Turkey's GDP per capita index up in 2017

Anadolu Agency, *19.06.2018*

Turkey's gross domestic product (GDP) per capita index based on purchasing power parity (PPP) was 65 while the average for 28 European Union (EU) countries was 100 last year, the Turkish Statistical Institute (TurkStat) announced Tuesday.

Turkey's GDP per capita index was 35 percent below the EU average, according to the preliminary results of the European Comparison Program for 2017, TurkStat said. Official data showed that Turkey's GDP per capita index based on PPP recorded a recovery last year, as the index value was 64, or 36 percent below the EU average, in 2016.

The PPP is an index that allows a comparison for both economic activity and living standard between different countries. "Among 37 countries involved in the comparison, the country with the highest index of GDP per capita was Luxembourg with 253 and the country with the lowest index of GDP per capita was Albania with 29," TurkStat said. Luxembourg's GDP per capita in 2017 was 153 percent above the EU28 average whereas Albania was 71 percent below, the report revealed. The official report includes data from the EU28 countries plus three European Free Trade Association (EFTA) countries -- Switzerland, Iceland and Norway -- and five candidate countries -- Turkey, Macedonia, Montenegro, Serbia and Albania -- along with one potential candidate country, Bosnia and Herzegovina. TurkStat reported that the actual individual consumption (AIC) per capita in Turkey was 32 percent below the EU average.

"While GDP per capita is mainly an indicator of the level of economic activity, AIC per capita is an alternative indicator better adapted to describe the material welfare situation of households," it said, noting that AIC consists of goods and services actually paid or purchased by consumers as well as provided freely by government, or by non-profit organizations. The institute stated that among the 37 countries included in the comparison, Norway had the highest actual individual consumption per capita with 132, while Albania had the lowest with 37. TurkStat also said: "According to the preliminary results for 2017, price level index for AIC was 46 for Turkey." "This figure represents that the same basket of goods and services purchased for the cost of €100 in total of 28 EU countries, could be purchased for €46 in Turkey," it added. Through the end of this year, TurkStat will release the permanent results for 2017, based on Eurostat figures calculated within the European Comparison Program in collaboration with OECD.

Turkey’s external assets at $234B in April

Anadolu Agency, *12.06.2018*

Turkey’s external assets totaled $234 billion as of April this year, up 0.5 percent from the end of 2017, the Central Bank of the Republic of Turkey (CBRT) announced Tuesday.

The country’s liabilities against non-residents fell to $665.2 billion, going down 3.8 percent in the same period, the bank said. The net international investment position (NIIP) the gap between Turkey’s assets abroad and liabilities was minus $431.3 billion in April versus minus $458.7 billion at the end of last year. Showing a snapshot in time, the NIIP which can be either positive or negative is the value of overseas assets owned by a nation.

It’s minus the value of domestic assets owned by foreigners, including overseas assets and liabilities held by a nation’s government, the private sector, and its citizens. Reserve assets, a sub-item under assets, were $112 billion at the end of April -- up 3.9 percent from the end of 2017 -- while other investments totaled $72.1 billion, down 5.7 percent over the same period. The data also showed that currency and bank deposits, one of the sub-items of other investments, fell 15 percent to $29.7 billion compared to the end of 2017. On the liabilities side, direct investment -- equity capital plus other capital -- as of the end of April was $159 billion, a 16 percent drop compared to the end of last year” with the contribution of the changes in the market value and foreign exchange rates,” the bank said. Last year the average USD/Turkish lira rate was 3.65, while in the first four months of 2018 one dollar was exchanged for 3.87 Turkish liras on average. “Total external loan stock of the banks recorded $94.8 billion, increasing by 0.1 percent compared to the end of 2017, and the total external loan stock of the other sectors recorded $112.2 billion, increasing by 3.9 percent,” the bank added.

Turkey attracts over $3B int'l investment in Jan-April

Anadolu Agency, *21.06.2018*

Turkey attracted some $3.1 billion in net international direct investment from January to April, the Ministry of Economy announced Thursday. In the first four months of 2018, the sum of net foreign direct investment (FDI) recorded a 21.9 percent yearly decline from some $3.9 billion in the same period of 2017.

According to the official data, the amount of net FDI the country received was $609 million in January, $467 million in February, more than $1 billion in March, and $863 million in April.

As the leading item on the overseas direct investment account, equity investment direct inflow to Turkey was around $1.7 billion. The European Union (EU) was the main origin of this amount with a share of 63.4 percent. Austria ($316 million), the Netherlands ($229 million) and the U.K. ($94 million) were the top three European sources of direct capital inflow in the four-month period. "In January-April this year, $638 million of the total equity capital entry was in the energy sector," the ministry said and added that it was followed by the manufacturing sector with $371 million and the financial intermediation sector with $161 million. Including 18 branch offices, a total of 2,344 new foreign-backed firms were established in Turkey while another 34 local companies benefited from international participants over the same period. In Turkey, some 61,500 companies with overseas capital were operating as of April -- 37.2 percent of them linked to the EU.

Official report showed that over 23,500 of these companies are involved in the retail and wholesale trade sector, followed by real estate rental and business activities (9,980 businesses), and manufacturing (7,210 firms). The Ministry of Economy noted that 108 incentive certificates for investment projects of international investors were issued In the four-month period. According to the official figures, the investment value of these certified projects -- within the framework of FDI legislation and the incentives regime -- amounted to $6.5 billion from January to April. Last year, Turkey attracted $10.9 billion in net international direct investment, nearly $7.5 billion of which was equity investment inflow, and the Economy Ministry issued 339 incentive certificates for projects valued at $25.6 billion.

Deputy PM Şimşek: Turkey doesn't need state of emergency anymore

Hurriyet Daily News, *21.06.2018*

Deputy PM Şimşek had told that there is no need for Turkey to continue the state of emergency anymore as the country has already destroyed the terror corridor, a top economy official has said.

During a televised interview on June 21, Deputy Prime Minister Mehmet Şimşek also said recent steep fluctuations in foreign exchange rates stemmed mainly from global economic developments, while some uncertainties about Turkey's monetary policy were the main reason behind the previous fluctuations along with global economic concerns.

"Turkey needed to launch a state of emergency after a coup was attempted on July 15, 2016, and had to extend the emergency rule a couple of times. We do not want to maintain it even for one more day. Our president [Recep Tayyip Erdoğan] has pledged to end the state of emergency. This development is of great importance," he said during the interview with Habertürk TV in the southeastern province of Gaziantep. "Turkey has already destroyed the terror corridor through various military operations, like in Afrin. And it has become successful in its fight against the Fetullahist Terrorist Organization [FETÖ]. Therefore, there is no need for the maintenance of the emergency rule anymore," he added, noting that the end of the state of emergency would positively affect the inflow of foreign fund into the country. "Besides, the loss in the Turkish Lira has mainly stemmed from deterioration in Turkey perceptions and its negative impacts on the foreign fund inflows into Turkey."

The Turkish Parliament on April 18 extended the ongoing state of emergency for the seventh time for another three months, meaning the upcoming early elections on June 24 will be held under the emergency rule despite widespread disapproval from opposition parties. Şimşek also noted that the recent loss in the lira was mainly due to global economic developments, namely an escalation in worries about the outbreak of a trade war. The lira stood at 4.76 against the dollar on June 21 noon local time. It hit a series of record lows in May, weakening as far as 4.9290 before recovering after the Central Bank raised interest rates. Şimşek also said his team is in talks with an Asian country to sell $1.5 billion in advanced technology products, while elaborating on the rise in defense production of Turkey in the last decade. He, however, did not specify the country. "While we were importing almost 75 percent of our defense industry needs some decade ago, this rate has now declined to 40 percent. Turkey has now become a key defense exporter," Şimşek added.

EU reinforces position at the forefront of global energy transformation, says Irena

Irena, *14.06.2018*

Adnan Z. Amin, Director-General of the IIRENA has welcomed the EU decision to increase its renewable energy target from 27%to 32% by 2030, highlighting that the move reinforces the EU's position at the forefront of energy transformation and reflects the new economics of renewable energy.

Responding to the announcement made by the European Commission today, Mr. Amin said: "The EU's decision to increase its renewable energy target from 27 per cent to 32 per cent by 2030 is a move that consolidates Europe's position at the forefront of the global energy transformation.

And establishes a positive decarburization pathway in line with its commitments under the Paris Agreement. "It is also recognition that the new economics of renewable energy have propelled it to the forefront of energy policy and investment decision making as governments around the world look to address long-term climate and economic agendas. Our renewable energy roadmap analysis, delivered to the European Commission earlier this year, identified that higher shares of renewable energy in the EU were cost-effective and would have a net positive economic impact. "This ambitious and achievable new strategy will drive significant additional investment activity, creating thousands of new skilled jobs and improving health and wellbeing whilst decarbonising the European energy system. We welcome the decision and believe it can act as a source of encouragement to global policymakers, and as a clear reminder of the centrality of renewable energy to both economic prosperity and climate stability." In February, IRENA presented a report entitled Renewable Energy Prospects for the European Union – at the request of the European Commission, outling the EU's cost effective potential to increase its share of renewables to 34 per cent by 2030 with a net positive economic impact.

Japanese government must be more unified in pursuit of PV goals

PV Magazine, *18.06.2018*

"With a potential for growth to 100 GW to 200 GW-scale installed capacity, PV is the leading power source of renewable energy," RTS Corp., a Tokyo-based PV consulting firm, says in its latest monthly report on the Japanese solar industry.

Demand has fallen from the peaks seen during the early years of Japan's former feed-in tariff (FIT) system, with the Japan Photovoltaic Energy Association (JPEA) recently reporting that PV module shipments fell 17% year on year in in fiscal 2017 to 5.67 GW. Cumulative solar installations stood at 46.8 GW at the end of 2017.

According to the International Renewable Energy Agency (IRENA). However, RTS said in December that Japan appears poised to surpass its 2030 solar installation target of 64 GW within the next two years, roughly 10 years ahead of schedule. It expects the country to install 6 GW to 7.5 GW (DC) of solar in the current year. However, to maintain momentum and stay on target, the Japanese authorities need to align their activities more effectively, RTS says. It has also argued for different corners of the solar industry to work in concert, while calling for the establishment of an industry association that brings solar, wind, biomass, geothermal and other renewable energy sources together under a single umbrella. "Concerning PV power generation, since cooperation with peripheral and different industries are expected hereafter, now it is a good chance to transform the conventional weak industry structure into a robust one," it says. "The PV industry has to be united to establish a robust dissemination framework which would be a good example for other renewable energy industry associations."

Japan's Ministry of Economy, Trade and Industry (METI) last week wrapped up public consultations on a recently approved draft proposal for the country's fifth strategic energy plan. The draft proposal of the document, which outlines the development of the country's energy industry through 2050, is soon due for approval by the Cabinet, which is already working with a range of ministries to set the fiscal 2019 budget for the energy plan. However, RTS argues that METI needs to start aligning its aims more effectively with those of other industries that have a say in PV development, including the Ministry of the Environment (MoE), the Ministry of Agriculture, Forestry and Fisheries (MAFF) and the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). It says that the four ministries now need to work together more effectively in pursuit of a common vision, as all of them are now promoting policies that will shape the deployment of solar in the decades to come. The MAFF, for example, recently revealed that it would start offering permits of up to 10 years to allow PV generation facilities to coexist with active farming operations, up from a previous limit of three years.

A consortium in Shizuoka prefecture also recently started discussions on related demonstration tests. The MoE, meanwhile, is working on its fifth plan for the environment, while the MLIT continues to promote the adoption of Net Zero Energy buildings, which are playing a key role in driving the deployment of rooftop PV arrays and battery storage systems. “However, relying only on such a system where each ministry promotes introduction of renewable energy individually, the degree of freedom in dissemination will not increase,” RTS says. “It is important to strengthen the leading function for expanding introduction of renewable energy which belongs to the Ministerial Council on Renewable Energy, Hydrogen and Related Issues promoted by the national government across the Cabinet Office, ministries and agencies and develop a dissemination framework which includes cooperation among 47 prefectures, in addition to the government-level cooperation.” That said, RTS acknowledges the ongoing progress that is being made in support of greater renewables deployment. The Japan Electric Power Exchange (JEPX), for example, recently held its first tender for non-fossil-fuel certificates, following a relatively recent series of reforms that paved the way for new electricity generators to compete for residential customers with the country’s utilities.

The JEPX is set to introduce futures contracts before the end of this year, as well. At the municipal level, the Tokyo metropolitan government recently started accepting applications for distributed-generation renewables projects for fiscal 2018, with the minimum requirement for PV systems being lowered from 10 kW or more to 5 kW. The city of Yokohama, meanwhile, has started promoting the deployment of virtual power plants (VPPs) at schools. And in support of greater nationwide PV deployment, four capacity auctions will be held from August through May 2019, RTS says. Perhaps more importantly, the national government is still moving forward with efforts to reform the electricity market, including efforts to legally separate utilities’ generation and transmission businesses. “As electricity system reform progresses, it is becoming significant that some of the conventional energy industries which had little interest in renewable energy have started to focus on the renewable energy business,” RTS observes. However, while greater coordination will be key to ensuring that Japan reaches the PV installation targets it ends up setting in the final draft of its fifth strategic energy plan, METI nonetheless remains the linchpin of future development. RTS believes that the ministry will continue to focus on bringing down PV system prices through the upcoming capacity auctions. It will also continue to work on ongoing issues such as how to dispose of old solar panels, while encouraging the development of a secondary market for operational PV assets. “In preparation for the drastic change of the market environment, the target should be the development of (an) industry which is based on the cumulative installed capacity presupposing power supply of 100 to 200 billion kWh/year, replacing the conventional industrial structure based on newly installed capacity,” RTS concludes.

China to remove barriers on energy, transport sectors

The Standard, *19.06.2018*

China has completed the revision of new negative list for market access of foreign investment and will make it public soon, China Securities Journal reported today.

Restrictions on energy, resources, infrastructure, transportation, commerce circulation, and professional services will be removed or loosened in the upcoming list, according to the report. China has already announced measures to further liberalize the finance and automobile sectors. The new negative list will have two sections, one for nationwide implementation and one for pilot free trade zones.

Besides opening-up measures in 2018, the new negative list will unveil further measures for the next few years and there will be a transitional period for some industries. The State Council decided at an executive meeting chaired by Premier Li Keqiang on May 31 that the negative list on the market access of foreign investors will be revised and released before July 1. China has rolled out an array of measures to significantly broaden market access since the beginning of 2018, a year that marks the 40th anniversary of the country's reform and opening-up policy.-Xinhua

Trump threatens tariffs on China goods worth $200b

Washington Post, *19.06.2018*

President Donald Trump inched closer to an all-out trade war by unveiling plans Monday to impose 10 per cent tariffs on an additional $200 billion of Chinese goods if Beijing doesn't bend to US demands.

With the world's two largest economies on the brink of a full-fledged confrontation, spooking markets and worrying business leaders, Trump said he was pushing forward with fresh punitive measures over Beijing's "unacceptable" move to raise its own tariffs. "Further action must be taken to encourage China to change its unfair practices, open its market to United States goods.

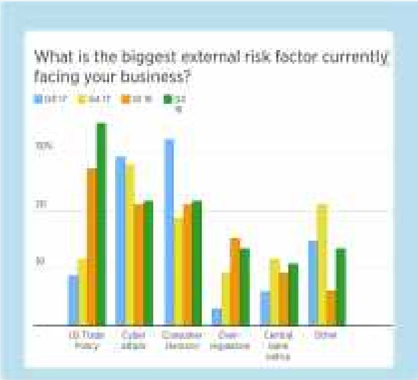
And accept a more balanced trade relationship with the United States," Trump said in a statement. The US leader warned he would go even further, with punitive measures on an extra $200 billion of Chinese goods — for a possible total of $450 billion of goods, or most Chinese imports — "if China increases its tariffs yet again. Last week, Trump announced 25 per cent tariffs on $50 billion in Chinese imports, prompting Beijing to follow suit with matching duties on American imported goods. rump had already warned at the time of "additional tariffs" should Beijing hit back with tit-for-tat duties on American goods. "The trade relationship between the United States and China must be much more equitable," the president said in explaining his decision. "I have an excellent relationship with President Xi (Jinping), and we will continue working together on many issues. But the United States will no longer be taken advantage of on trade by China and other countries in the world."

Trump moved forward with measures after months of sometimes fraught shuttle diplomacy in which Chinese offers to purchase more American goods failed to assuage his grievances over the soaring trade imbalance and China's aggressive industrial development policies. China had offered to ramp up purchases of American goods by only $70 billion to help cut the yawning trade imbalance with the United States, whereas Trump had demanded a $200 billion deficit cut. And the China trade offensive is only one side of Trump's multi-front battle with all major US economic partners. Since June 1, steel and aluminium imports from the European Union, Canada and Mexico have been hit with tariffs of 25 per cent and 10 per cent, respectively. "This latest action by China clearly indicates its determination to keep the United States at a permanent and unfair disadvantage, which is reflected in our massive $376 billion trade imbalance in goods," Trump said about China's retaliatory tariffs. "This is unacceptable." Two decades ago, China's economy was largely fuelled by exports, but it has made progress in rebalancing towards domestic investment and consumption since the global financial crisis erupted last decade — limiting the damage trade tariffs could inflict on Beijing. Still, strong exports this year have lifted the economy, which is now showing signs of losing steam under the weight of Beijing's war on debt, launched to clean up financial risks and rein in borrowing-fuelled growth.

"China apparently has no intention of changing its unfair practices related to the acquisition of American intellectual property and technology," Trump said in a statement "Rather than altering those practices, it is now threatening United States companies, workers and farmers who have done nothing wrong." Initially, 545 US products valued at $34 billion will be targeted by China, mimicking the Trump administration's tariff rollout. These include major American exports to China such as soybeans, which brought in $14 billion in sales last year, and are grown in states that supported Trump during the 2016 presidential election. Politically important exports like other agricultural products and automobiles also made the list. Beijing also drew up a second list of $16 billion in chemical and energy products to hit with new tariffs, though it did not announce a date for imposing them.

Trump’s trade war will soon hit 65 percent of global business leaders

CNBC, *22.06.2018*



As the United States teeters on the brink of a tit-for-tat trade war with China and a growing number of allies, President Trump’s insistent push for policy changes is causing a full-swing rattle in global markets and among business leaders.

Seven of the 16 biggest Dow declines this year appear to have been sparked by trade concerns, according to CNBC data. There have been 35 moves of 1 percent or more in the Dow Jones Industrial Average this year, 12 of which CNBC found were entirely or substantially related to trade-related news.

The seven negative Dow moves shaved $700 billion in market cap off the index. Trade uncertainty has risen to be the biggest risk for corporations, according to the latest CNBC Global CFO Council quarterly survey. To that point, 35 percent of global CFOs say U.S. trade policy is the biggest external risk their company faces, up from 27 percent in Q1 and tripling from the 11.6 percent who cited trade policy in the fourth quarter of 2017. Amid strong gross domestic product and job growth and profit-friendly corporate tax cuts, nearly 65 percent of North American CFO respondents said U.S. trade policy is likely to negatively impact their firms over the next six months; 20 percent of CFOs indicated the impact would be “very negative.” Sixty-six percent of Asia-Pacific region CFOs expect a negative impact on their firms.

“What is interesting is business leaders as well as investors don’t like uncertainty, and I think we are being exposed to an abnormal amount of sausage-making in the process,” said MongoDB CFO and CNBC Global CFO Council member Michael Gordon on CNBC’s Worldwide Exchange earlier this week. Still, 60 percent of North American CFOs say the full benefits of the Trump tax cuts remain, regardless of the trade risks. Forty percent say that uncertainty around trade is hurting their firm’s ability to take full advantage of tax reform. And despite the trade uncertainty, the CFO Council’s global economic outlook remains rosy. Not one global region was seen as worse than “stable” for the sixth straight quarter. The United States was seen as “improving” for the eighth straight quarter.

Big coal utilities on different course than Trump administration

Washington Examiner, *19.06.2018*

Some of the largest coal utilities in the country have different ideas than President Trump about saving money-losing coal and nuclear power plants.

Many of them are switching from coal to cleaner-burning natural gas power plants and renewable energy, and they are more concerned about the cost of making the electric grid more resilient than saving ailing power plants. "At Duke Energy, we've been working to lower carbon emissions cost-effectively for more than a decade and we don't see our overall strategy changing," said Neil Nissan, spokesman for the North Carolina Company.

This company is the nation's largest utility and user of coal. The low cost of natural gas has made it a more competitive fuel than coal and nuclear in many of the nation's energy markets. CEO Lynn Good has been outspoken since Trump took office that the company plans to move forward on its clean energy transition despite the administration's agenda. "Over the last five or six years, we've retired a lot of our coal capacity and replaced it with lower carbon natural gas," Good told CNBC June 6. She said the company has moved from having virtually no natural gas power plants a decade ago to 25-30 percent of its generating fleet now. The company is also investing more in solar energy in the seven states where it operates. The company plans to invest $25 billion to modernize its power grid and $11 billion on clean energy, Nissan told the Washington Examiner. When Trump ordered Energy Secretary Rick Perry on June 1 to take steps to save coal and nuclear plants, Duke Energy was celebrating the opening of a new 750-megawatt, state-of-the-art combined cycle natural gas power plant. The plant was built on the site of a closed coal plant in Anderson County, S.C.

The June 1 order by Trump followed a leaked White House memo that spelled out potential actions by the administration to save financially struggling coal and nuclear power plants. The memo argued that the power plants need to be saved as a matter of national security. One likely scenario would be for Perry to order the federally overseen electricity markets to provide market-based incentives for the power plants. The incentives would be based on their ability to make the grid more resilient or able to bounce back from a weather event or cyberattack. The Federal Energy Regulatory Commission rejected a similar proposal by Perry last year. FERC instead chose to establish a more thorough accounting of the grid's state of resilience and consider a universal definition for what that means. Perry has more recently said that he is open to using obscure Cold War-era authority to keep coal and nuclear plants in the energy mix, which FERC commissioners have found questionable. Duke Energy agrees "resiliency and reliability are critically important issues — given how dependent our society is on electricity," Nissan said. But the company would like to make sure that any policy would not raise energy prices.

“If there are resiliency issues, we want to work with the administration to identify and address them in a way that avoids customers paying higher costs for their energy,” Nissan said. He said the company still needs to study the Trump proposal, because it has “only seen a draft circulated by media.” Credit-ratings giant Moody’s issued a report soon after Trump’s order, stating that the proposal likely would raise prices for consumers, while benefiting two companies: Illinois-based Exelon and Ohio-based First Energy. “Should an action be adopted, owners of fuel-secured power facilities such as FirstEnergy Solutions and Exelon Generation Company LLC, along with U.S. domestic coal producers, would likely benefit,” a Moody’s analysis read. “Retail customers will likely pay more for electricity to cover the costs of the subsidy, while efficient gas-generating units, such as those owned by Calpine Corp., would likely be dispatched less often by the grid operators,” Moody’s said. First Energy has filed a petition before the Energy Department asking Secretary Rick Perry to use his authority under the Federal Power Act to keep the plants open.

Moody’s said in a separate report released Friday that new natural gas and renewable energy construction over the next five years would offset the loss of coal and nuclear plants. “The impact of these plant retirements on power capacity in the U.S. will be limited,” Moody’s concluded. PJM interconnection, which operates the nation’s largest federally overseen energy market in the U.S., said it sees no threat to the resilience of the grid that the Trump order would address. Ohio-based utility company American Electric Power said resilience is not necessarily a power plant problem, but one that can be overcome through a mix of methods that include more than power plants. The company supports protecting the reliability and resilience of the grid “during the nation’s ongoing transition to a cleaner energy mix,” and supports a process that embraces a “region-specific” planning analysis to determine the “specific resilience challenges that exist and to identify region-specific solutions,” Tammy Ridout, the company’s communications director for policy, told the Washington Examiner. “These solutions may ultimately require generation support, but should not be limited to just generation,” she said. “All options should be considered, including transmission and distribution solutions, which may provide more cost-effective ways to ensure grid reliability and resilience.” The coal utility operates in numerous states and, like Duke Energy, is shifting its coal fleet to more natural gas and renewables. But until more details are released about how the Trump-Perry proposal might work, it is still too early to speculate about potential impact, Ridout noted. Nevertheless, American Electric Power “supports moving forward as quickly as possible with region-specific studies to determine the best solutions for ensuring reliability and resiliency of the grid,” Ridout said.

Trade tensions are the biggest risk for the euro zone, the IMF says

CNBC, *22.06.2018*

The ongoing tensions over international trade are the biggest economic risk to the euro zone, the managing director of the International Monetary Fund said.

Though the euro area enjoyed an economic expansion "above potential" in 2017, "the momentum is slowing down a bit at the moment, Christine Lagarde, managing director of the IMF told reporters in Luxembourg, adding that it is likely the Fund will be "modestly" lowering its economic forecasts in July.

The Fund doesn't expect the economic slowdown to be "sharp," partly because monetary policy will continue to support growth in the 19-member region. But, according to Lagarde, there's a series of economic risks. The first of them is trade tensions. "First on the list of risks is clearly the series of trade tensions that has been initiated by the tariff increase on steel and aluminium," Lagarde said, referring to the actions of U.S. President Donald Trump's administration. Trump announced in March he would be putting a 25 percent tariff on steel imports and another of 10 percent on aluminium imports. Despite a temporary exemption, the European Union, and therefore the euro zone, became subject to those tariffs at the start of June.

In retaliation, the European Union is implementing as of Friday new duties against U.S. goods, such as orange juice, sweetcorn, peanut butter and blue jeans. Lagarde told CNBC that the problem is not the direct macroeconomic impact, as this is "in the range of 0.1 percent here, 0.1 percent there," but the impact on confidence from the tensions. "It's the trend that's worrying and it's the breach in confidence that undermines relationship," she said. Lagarde added that "retaliation, escalation, if that happens because then you're talking about higher macroeconomic impacts and, second, the undermining of confidence that has presided over the relationship of partners under the rules-based system."

Fed Chair Powell calls case 'strong' for more interest rate hikes

CNBC, *13.06.2018*

Citing robust growth and a generational low in unemployment, Federal Reserve Chairman Jerome Powell emphasized the central bank's commitment to further interest rate hikes in a speech Wednesday.

Economic gains are negating the need for crisis-era monetary policy, the Fed leader told a European Central Bank forum. "Earlier in the expansion, as the economy recovered, the need for highly accommodative monetary policy was clear," Powell said, according to prepared remarks.

"But with unemployment low and expected to decline further, inflation close to our objective, and the risks to the outlook roughly balanced, the case for continued gradual increases in the federal funds rate is strong." His remarks came a week after the policymaking Federal Open Market Committee voted to raise rates 0.25 percentage point. It was the sixth such increase since the Fed began normalizing policy in December 2015 after seven years of keeping its benchmark rate target anchored near zero as the economy recovered from the financial crisis. At that meeting, FOMC officials indicated they were likely to approve two more rate increases, bringing the 2018 total to four. Markets, though, have remained unconvinced, with the futures market assigning just a 50.9 percent chance to a fourth hike, according to the CME's FedWatch tool. Powell spoke at length about the jobs market, saying that although wage pressures remain moderate there's still good reason to believe the economy is nearing full employment. The unemployment rate is at 3.8 percent, tied for the lowest rate since 1969.

"Today, most Americans who want jobs can find them," he said. "High demand for workers should support wage growth and labor force participation." As he has in the past, Powell stressed the need not to let accommodative policy stay in place too long. He pointed out that the last two recessions were caused by "financial imbalances" rather than inflation — the financial crisis of 2008 and the dot-com implosion in the early 2000s. However, he said he doesn't see anything worrisome from asset prices at present. "While some asset prices are high by historical standards, I do not see broad signs of excessive borrowing or leverage. In addition, banks have far greater levels of capital and liquidity than before the crisis," Powell said. While he said there remains uncertainty around monetary policy, the case for interest rate hikes is solid, a position he said is supported "broadly" by FOMC members.

Announcements & Reports

► *Successfully Countering Russian Electoral Interference*

Source : CSIS
Weblink : https://www.csis.org/analysis/successfully-countering-russian-electoral-interference

► *A Year of Qatar Blockade: Is a New Security Order in Offing?*

Source : ORSAM
Weblink : http://orsam.org.tr/orsam/DPAnaliz/14597?dil=en

► *Government Negotiations and New Alliances in Iraq*

Source : ORSAM
Weblink : http://orsam.org.tr/orsam/DPAnaliz/14595?dil=en

► *Risks and Opportunities in International Affairs*

Source : Chatham House
Weblink : https://www.chathamhouse.org/publication/chatham-house-expert-perspectives-2018-risks-and-opportunities-international-affairs

Upcoming Events

► *European and Foreign Policy Challenges: The V4 Perspective*

Date : 25 June 2018
Place : London
Website : https://www.chathamhouse.org/event/european-and-foreign-policy-challenges-v4-perspective

► *Jordan: Regime Survival and Politics Beyond the State*

Date : 26 June 2018
Place : London
Website : https://www.chathamhouse.org/event/jordan-regime-survival-and-politics-beyond-state

► *Cyber 2018*

Date : 28 June 2018
Place : London
Website : https://www.chathamhouse.org/conferences/cyber-2018

► *The United States in Afghanistan and Pakistan*

Date : 09 July 2018
Place : London
Website : https://www.chathamhouse.org/event/united-states-afghanistan-and-pakistan

► *Fighting Financial Crime 2018*

Date : 10 September 2018
Place : London
Website : https://www.chathamhouse.org/conferences/fighting-financial-crime-2018

► *Illicit Financial Flows 2018*

Date : 01 October 2018
Place : London
Website : https://www.chathamhouse.org/conferences/illicit-financial-flows-2018

► *Climate Change 2018*

Date : 15 October 2018
Place : London
Website : https://www.chathamhouse.org/conferences/climate-change-2018

► *Global Trade 2018*

Date : 01 November 2018
Place : London
Website : https://www.chathamhouse.org/conferences/global-trade-2018