now even an 8 percent probability for a fifth hike in December.



# Announcements & Reports

## *Meeting the China Challenge*

**Source** : CSIS  
**Weblink** : <https://www.csis.org/analysis/meeting-china-challenge>

## *Prices, Products and Priorities: Meeting Refugees' Energy Needs in Burkina Faso and Kenya*

**Source** : Chatham House  
**Weblink** : <https://www.chathamhouse.org/sites/files/chathamhouse/publications/research/2018-01-30-meeting-refugees-energy-needs-burkina-faso-kenya-mei-corbyn-vianello-final.pdf>

# Upcoming Events

## *The Economic Impact of Cybercrime*

**Date** : 21 March 2018  
**Place** : CSIS - Headquarters  
**Website** : <https://www.csis.org/events/economic-impact-cybercrime>

## *Aid Wars: U.S.-Soviet Competition in India during the Cold War*

**Date** : 23 March 2018  
**Place** : New Delhi, India  
**Website** : <https://www.brookings.edu/events/discussion-aid-wars-u-s-soviet-competition-in-india-during-the-cold-war/>

## *Iran in 2018 and beyond: Amidst external and internal challenges*

**Date** : 26 March 2018  
**Place** : Westbay, Qatar  
**Website** : <https://www.brookings.edu/events/iran-in-2018-and-beyond-amidst-external-and-internal-challenges/>

## *A Fed duet: Janet Yellen in conversation with Ben Bernanke*

**Date** : 27 March 2018  
**Place** : Washington DC  
**Website** : <https://www.brookings.edu/events/a-fed-duet-janet-yellen-in-conversation-with-ben-bernanke/>



## *Energy Statistics Course March 2018*

**Date** : 19 - 23 April 2018  
**Place** : Paris  
**Website** : <http://www.iea.org/workshops/energy-statistics-course-march-2018.html>

## *11th Energy Storage World Forum*

**Date** : 14 April 2018  
**Place** : Berlin  
**Website** : <https://www.entsoe.eu/news-events/events/Pages/Events/11th-Energy-Storage-World-Forum.aspx?EventWorkshopId=334>