

## Domestic sales contracting amid Central Bank's interest moves

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There was a stagnation in the markets and even a recession in sales, and recent economic statistics confirm this recession. According to these statistics, housing sales in July failed to reach expected levels; construction continues, but fails to attract new buyers. Even the sales of white goods are low compared to last year's. The current economic situation forces the Central Bank to lower the interest rates.

The interest rates cannot be radically lowered in an economic environment where inflation is above target levels. The credit rating agencies indicate that when inflation is considered, the reduction of interest rates will lower Turkey's credit mark.

At the beginning of this year, when foreign currency rates were rapidly rising, the interest rate was increased by 5.5 points and froze the markets. It was impossible to lower interest rates considerably due to rising foreign currency rates, as they were threatening; rising product costs also did not allow for the reduction of interest rates. Last week, for example, an expected base reduction of 25 points did not materialize, and the weekly repo interest rate remained at 8.25 percent. This is due to the annual inflation rate, which is a point above the repo interest rate. Constructors, estate owners and various retail shop owners are complaining about decreasing sales, and they were the ones warning then-Prime Minister Recep Tayyip Erdogan that this would negatively affect voters' actions.

The outgoing prime minister menacingly demanded that the chief executive of the Central Bank reduce interest rates almost every month. The chief executive did not resist these demands, but he also did not radically reduce interest rates. Despite the serious tendency to raise inflation rates, he acted realistically and did not change the rates. A statement made after this decision indicates that food inflation, drought and geopolitical risks influenced the decision not to reduce interest rates. This resulted in a steady decrease in interest rates of 1.75 points since January. But this is not a feasible solution for shrinking markets. Real estate is the most important sector that is suffocating in the domestic market. Monthly statistics, especially those about mortgage sales, point to a receding demand for real estate. In July, there was a 20 percent decrease in demand compared to that of last year:

There were 85,000 real estate sales, and mortgage sales also decreased by 33 percent compared to the previous July. In the first seven months of the year, real estate sales dropped to 610,000 – 66,000 less than real estate sales in the first seven months of 2013. The most serious reduction, however, is in mortgage sales, which fell from 291,000 to 197,000 in the first seven months of 2014, a decrease of over 48 percent. Alongside real estate, there is also a serious decrease of demand in houseware, cars and consumer products. The rise of the value of foreign currency since May of last year — an annual increase of the dollar's value by 20 percent and the Euro's by 25 percent — reduced the demand for both foreign and domestic products.



The rising value of foreign currency also negatively affected domestic sales by triggering efforts to stop the Turkish Lira's devaluation through raising interest rates. A reduced use of credit cards and consumer credit due to increased interest rates reduced domestic demands. Many people also canceled or postponed their purchases of products due to rising political risk. The automotive sector sales face a major recession in domestic markets. The sales, which surpassed 58,000 in June 2013, fell to 47,000 in same month of this year, marking an annual decline of 11,000 units and 19 percent. If we consider the first six months of the year, the situation seems more serious. Automotive sales, which were 296,000 in the first six months of 2013, fell by 30 percent to 226,000 in the same period of this year. The rising value of foreign currency affected decreasing demand in this sector.

Sales of houseware and appliances, comprising of refrigerators, washing machines, ovens and dish washers, declined by 7 percent in the first seven months of 2014. Domestic sales of fridges plunged by 12 percent during the same period and sales of laundry machines dropped 6 percent. The sector is only held up on its feet by exports, as the sale of washing machines, which also dropped by 45,000 units in the period between January and July. The sales performance in ovens is the only exception in this group. The units sold increased by 7 percent over this period. With the decrease in domestic demand – particularly in the housing, houseware and automotive sectors – and with the complaints from several sectors, the pressure on the Central Bank for interest rate reduction will remain effective. It is right to say pressure for perceivable reductions will be ramped up on the new government as the country heads to the parliamentary elections in 2015. Although the annual inflation rate of over 9 percent does not allow a valid reason such a reduction, eyes will remain on the Central Bank's decisions almost every month.

# President Erdogan, PM Davutoglu to be absent at opening of judicial year

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The opening of the judicial year on Sept. 1 will be carried out in the absence of top state and government officials, President Recep Tayyip Erdogan and PM Ahmet Davutoglu, who are protesting the inclusion of the head of the Union of Bar Associations (TBB) as a speaker at the ceremony.

After President Erdogan, Prime Minister Davutoglu and Justice Minister Bekir Bozdag have now announced they too will not be present at the ceremony, citing the Cabinet meeting coinciding with the ceremony. Chief of General Staff Gen. Necdet Ozel has also followed the political leaders in not joining the opening ceremony.

The judicial year opening ceremonies used to bring the country's president, head of Cabinet, and justice minister together with the top justice officials as the guests of the head of the Supreme Court of Appeals. Apart from the opening ceremony of the judicial year, the anniversaries of the foundation of top supreme justice councils also brought top officials together. However, an incident that took place in June at the anniversary of the Council of State is likely to change this tradition from now on. The incident to which Erdogan referred to as an "unfortunate experience" took place May 10, when TBB head Metin Feyzioglu delivered a one-hour-long speech criticizing the government at a ceremony marking the Council of State's 146th anniversary.

Turkish politics witnessed a first when Erdogan interrupted Feyzioglu's speech, standing up and heckling him before walking out of the ceremony. He then accused Feyzioglu of "distorting reality" and being "rude and disrespectful to state protocol." Erdogan vowed not to attend any future meetings in the event that Feyzioglu is included as a speaker. Despite Erdogan's urging, the Supreme Court of Appeals decided to include Feyzioglu on the list of speakers at the Sept. 1 event.

"It has been decided that an ongoing practice of addressing the defense, which is one of the constituents of the judiciary at the judicial year ceremonies, will continue," said the Council of Presidents of the Supreme Court of Appeals in a written statement released after a meeting on Aug. 25. After his election as president, Ali Alkan, the head of the top court, visited Erdogan to celebrate his new position and also to invite him to the opening. But Erdogan rejected the invitation saying he will depart to northern Cyprus on the same day. Alkan also visited Davutoglu after the formation of the government, but he received a negative answer from the prime minister, who said he would be convening the first Cabinet meeting at around the same time.

# Key corruption probe targeting President Erdogan's son dismissed

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The Istanbul Chief Prosecutor's Office has ruled that there are no legal grounds for the prosecution of 96 suspects, including President Recep Tayyip Erdogan's son Bilal Erdogan, who were accused by prosecutors of bribery and corruption in the Dec. 25 investigation.

“By naming the Prime Minister of the Republic of Turkey as the leader of an [illegal] organization and labeling him ‘then-prime minister’ in the summary of proceedings, those who prepared the investigation showed that they attempted to remove the government by force or prevent it from doing its duties completely or partly”.

These were the words of prosecutors İsmail Ucar, İrfan Fidan and Fuzuli Aydoğan said in the non-prosecution verdict on Sept. 1. Erdogan has long accused followers of U.S.-based Muslim scholar Fethullah Gulen of establishing a “parallel state” by using its sway in Turkey's police and the judiciary, arguing that it fabricated the vast corruption scandal. Earlier on Sept. 1, arrest warrants were issued for 33 police officers, including 14 high-ranking officers, in the third wave of arrests reportedly targeting the Gulen-affiliated officials. A number of the detained police officers were involved in the corruption probes launched in December 2013 that targeted governmental figures. Back in June, Justice Minister Bekir Bozdağ took the initiative to launch an investigation into a prosecutor and three judges who had issued court orders for the arrest and asset freezing of suspects in the Dec. 17 and Dec. 25 investigations.

## Turkish central bank: Economy bullish in medium term

Anadolu Agency, 03.09.2014



Turkish economic growth will remain robust in the medium term through strong capital formation, job creation and labour force participation, according to the Deputy Governor of the Central Bank of Turkey. Murat Cetinkaya called the last decade an era of reforms, consolidations and policies dedicated at achieving price and financial stability.

However, the current decade - with Turkish President Recep Tayyip Erdogan's 2023 Vision in place fueled with stable macroeconomic and financial environment - has created strong growth prospects for the Turkish economy, Cetinkaya said.

In 2014, Turkey expects the economy to expand by 3.8 percent, an ambitious goal given the recovery phase the whole European continent is undergoing following a severe sovereign debt crisis several years ago. "This year Turkey expects the growth to be a more balanced growth where exports and domestic consumption would constitute half each," he said. Cetinkaya said Turkish exports would be fueled in coming years, due to the recovery progress seen in European Union countries. "But Turkish exports are not only reliant on Europe alone. We have learned lessons from previous crisis. If one could monitor, Turkish trade with countries from the Middle East and Asia have been growing too," he explained.

The deputy governor said by engineering a new policy framework, the Turkish Central Bank has succeeded to curb the negative effects of unstable international environment on domestic economy. He added that the Turkish financial system has been promising and attractive with strong domestic demand and financial deepening. "Turkish banks achieved growth while maintaining both their asset quality and profitability," he pointed out. On investment, Cetinkaya said Turkey will continue to attract more investment in the medium to long term, thanks to solid fiscal discipline, deep capital market and good investment climate. "Political and economic stability is one drawing factor for investments into Turkey," he said.

# Turkish inflation reaches 9.5 percent in August, rising above expectations

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Turkey's inflation rate rose above expectations again by climbing to 9.54 percent in August, dashing hopes of attaining its expected year-end target. According to figures announced by the Turkish Statistical Institute (TÜİK) yesterday, consumer prices rose by 0.09 percent compared to the previous month, exceeding forecasts by analysts who expected the rate to decline from 0.03 to 0.1 percent.

With the continuing rise in prices, the index reached 9.54 percent on annual basis for the month, hitting the highest level in three months and marking the fifth consecutive month that the rate has remained above 9 percent.

"The upward risks to inflation continue to be pronounced," said HSBC Bank strategist Ali Cakiroglu, pointing to an increase in taxi rates from September as one source of upward pressure. "We see food group price rises were significant in the CPI inflation," he said. Consumer food and non-alcoholic drinks prices rose 0.89 percent on the month, the data showed. August's inflation rate has supported growing skepticism regarding the Central Bank's hopes of achieving its year-end target of 7.6 percent. Turkish inflation had accelerated above expectations in July as well, climbing to 9.32 percent on an annual basis. On Sept. 2, Deputy Prime Minister Ali Babacan said it was unlikely that Turkey's year-end inflation rate would hit double digits, but he acknowledged the figure may end up above the government's target of 7 percent. Babacan blamed high food prices caused by the recent severe drought in the country for the higher-than-expected inflation.

In its last monetary policy meeting on Aug. 27, the Central Bank announced that its tight monetary policy stance would be maintained until meaningful improvements in the inflation outlook, while leaving the interest rates on hold for another month. The Central Bank has said in recent months that high processed food prices, particularly for bread and cereals, have been a factor in Turkey's stubborn inflation. "The adverse impact of exchange rate developments since mid-2013 on annual inflation is gradually tapering off," the Bank said in the statement released. "However, elevated food prices continue to delay the improvement in the inflation outlook. In this respect, the Committee also evaluated the possible impact of the drought and the geopolitical risks on the inflation outlook," it further said. Interest rates have been a matter of debate in Turkey for some time since the bank insisted on maintaining high interest rates until clear signs of an improvement in the inflation outlook materialized, while some government officials blame the bank's high interest rates policy for high inflation.

# Turkey's government priorities: strong economy

Anadolu Agency, 01.09.2014



The program of the Turkish Republic's 62nd government, formed by Prime Minister Ahmet Davutoglu, was read at the parliament Monday. The economy will be the next most important issue for the new Davutoglu's government after democratization.

The economy program has been prepared specifically to attain Turkish Central Bank's inflation target which remains at 5 percent, and aims to continue floating the exchange rate in the country. The country's statistical authority says inflation in Turkey rose slightly last month, from 9.16 percent in June to 9.32 percent, mainly because of rising food prices.

Prepared with a "strong economy" slogan, the main principles of the economic program consist of transparent, permanent, consistent, and foreseeable economic policies as the Central Bank will be independent in determining its policies aimed at price stability. Turkey's former Prime Minister Recep Tayyip Erdogan, now the current president, and other government officials in the recent past have criticized the Central Bank for maintaining high interest rates, terming it as a possible limiting factor for economic growth. Selecting the 100th anniversary of the Republic of Turkey as a target, the AK Party aims at increasing the national income per capita to \$25,000 and national income to \$2 trillion.

The government plans to extend its support to individual pension schemes and encourages the participation of state lenders such as Ziraat Bank and Vakifbank in the scheme. The government's program aspires to complete the project of Istanbul becoming an international financial center, with the aim of putting the city's name on the list of ten most important finance centres in the world by 2023. The current account deficit will be specifically addressed by increasing the share of renewable energy sources and nuclear power plants. In 2014, the current account deficit is anticipated to shrink 6 percent of Turkey's GDP. The government aims to shrink the unemployment rate to 5 percent through strengthening relations between education and employment and developing social welfare insurance.

Figures by Turkey's statistics authority show that unemployment in Turkey fell to 8.8 percent in May -- keeping a consistent downward rate for the fourth consecutive month. Unionization and labor agreements in compliance with EU norms will take into account standards set by the International Labor Organization. Nuclear Power Plants will be developed in Mersin and in Sinop and high capacity coal power plants will be completed in order to exploit the country's coal resources so the country can become more self-reliant in energy and in the battle to tackle the current account deficit problem. According to the government program, air transport aims to have a 400-million passenger capacity through their fleet of 750 aircraft.

# Kurdish peace bid in new government program as a first

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The ruling Justice and Development Party (AKP) has marked yet another threshold in documenting the ongoing peace process with the outlawed Kurdish Workers' Party (PKK), explicitly presenting the issue as a matter handled by intelligence officials for last few years.

“Strong steps aimed at solving of our country’s domestic issues, with the resolution process being in the first place, will be taken with determination, and our position in the world race will be strengthened as a nation. Our nation is an inheritor and carrier of a great civilization [...]” Prime Minister Ahmet Davutoglu said.

Davutoglu was reading out the preface of the program of the 62nd government of the Turkish Republic at Parliament on Sept. 1, days after he was tasked with forming a new Cabinet by new President Recep Tayyip Erdogan. The preface was not the only place where the peace process, which the government prefers to call a “resolution process,” was cited. Along with the preface and conclusion, the 189-page program was divided under five titles: Advanced Democracy, Humanitarian Development, Livable Spaces and Environment, Strong Economy and Pioneer Country. A subtitle under the Advanced Democracy section, the “Societal Integration and Resolution Process,” was entirely dedicated to the process aiming to end the three-decade-long conflict between Turkey’s security forces and the PKK.

Playing a central role in the process, jailed PKK leader Abdullah Ocalan has been in dialogue with both state officials and members of Parliament since at least late 2012. The former prime minister, Erdogan, and members of the Cabinet have so far constantly underlined that officials involved in the dialogue were not governmental officials, but state officials, mainly from the National Security Organization (MIT). However, with release of the new government’s program and after a law providing a legal framework to the ongoing negotiations with the PKK and giving partial immunity to state officials involved in the process went into force in mid-July, the 12-year old AKP government apparently now feels ready to officially leave its fingerprints on the yet-to-be-completed-process.

“The Resolution Process is in a unique, key position for unification, but not for separation; for growing but not for waning; for integration and being able to become a regional power, but not disintegration ... We aim to break the privileged citizenship order and realize the understanding of equal citizenship and common understanding of belonging. This process will reveal a new consciousness of belonging through a psychological restoration,” stated the program. “We, as the 62nd government, will continue with this Project of Fraternity wholeheartedly,” it added. Last month, Ocalan met MIT’s chief Hakan Fidan in his island prison.

Also last month, outgoing Deputy Prime Minister Besir Atalay, now the spokesperson for the ruling AKP, reiterated that the government has been working on a “roadmap” for the revival of the stalled peace process with the PKK, without citing an exact date for the finalization of the roadmap. Atalay also stressed that the end of September is an estimate, not an exact deadline for the finalization of the roadmap. In an Aug. 19 interview, in remarks widely considered an important milestone in the government’s efforts to disarm the PKK, Atalay indicated that the MIT could engage in direct talks with the PKK’s top cadres in their headquarters in the Kandil Mountains.

## Erdogan to talk to Obama, Merkel over spying crisis

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Turkish President Recep Tayyip Erdogan has said he will talk to U.S. President Barack Obama and German Chancellor Angela Merkel about an ongoing “spying feud” on the sidelines of an upcoming NATO summit. The summit, which will take place in Cardiff on Sept. 4-5, will be Erdogan’s first international appearance since taking office as president.

Erdogan’s meeting with Obama, which is scheduled for Sept. 5, will be the first time the two leaders have met face-to-face since their last meeting on May 16, 2013. In August this year, Obama called Erdogan to congratulate him on his Aug. 10 presidential election victory.

“I will also talk to Merkel at the NATO [summit],” Erdogan said, according to media outlets whose representatives accompanied the president on a visit to northern Cyprus. However, he did not provide specific details on the timing of his encounter with Merkel. Turkey had summoned the U.S. embassy’s chargé d’affaires to the Foreign Ministry to seek an explanation over the claims that the National Security Agency (NSA), along with the United Kingdom’s Government Communications Headquarters (GCHQ), have been eavesdropping on Turkish leaders for many years. The claims were reported by Germany’s Der Spiegel magazine, which in the past reported that Germany’s intelligence agency was also spying on Turkey.

Turkey, the United States, the U.K. and Germany are all NATO allies and have mechanisms for intelligence sharing, but the claims indicate that this has not stopped the countries from spying on their putative ally. The Turkish reaction to the claims has been muted, though the Foreign Ministry has officially asked the U.S. to stop its eavesdropping activities in the event that the event is verified. Erdogan, meanwhile, was in Azerbaijan yesterday for his second visit abroad as president. He arrived in Wales from Azerbaijan late yesterday to attend the NATO summit where he is expected to hold bilateral visits with other leaders in addition to Obama and Merkel. Turkey’s priorities at the summit are expected to center around the growing threat posed by the Islamic State of Iraq and the Levant (ISIL) and the humanitarian crisis in both Iraq and Syria.

Although the issue is not the focal point of the summit, it is expected that NATO leaders will address the question, with Secretary-General Anders Fogh Rasmussen having already pledged full support to Turkey if the country is directly threatened by the jihadist group. During the summit, Erdogan is also expected call on world leaders to stop the current Israeli blockade on Gaza. He is also expected to raise the issue of NATO's pledges toward Azerbaijan. The NATO summit will primarily focus on the ongoing crisis between the alliance and Russia over the latter's offensive against Ukraine, as well as its annexation of Crimea. NATO is planning to take important measures to inform Russia that the organization will not remain silent against Russia's moves in the Eurasian region.

## Number of Yazidi refugees in Turkey swells to 16,000

Agence France-Presse, 31.08.2014



The number of refugees from Iraq's Yazidi religious minority who have fled to Turkey from the advance of jihadists has risen to 16,000 and may rise further. The number marks a sharp rise from the figures of several thousand previously given and shows Turkey is dealing with another major influx of refugees as it gives sanctuary to some 1.2 million fleeing the Syria conflict.

The Yazidi refugees have fled to the southeastern Turkish province of Sirnak bordering Iraq to escape the murderous advance of Islamic State in Iraq and Levant (ISIL) jihadists who specifically target their community.

Some 2,000 Yazidi refugees have entered Turkey through legal border crossings and another 14,000 through other routes, Sirnak province Governor Hasan İpek was quoted as saying in a statement by his office. "They are being provided with all kinds of health services and three meals a day," he said, admitting that the sanitary conditions in the schools and homes where they were staying were "unfortunately" not always up to scratch. Turkey is already setting up a refugee camp for Yazidis in the town of Zakho inside northern Iraq and İpek said it had to function well, "otherwise we are faced with the prospect of 40,000 (Yazidi) refugees entering Turkey."

Meanwhile, Turkish media reported that a tented camp was being set up in the Diyarbakir province to the north of Sirnak for 3,000 Yazidi refugees to help accommodate the new influx. The Yazidis are on the run from jihadists who scorn them as "devil worshippers," a term the Yazidis themselves angrily reject. Turkey's new President and former PM Recep Tayyip Erdogan has said that Turkey is the "only country to have opened its doors" to the Yazidis. Turkey's hosting of the Syrian refugees in line with an open door policy spearheaded by Erdogan has already become a source of friction with local residents.

## Arinc: ISIL's Turkish hostages safe

Hurriyet Daily News, 02.09.2014



The government is in contact with the Turkish Consulate members in Mosul who were kidnapped by the Islamic State of Iraq and the Levant (ISIL) in northern Iraq and their whereabouts are known. “Fortunately they are alive. Their whereabouts are known.

We have contact with them,” Deputy Prime Minister Bulent Arinc said, noting that the government had not been able to bring them back to Turkey as the case “has a special situation.” ISIL militants kidnapped 49 people from the Turkish Consulate-General in Mosul on June 11, including 46 Turkish nationals.

The hostages were moved to another location in the city in early July, according to Turkish diplomats. Meanwhile, British Ambassador to Turkey Richard Moore said there is “not a cigarette paper of difference” among NATO members, including Turkey, regarding the threat posed by ISIL.

“I don’t think there is even a cigarette paper of difference between NATO members in their attitude towards ISIL. We all recognize it for what it is,” Moore told reporters Sept. 1, in response to a question regarding Turkey’s attitude in declaring ISIL as a terrorist organization. “I have noted comments from Ibrahim Kalin, an adviser to the prime ministry, and the [Religious Affairs Directorate] Diyanet making it very clear about ISIL and its presumption in declaring itself a caliphate,” Moore added. He also recalled that the U.K. and Turkey have a long standing cooperation on issues of counterterrorism and said there had been a lot of talks about foreign fighters.

“We think we have around 400-500 British citizens who have traveled to join the fight in Syria and Iraq. It’s really difficult in a democratic society to police these people going to get involved. It is difficult for security agencies. Likewise, it is very difficult for Turkish officials to identify these people and take action against them,” Moore said. “We do have real commitment to work together with Turkey on this,” he said, adding that the two countries had achieved success on the issue but could not make it public due to the sensitivity of the issue. Also touching on the key upcoming NATO summit in Wales, the ambassador said British Prime Minister David Cameron would hold a full bilateral meeting with President Recep Tayyip Erdogan on the sidelines of the gathering.

Meanwhile, German Chancellor Angela Merkel has defended a watershed decision to send arms to Iraqi Kurds battling militants, saying Europe’s “own security was at stake.” Merkel told the German parliament that the decision marked a break with Germany’s post-war tradition of refusing to send weapons into conflict zones, but stressed that the situation was critical in strife-torn Iraq, the scene of “inconceivable atrocities” against civilians. “We have the opportunity to save lives and stop the further spread of mass murder in Iraq,” Merkel said during an impassioned 25-minute speech, Agence France-Presse reported. “We have the chance to prevent terrorists from creating another safe haven for themselves. We must take this chance.”

# Amnesty accuses ISIL of ‘systematic ethnic cleansing’ in Iraq

Agence France-Presse, 02.09.2014



Amnesty International on Sept. 2 accused Islamic State in Iraq and Levant (ISIL) fighters of “systematic ethnic cleansing” in northern Iraq, as Iraqi troops, Kurdish fighters and Shiite militiamen backed by U.S. air strikes fought back against the jihadists.

A senior U.N. rights official said ISIL jihadists had carried out “acts of inhumanity on an unimaginable scale” in Iraq, and caretaker premier Nuri al-Maliki vowed the country would be a “graveyard.” The Amnesty cited “hair-raising” accounts from survivors of massacres, accusing the jihadists of “war crimes, including mass summary killings and abductions.”

“The massacres and abductions being carried out by the Islamic State provide harrowing new evidence that a wave of ethnic cleansing against minorities is sweeping across northern Iraq,” said Donatella Rovera, the rights group’s senior crisis response adviser currently in northern Iraq. The Sunni radical ISIL has pressed a campaign of terror in areas under its control in Syria and Iraq, which it has declared an Islamic “caliphate,” carrying out decapitations, crucifixions and public stonings. The breakthrough at Amerli on Sunday was the biggest success for the Iraqi government since ISIL-led militants overran much of the Sunni Arab heartland north and west of Baghdad in June. The United States carried out limited air strikes in the area during the operation, the first time it has expanded its more than three-week air campaign against ISIL beyond north Iraq.

Iraqi forces kept up the momentum on Sept. 1, with Kurdish peshmerga fighters and Shiite militiamen retaking Sulaiman Bek, a town north of Amerli that had been an important militant stronghold. “Within a few hours, we were able to clear the town completely,” the commander of the Shiite Badr militia, Transport Minister Hadi al-Ameri, told AFP in Sulaiman Bek. Fighters celebrated in the abandoned town, firing in the air, chanting anti-ISIL slogans and showing off a captured black flag of the group. Security forces and Shiite militiamen later retook the nearby town of Yankaja from the militants, officials said. Before the operation, the mainly Shiite Turkmen residents of Amerli were endangered both because of their faith, which jihadists consider heresy, and their resistance to the militants who had besieged the town for 11 weeks.

U.N. Iraq envoy Nickolay Mladenov had warned that they faced a “massacre.” Maliki visited Amerli on Sept. 1, vowing that “Iraq will be a graveyard” for ISIL. The government’s reliance on Shiite militiamen in this and other operations risks entrenching groups which themselves have a history of brutal sectarian killings. The United States said it had launched four air strikes in the Amerli area. In doing so, it effectively supported operations involving militia forces which previously fought against U.S. troops in Iraq. David Petraeus, a former commander-in-chief of U.S.-led forces in Iraq, has warned against America becoming an “air force for Shiite militias.” Tony Abbott on Sept. 2 said “extreme force” was justified in battling ISIL militants, comparing them to the Nazis and communists.

Meanwhile, more pledges were made to provide arms to Iraq's Kurds, who are battling jihadists in the north and east. The U.S. air campaign continued on Monday, with American warplanes carrying out strikes against ISIL targets in the area of the strategic Mosul dam in northern Iraq. Germany has announced that it will send anti-tank rocket launchers, rifles and hand grenades to support Kurdish forces. German Chancellor Angela Merkel said Sept. 1 that an estimated 400 German nationals had travelled to Iraq and Syria to fight alongside jihadists, and that "we must fear these fighters could return one day." Various Western countries have expressed such fears, and British Prime Minister David Cameron announced tougher measures against suspected returning jihadists. These would include banning suspects who are British from returning to the UK, and enhanced police powers to temporarily strip departing suspects of passports. The United Nations mission to Iraq said on Monday that at least 1,420 people were killed in August and 1,370 wounded.

## Gaza war cost Israel \$2.5bn

Anadolu Agency, 02.09.2014



Israeli Defense Minister Moshe Ya'alon on Tuesday said the direct cost of Israel's recent 51-day onslaught on the Gaza Strip stood at some 9 billion Israeli shekels (roughly \$2.51 billion). Ya'alon, who was speaking at the Israel's Calcalist economy conference, said the Iron Dome anti-missile defense system had saved Israel.

It "saved us from reoccupying Gaza, provided security for the Israelis and reduced the cost of the war," Ya'alon said. "The cost of an Iron Dome interceptor is \$100,000; it's worthwhile, but still expensive," he added at his speech at the conference.

Regarding stalled peace talks with the Palestinians, Ya'alon stressed the need to preserve the Israeli army's freedom of movement in the West Bank. "If we do not act, there will be rockets and mortars coming from the West Bank, which would threaten Ben Gurion airport," he said. An Egypt-brokered cease-fire came into effect last Tuesday, ending 51 days of relentless Israeli attacks on the Gaza Strip, which saw 2,147 Palestinians killed – the vast majority of them civilians – and nearly 11,000 injured. The offensive was initially launched with the stated aim of ending rocket fire from Gaza.

According to Israeli figures, 67 Israeli soldiers and five civilians were killed over the course of the operation – the highest military death toll suffered by the self-proclaimed Jewish state since it lost 119 troops in its 2006 war on Lebanon. The cease-fire deal calls for the opening of all border crossings between the Gaza Strip and Israel – effectively signaling the end of the latter's seven-year blockade on the coastal territory. It also calls for the expansion of the zone in which Palestinian fishermen are permitted to ply their trade to six miles off the Gaza coast.

# Ban Ki-moon: ‘no military solution to Ukraine crisis’

The Guardian, 02.09.2014



UN secretary general, Ban Ki-moon, has warned western powers “there is no military solution” to the Ukraine crisis, after the government in Kiev accused Russia of launching a “great war”.

As Nato prepares to upgrade its combat readiness in eastern Europe, Ban said he was greatly concerned at developments in Ukraine and wanted to avoid further deterioration. “I know the European Union, the Americans and most of the western countries are discussing very seriously among themselves how to handle this matter,” he told reporters on Tuesday during a visit to New Zealand.

“What is important at this time is that they should know there is no military solution in this. There should be a political dialogue for a political solution, that is the more sustainable way,” Ban said. His comments came after European-mediated talks on the fast-escalating crisis opened on Monday behind closed doors in the Belarusian capital Minsk, attended by Ukraine government, separatist and Russian envoys. The rebels have launched a major counter-offensive in recent days that the Ukrainian government and its western allies claim is backed by Russian forces – a charge Moscow denies. Ukraine’s defence minister, Valeriy Heletey, vowed on Monday to “immediately mount defences against Russia, which is trying not only to secure positions held by terrorists before but to advance on other territories of Ukraine”.

“A great war arrived at our doorstep, the likes of which Europe has not seen since World War II,” he posted on Facebook, warning of “tens of thousands of deaths”. Russian agencies quoted rebel representatives at the Belarus meeting demanding that Kiev provide the separatist regions of Donetsk and Lugansk with a “unique procedure” that would let them integrate closer with Russia. The developments came a day after the Russian president, Vladimir Putin, said for the first time that the issue of “statehood” should be discussed in talks on the crisis in the east, where fighting has killed more than 2,600 people since mid-April.

Incoming EU chief diplomat, Italian foreign minister Federica Mogherini, will on Tuesday outline to the European parliament’s foreign affairs committee her view of the Ukraine crisis along with other international issues. On the ground, Kiev said its forces south of the rebel hub of Luhansk were forced to retreat from the local airfield and a nearby village after withstanding artillery fire and fighting a Russian tank battalion. “There is direct, overt aggression against Ukraine from the neighbouring state,” Ukraine’s president Petro Poroshenko said. The retreat marked the latest setback for Ukrainian troops, which had been closing in on rebels in Donetsk and Lugansk until about a week ago, when the insurgents opened a new front in the south.

Since then, the rebels' lightning offensive has forced Ukrainian army units to abandon numerous positions to gear up for the defence of the southeast, in particular the strategic port city of Mariupol, which had been peaceful for months after government troops routed the rebels in May. AFP correspondents said the presence of the Ukrainian army in the region had visibly decreased in recent days. A senior Ukrainian security official told AFP that Russia's goal was to "destabilise [Ukraine] and create a land corridor to Crimea," the Black Sea peninsula annexed by Moscow in March but connected to Russia only by an old and overloaded ferry link.

Kiev and the west have repeatedly accused Russia of direct involvement in Ukraine, with Nato saying last week that Russia had more than 1,000 of its troops deployed in Ukraine and 20,000 massed along the border. Rights activists in Moscow say that up to 15,000 Russian soldiers have been sent across the Ukrainian border over the past two months. Nato chief Anders Fogh Rasmussen said ahead of the western military alliance's two-day summit in Wales that opens on Thursday that the growing Russian threat meant the cold war-era bloc must create a bigger presence in eastern Europe. "We must face the reality that Russia ... considers Nato an adversary," he told reporters. "We cannot afford to be naive." Kiev has asked Nato for help and Poroshenko is expected to travel to Wales and meet the US president, Barack Obama.

Russia has repeatedly denied helping the insurgency, with foreign minister Sergei Lavrov declaring on Monday that "there will be no military intervention [in Ukraine]". The EU warned Moscow on Sunday that it would impose fresh sanctions unless it reversed course in the crisis within a week. Putin responded on Monday by saying that he hoped "common sense will prevail" and urged the bloc to "work together normally" with Moscow. However the same day the German president, Joachim Gauck, said Russia had "effectively severed its partnership" with Europe and wanted to establish a new order.

## NATO leaders accuse Russia, aid Ukraine

Agence France-Presse, 05.09.2014



NATO leaders on Sept. 5 accused Russia of failing to take "a single step towards peace" in Ukraine even as President Petro Poroshenko voiced "careful optimism" about forging a ceasefire with pro-Moscow rebels.

The leaders gathered at a summit of the Western military alliance in Newport, Wales agreed to set up new funds to help Ukraine's military effort and treat wounded soldiers in a five-month conflict in which more than 2,600 people have been killed. European and U.S. officials also said they were ready to approve fresh economic sanctions on Russia on Sept. 6, although implementation could be delayed.



NATO leaders on Sept. 5 are also expected to approve plans to position troops and military equipment in Eastern Europe to reassure ex-Soviet bloc member states unnerved by Russia's actions. "While talking about peace, Russia has not made one single step to make peace as possible," NATO chief Anders Fogh Rasmussen said after Ukraine-focussed talks at the leaders' summit. "Instead of de-escalating the crisis, Russia has only deepened it," he said, adding that previous Russian statements on peace had been "a smokescreen for continued Russian destabilisation of the situation." But Rasmussen left open the door to a seven-point peace plan put forward on Sept. 4 by Russian President Vladimir Putin, saying: "If we are witnessing genuine efforts for a political solution, I would welcome it."

Poroshenko said he was hopeful about the plan because the initiative had come from pro-Moscow rebel leaders in eastern Ukraine. But he added that political negotiations would be a "tough challenge," warning that Ukraine's independence and territorial integrity were "not for negotiation." Poroshenko said some NATO members would cooperate with Ukraine on "non-lethal and lethal military items" although he did not specify which countries were involved and whether it would include direct arms supplies. Former U.S. presidential contender and outspoken Kremlin critic John McCain, on a visit to Kiev, urged Western allies to provide Ukraine with weapons to fend off Russia, and warned that otherwise the country could end up being "landlocked."

Poroshenko earlier briefed a group of NATO leaders, including British Prime Minister David Cameron, U.S. President Barack Obama, French President François Hollande and German Chancellor Angela Merkel. Hollande called for a "real ceasefire" that would lead to a broader political agreement, and said France would only deliver warships worth 1.2 billion euros to Russia in November if these conditions were in place. "If actions follow words remains to be seen tomorrow or in the coming days," Merkel said on the sidelines of the summit -- billed by NATO as one of its most important since the end of the Cold War. There was little sign of change on the ground, with AFP reporters hearing explosions on the outskirts of the flashpoint city of Mariupol and renewed shelling and gunfire in the rebel stronghold of Donetsk.

Russian Foreign Minister Sergei Lavrov also lashed out, denying Russian involvement and accusing the United States of undermining peace efforts by supporting "a pro-war party" in Kiev. He said Washington was "drunk on anti-Russian rhetoric" after repeated accusations from the West that Russia is training and supplying rebels and sending its soldiers into Ukraine. Ukraine tops the agenda at the two-day talks, but the 28 NATO leaders must also tackle the menace of Islamist extremists in Iraq and Syria and a problematic withdrawal from Afghanistan. Cameron and Obama said in an editorial in the Times that they would not be "cowed" following the beheading of two U.S. journalists by Islamic State in Syria and Levant (ISIL) jihadists and promised to "confront" the radicals.

There were reports of fresh brutality on that front. Police and witnesses said ISIL kidnapped dozens of residents of a village in Kirkuk province after locals there burned one of its positions along with a jihadist flag. ISIL-led militants launched a lightning offensive in northern Iraq in June, sweeping through much of the Sunni Arab heartland north and west of Baghdad before turning on Christian and Yazidi areas. Rasmussen said NATO would "seriously" examine any request from Iraq for help in its campaign against the Islamic State, while Cameron said Britain was actively considering arming the Kurds.

# Putin, Poroshenko discuss steps to stop bloodshed in Ukraine's southeast

ITAR-TASS, 03.09.2014



Russian President Vladimir Putin had a telephone conversation with his Ukrainian counterpart Petro Poroshenko, the Russian presidential press secretary, Dmitry Peskov, said on Wednesday. “[The two leaders] continued to discuss Ukraine’s military and humanitarian crisis,” Peskov said.

“The heads of state exchanged their views on top priority measures for stopping the bloodshed in that country’s south-east,” the press secretary said. “[Putin’s] view on possible ways out of this crisis situation largely coincides with that of the Ukrainian president.”

Overnight to August 27, after consultations involving Customs Union, Ukraine and the EU, a meeting between the presidents of Russia and Ukraine took place in Minsk. The conversation behind closed doors lasted for almost two hours and became the first negotiations between the two leaders. Before that, Putin and Poroshenko contacted in Normandy in June 2014, but then it was a brief talk “on the move” with participation of German Chancellor Angela Merkel and French President Francois Hollande. In addition, the two presidents had telephone conversations.

Upon results of the meeting in Minsk, Putin told journalists that the conversation touched upon the whole specter of the Russia-Ukraine relations, including economic cooperation, the situation in Ukraine’s southeast, the necessity to stop bloodshed as soon as possible and the political settlement of the whole complex of issues. Later, Dmitry Peskov specified that no further meeting with Poroshenko was on the agenda of Putin so far.

# EU threatens further sanctions against Russia

Anadolu Agency, 31.08.2014



The EU has announced it is ready to impose further sanctions against Russia in a week's time unless Moscow changes course in Ukraine. "We are in a very serious, I would say, dramatic situation... where we can reach the point of no return. If the escalation of the conflict continues, this point can come," outgoing European Commission President Manuel Barroso said.

Barroso said it was not too late to find a political solution, and that the situation in Ukraine worsened considerably and Russia should not underestimate the European Union's will and resolve to stand by its principles and values.

"The opening of new fronts and use of regular Russian forces is not acceptable and represents a grave transgression," Barroso said. "No one's interest is served by new wars on our continent. No one's interest is served by confrontation. This is simply not the way that responsible, proud nations should behave in the 21st century," he said. At least 36 people are killed every day in eastern Ukraine as clashes continue, according to a report issued by the Office of the UN High Commissioner for Human Rights (OHCHR) on Friday. The report says that at least 2,220 people have been killed and 5,956 injured so far since clashes began in April, and at least 468 people remained detained by armed groups as of August 17. President Poroshenko said Ukraine was "subject to foreign military aggression and terror."

He said thousands of foreign troops and hundreds of foreign tanks were in Ukrainian territory, constituting a very high risk for the peace and stability of not only Ukraine, but Europe as a whole. There is not a military solution for the current conflict, Poroshenko said, reiterating Kiev's "strong will for peace." European Council (EC) President Herman Van Rompuy said on Saturday the council was "extremely concerned by the intense fighting, the flows of fighters and weapons coming from Russia into eastern Ukraine, and the presence and actions of Russian armed forces on Ukrainian soil." Noting that the situation has dramatically escalated in the past three days, Van Rompuy said that all efforts "must now be directed at stopping the bloodshed and avoiding the worst."

German Chancellor Angela Merkel said that new sanctions would be imposed unless Moscow reversed course, adding that "there can be no military solution to the conflict", and "all our efforts must go towards keeping the channels of communication open and reaching a mutually agreed ceasefire." French President Francois Hollande said that if the situation deteriorated, it might lead to a war, and there was no time to waste. Ukraine launched military operations in the eastern provinces of Donetsk and Luhansk in mid-April to restore government control after pro-Russian separatists declared independence in the region. The conflict began following the annexation of the Crimean peninsula by Russia in March.

The European Union agreed in late July to broaden the scope of economic sanctions against Russia, targeting financial, energy and military sectors in particular, and including an embargo on Russia's future sales of firearms, as well as limits on trade of technology in mining, engineering and oil production. Previous EU sanctions only targeted Ukrainian and Russian individuals -- presumed to be involved in the conflict in the east of the country -- with freezes on assets and bank accounts.

## Cameron to set out UK response to Isis threat to kill Briton

The Guardian, 03.09.2014



David Cameron will set out the British government's response to the threat to the life of a British man by Islamic State (Isis) at prime minister's questions after an emergency meeting of Cobra on Wednesday morning.

Government sources said that Cameron had known of the threat to the man's life for many months so it will not change his short-term calculations, but the revelation of the threat to the public in the gruesome Isis video is likely to put more pressure on the United Kingdom to join the air strikes that the Americans have been conducting for weeks against Isis in northern Iraq.

Cameron has already told MPs he regards Isis as a threat to the British way of life, and has not ruled out RAF involvement in air strikes. Cameron is certain to confer with the US president, Barack Obama, at the Nato summit in Wales on Thursday, both about the threat to further hostages and the wider strategy to combat Isis. Obama is under intense domestic pressure to be more decisive and is considering whether to extend the air strikes to Syria, the original base of Isis. Cameron, at the G8 and G20, has led the calls on governments not to pay ransoms to hostages, and he is unlikely to change that policy in this case. The focus at the Cobra meeting will instead be on identifying the locations and identity of the hostage-takers

Islamic militants released a video on Tuesday that purported to show the beheading of a second captive American journalist, Steven Sotloff, which ended with a chilling warning that a British hostage would be the next to die. In a video entitled A Second Message to America a masked man is shown carrying out the decapitation of Sotloff, whose life had earlier been threatened in a film that showed the murder of another American journalist, James Foley. The video, released by Isis on Tuesday, features a voiceover delivered by a British jihadi with a London accent, apparently the same man who was filmed beheading Foley two weeks ago. It ends with the killer threatening another hostage, identified as a Briton. Jabbing a serrated knife towards the camera, the masked man is shown declaring: "I'm back, Obama." US officials said intelligence experts had begun work on establishing the authenticity of the video, which runs for two minutes and 50 seconds. Cameron condemned the killing as a "despicable act".



Sotloff's family issued a statement saying it believed he had been killed. State department spokeswoman Jen Psaki said the US had seen "reports of a video that purports to be of the murder" of Sotloff. "The intelligence community will work as quickly as possible to determine its authenticity," she said. "If the video is genuine, we are sickened by this brutal act taking the life of another innocent American citizen. Our hearts go out to the Sotloff family." In the video, seen by the Guardian, Sotloff appears on his knees – his hands tied behind his back – beside a man holding a serrated knife, reminiscent of those shown in the Foley video. The masked fighter indicated he was the same man who murdered Foley, saying: "I'm back, Obama, and I'm back because of your arrogant foreign policy toward the Islamic State."

The video was recorded in desolate desert landscape that resembled the location in which Foley was murdered, although the latest video showed a flatter terrain. It is unclear when it was made, but it appears to be recent: the masked killer makes reference to recent US bombings in Iraq, including the air strikes near Amerli that began on Saturday. Sotloff's hair and his beard are also longer than in the Foley video, in which Sotloff also appeared. In the latest video, Sotloff is dressed in an orange jumpsuit, apparently mimicking those used at Guantánamo Bay, and is made to deliver a statement blaming Obama for his murder. The killer states: "You, Obama, have yet again, through your actions, killed yet another American citizen." He then appears to slice Sotloff's throat. The black-masked killer again urges Obama to cease his bombing campaign in Iraq, and says that if the US does not cease bombing, "our knife will continue to strike the necks of your people".

The warning is extended to governments that might join the "evil" actions of the US against Isis. It is around this point that the video cuts to another kneeling captive, stated to be a British national. British intelligence officials have been working urgently to try to identify Foley's killer, reportedly using sophisticated voice recognition techniques to help narrow down a list of potential British jihadi suspects. UK government sources said that an early analysis of the video suggested that the British man whose voice issued this threat was the same man heard on the video that depicted the murder of Foley. Sotloff, 31, a freelance journalist from Miami, Florida, disappeared near the Syrian-Turkish border in August last year while working for the Time and Foreign Policy magazines. A spokesman for Sotloff's family said: "The family knows of this horrific tragedy and is grieving privately. There will be no public comment from the family during this difficult time."

Last week, Sotloff's mother Shirley had pleaded with Abu Bakr al-Baghdadi, the leader of Islamic State, for the release of her son, whom she described as an innocent journalist. She recorded the plea after the video of Foley's killing last month was released. In that film, Foley's killer said her son would be next in line if the militant group's demands were not met. Tuesday's video followed a similar pattern. It finished with footage of the British hostage, in the same style of orange jumpsuit that both Foley and Sotloff were wearing, suggesting he was their next intended victim. Finally, with the Briton still in shot, the masked killer states: "Back off and leave our people alone." A caption identifies the man, although the Foreign Office in London requested that his name not be published.

# Pakistan protesters advancing on PM's residence

Anadolu Agency, 01.09.2014



Pakistani anti-government protests have claimed to have reached the entrance of the prime minister's residence on Monday. One of the protest leaders, preacher Tahir-ul-Qadri has claimed that some of his supporters are now in control of the entrance to Prime Minister Nawaz Sharif's house. The army had earlier warned the protesters not to advance on the prime minister's house.

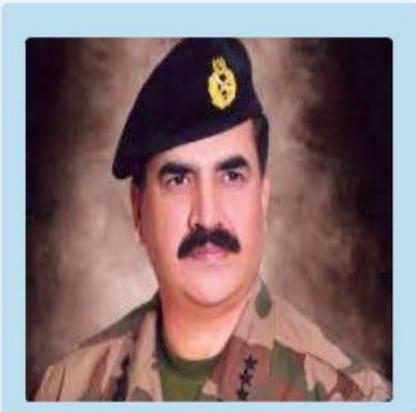
The army has been called to the offices of state television channel PTV, after protesters raided it, an unnamed government spokesperson said in a televised address on PTV.

Earlier Monday, the protesters occupied a building that houses government ministries, using rocks to repulse a police attempt to disperse them with teargas and batons. Some 800 to 1000 protesters charged at the police, helped by heavy rains that defused the teargas shells. The army are guarding parliament; the prime minister's residence and other state buildings, warning protesters not to advance any further. The soldiers did not intervene as some protesters set vehicles on fire and targeted police with petrol bombs and stones, injuring the city's police chief in the process.

Hospital sources confirmed that 20 injured were brought to hospitals on Monday morning, including five policemen. For two weeks protesters led by cricketer turned politician Imran Khan have demanded Sharif's resignation but the demonstrations took a violent turn over the weekend, after protesters attempted to reach Sharif's house on Saturday night. The army warned the Prime Minister and opposition to urgently negotiate a solution to the crisis, which reportedly led to the deaths of three protesters over the weekend and has sparked concern that Pakistan may be headed towards military intervention.

# Pakistan army urges PM to negotiate with opposition

Anadolu Agency, 31.08.2014



Reiterating its support to the country's fragile democracy, Pakistan's powerful army on Sunday urged the government and the opposition to resolve the 18-day long deadlock via dialogue.

In an urgently called meeting of corps commanders headed by army chief General Raheel Sharif, it observed that use of force would aggravate the crisis, according to the statement of the public relations office of the army. The corps commanders urged the government and the opposition to reach a political solution to resolve the nerve-shattering crisis "without wasting time."

The meeting was originally scheduled for Monday, but the commanders was summoned on Sunday amid speculations that the army was going to send a terse message to beleaguered Prime Minister Nawaz Sharif who is thought to be under pressure of either resigning or facing a direct military intervention. However, analysts see the corps commanders' suggestion to reach a political agreement with the opposition is a cloaked warning to Sharif. Thousands of stick-wielding supporters of former cricketer Imran Khan and firebrand preacher Dr Tahir-ul-Qadri are camping inside the parliament since Saturday night, demanding the resignation of Sharif's government. Three protesters have reportedly been killed and nearly 500 injured in massive clashes with riot police over the last 24 hours. The two leaders who set off their separate marches on Islamabad and later teamed up on August 14 demand Sharif's resignation for alleged electoral fraud in last year's elections. The demand has been rejected by Sharif, who is serving for the third term as premier.

# Obama's 'cautious' approach on ISIS is panned

CNN, 01.09.2014



After President Barack Obama said he didn't yet have a strategy for ISIS in Syria, even a Democrat on Sunday criticized the President's approach to fighting the extremist terror group.

There's been the expected GOP criticism: Rep. Adam Kinzinger, R-Illinois, said the President's statement was "unfortunate," a predictable assessment from someone who disagrees with the Obama's handling of foreign policy. But more notable is Sen. Dianne Feinstein, the top Democrat on the Senate Intelligence Committee, who split with the leader of her party.

"I think I've learned one thing about this President and that is he's very cautious. Maybe in this instance, too cautious," the California Democrat said on NBC's "Meet the Press. Feinstein's description comes as the Obama administration is implementing a split strategy in dealing with the group now calling itself the Islamic State. In Iraq, where America recently concluded a long war there, the United States has continued airstrikes against ISIS, including strikes near Amerli Saturday. In Syria, meanwhile, the President has been reluctant to pursue military action as a complicated web of factions, including ISIS, is fighting to defeat President Bashar al-Assad, also a U.S. opponent. While members of both parties indicated that Syria is the most dangerous country in the world right now as it is considered ISIS' home base, Republicans differed from Democrats in that they insisted that the threat ISIS poses to the U.S. is immediate.

"I believe strongly that ISIS does plan on attacking the United States," Rep. Peter King said on "Fox News Sunday." Sen. John McCain went even further on CBS News' "Face the Nation": "I think it starts with an understanding that this is a direct threat to the United States of America, that it may be one of the biggest we have ever faced. "The top Republicans' statements come just days after British Prime Minister David Cameron elevated the terror threat to "severe," the second-highest rating for that country. But the top Democrat on the House Intelligence Committee, Rep. Dutch Ruppersberger of Maryland, played down the immediacy of a direct attack in the United States on CNN's "State of the Union," saying strong intelligence "at this point" of an imminent attack on the U.S. does not exist.

Another Democrat, Rep. Adam Smith of Washington, acknowledged the threat ISIS poses is real, but it's "a bit of an overstatement" to compare the threat of ISIS to al Qaeda. "There is no evidence at this point that they are actually doing the sort of command-and-control plotting, planning specific attacks against Western targets, like al Qaeda was, gosh, for better -- for almost a decade before 9/11," he said on "Face the Nation." Kinzinger used a cancer analogy describing ISIS, expanding upon an opinion piece written by Secretary of State John Kerry in The New York Times Friday when he said "the cancer of ISIS will not be allowed to spread to other countries."



“If you have cancer in your liver, and it’s spreading to other parts of your body, you don’t just treat the other parts, you treat the liver,” the Iraq War veteran said on CNN’s “State the Union.” “The liver is Syria.” While the President has been taking heat for saying he doesn’t have a strategy for ISIS, a Democrat on the House Intelligence Committee discussed the challenges in formulating a strategy, in part, because obtaining intelligence about ISIS from war-torn Syria has been difficult. “We have got to get the intelligence,” Ruppertsberger said. Smith echoed his colleague’s sentiment. “We can’t simply bomb first and ask questions later. We have to have the right targets and the right support in order to be effective in stopping ISIS,” he said on CBS News’ “Face the Nation.”

On Friday, Rep. Joe Courtney, D-Connecticut, and others sent a letter to House Armed Services Committee Chairman Buck McKeon, asking that committee members return to Washington ahead of schedule in order to oversee Obama’s response to ISIS and the possible expansion of airstrikes. “We are very concerned that due to the speed with which events are happening, waiting until September 8th for Congress to reconvene effectively sidelines our constitutional role. We respectfully request that the Armed Services Committee reconvene as early as possible to provide the needed oversight over this new development,” they wrote.

In response, a spokesman for McKeon said the chairman appreciates the sense of urgency and that oversight can take a variety of forms. “Currently the chairman and other members of the committee are traveling in the Middle East, consulting regional leaders on this important issue. A classified briefing for committee members -- covering ISIS as well as the events in the Ukraine -- is scheduled for the Tuesday members return,” said Claude Chafin. Most Republicans, including McCain, are urging immediate airstrikes in Syria, the place where the terrorist group gained traction with its brutal tactics and mostly erasing the border between the Syria and Iraq.

The Arizona Republican joined Sen. Lindsey Graham of South Carolina, who opened the door last week to putting more U.S. troops in Iraq. McCain said that a comprehensive strategy to defeating ISIS “is going to require some more special forces.” Ruppertsberger was among the Democrats who urged a broad strategic plan that leaves the door open for a variety of actions, which is the message put out by the Obama administration over the past two days, including in Kerry’s opinion piece. “If we need to go ... to protect ourselves from ISIS, we will, but it’s got to be a coalition,” Ruppertsberger said on “State of the Union.” Democrats insisted that building an international coalition in the region and beyond is the first step. “We have to build that coalition,” Smith said. “We need reliable partners to work with in the region.” But Rep. Mike Rogers of Michigan, the Republican head of the House Intelligence Committee, said the President should have been building that coalition for the past year. “It’s just very, very late in the game and it presents fewer options,” Rogers said on “Fox News Sunday.”

# Obama signs off on request for more U.S. troops in Baghdad

CNN, 03.09.2014



U.S. President Barack Obama authorized additional troops be deployed to Iraq to protect American diplomatic facilities and personnel in Baghdad. The 350 troops are being sent at the request of the U.S. Department of State to beef up security, an appeal that comes as the violence mounts as Iraqi security forces battle ISIS fighters and their Sunni militant allies.

“The request he approved today will allow some previously deployed military personnel to depart Iraq, while at the same time providing a more robust, sustainable security force for our personnel and facilities in Baghdad,” according to a statement released by the White House.

The new troops will bring the number of American troops in Iraq to well over 1,000, with most serving either as diplomatic security or military advisers to Iraq’s security forces. Even as the Pentagon and the White House stressed the new troops were not being sent to Iraq in a combat role, they will be arriving at a critical time. Iraqi forces, aided by U.S. military airstrikes, have begun to make gains against ISIS, which calls itself the Islamic State. The strikes destroyed or damaged what the Pentagon described as 16 ISIS armed vehicles near the Mosul Dam, which was retaken last month by Iraqi and Kurdish forces. Obama authorized targeted airstrikes last month to protect U.S. personnel in Iraq -- including military advisers -- as well as minorities being brutalized by ISIS.

The additional U.S. troops will include “a headquarters element, medical personnel, associated helicopters and an air liaison team and helicopter crews,” Pentagon Press Secretary Rear Adm. John Kirby said. “This action was taken at the recommendation of the Department of Defense after an extensive interagency review and is part of the President’s commitment to protect our personnel and facilities in Iraq as we continue to support the government of Iraq in its fight” against ISIS. Even as the United States beefed up its own security at the Embassy, the families of missing Iraqi security force members stormed Parliament on Tuesday to demand answers about the fate of their loved ones. More than 100 family members clashed with security before entering the building, located in the International Zone, commonly known as the Green Zone. They vandalized the interior and became aggressive with people inside, a parliamentary official told CNN.

The families are angry over the lack of information about the victims of an alleged massacre of Iraqi forces and cadets near Tikrit, when a military base formerly known as Camp Speicher was overrun by ISIS in June. In recent weeks, family members of the recruits have been protesting outside the International Zone. Some have met with lawmakers. They want the bodies of their sons returned to them for burial, and they want the missing to be brought back. The killings at Camp Speicher are among the worst atrocities claimed by ISIS in Iraq. The group, which refers to itself as the “Islamic State,” said it killed 1,700 Iraqi forces, but no official figures have been released.

# Obama arrives in Europe with a warning for Putin

CNN, 03.09.2014



As Air Force One landed in Estonia's capital Wednesday, the U.S. message to Vladimir Putin -- only 500 miles away in Moscow -- was clear: Stay put. President Barack Obama's trip to the former Soviet state, ahead of this week's NATO summit in Wales, is meant to reassure nervous Eastern Europe that Putin's support for separatists in Ukraine doesn't mean he has a free pass for territorial gains elsewhere.

The warning to Russia was summed up by a top Obama foreign policy adviser last week: "Don't even think about messing around in Estonia or in any of the Baltic areas in the same way that you have been messing around in Ukraine."

Added to the schedule only last month, the stop in Estonia will supplement the message coming from NATO leaders gathering in Cardiff, Wales, who are set to announce the positioning of troops and equipment closer to Russia in Eastern Europe. Those leaders also must confront the separate threat of militant Islamists making gains in Syria and Iraq, and the brutal beheading of a second American by ISIS. That's not to mention the very reason for the summit -- to determine how NATO's mission will proceed in Afghanistan when combat troops depart at the end of the year. The global unrest, causing political strife for Obama in the United States, could provide a new purpose for the 65-year-old NATO alliance, which is suffering an "identity crisis," according to one analyst.

Putin's actions in Russia have "required NATO to really adapt and change fairly dramatically," said Heather Conley, who directs the Europe program at the Center for Strategic and International Studies in Washington. "In some ways, NATO should thank Vladimir Putin because it was really searching for its purpose," Conley said. NATO members that border Russia, watching the once-unthinkable breach of Ukraine's borders, are looking to the military alliance to affirm its commitment to Article 5, which provides for collective defense of states under attack. Ukraine isn't a NATO member, though leaders did invite the country's new president Petro Poroshenko to Wales this week. Other former Soviet states, like Estonia, Latvia, and Lithuania, joined NATO in the last decade, hoping to bolster ties to the West while increasing their own security frameworks.

As reassurance to those countries, NATO leaders plan to approve the creation of a "high-readiness" force that places new equipment and thousands of troops in Eastern Europe. White House officials say the move is meant to be defensive rather than a provocation for Russia, though initial reaction from the Kremlin -- which called the move an "external threat" -- foreshadowed a potential escalation in the crisis. NATO and Russia have agreed since 1997 that no permanent NATO troops will be positioned in Eastern Europe, meaning member states will rotate forces through bases closest to Russia. Charles Kupchan, Obama's top adviser for European affairs, said leaders will describe the new effort as a "persistent" force in the easternmost countries, rather than "permanent."



"We will see persistent rotation, persistent exercises to ensure that Estonia and that other countries in Central and Eastern Europe are provided the reassurance from NATO and the presence of NATO needed to meet their security needs," he said. Not on the official agenda in Wales, the ongoing spread of ISIS fighters in Iraq and Syria will nonetheless play a major role in Obama's discussions in Wales. The meeting comes in the aftermath of a video posted Tuesday that shows the beheading of a second American, Steven Sotloff. The killing of Sotloff follows a threat made by ISIS last month during the videotaped beheading of American journalist James Foley. The latest video threatens the life of another man, a British citizen.

The President has said he wants to form a coalition of governments willing to take on the group, which has taken over huge swaths of territory and terrorized ethnic minorities. Officials say that could include a role for NATO, though in what capacity is so far unclear -- after all, Obama himself hasn't yet decided whether to undertake airstrikes against ISIS in Syria. Western European leaders must also confront the growing threat of "homegrown terrorism" -- citizens leaving to fight with militant groups in Syria and Iraq, and potentially returning to stage a terror attack at home. The host of the NATO summit, British Prime Minister David Cameron, already announced new measures to combat that threat after a London-accented militant was filmed beheading journalist James Foley. "There will have to be an acknowledgment that individual European countries, and certainly the United States, are taking action, actively working militarily on issues relating to Iraq and then potentially Syria," said Kathleen Hicks, the director of the international security program at CSIS.

Just as the United States is watching anxiously the final outcome of Afghanistan's recent election, NATO member states are wondering what their role will be there after this year ends. Both candidates in the contested vote have said they'll sign an agreement allowing U.S. troops to remain there past 2014. But without a winner, the Bilateral Security Agreement remains unsigned. Hanging over the decision is the security situation in Iraq, which has completely unraveled following U.S. troops' withdrawal. Neither Obama nor his NATO counterparts want the same thing to happen in Afghanistan. "We're moving into a world in which NATO will be less salient in Afghanistan, but in which we want to capitalize on the lessons that we've learned, the partnerships that we've built," Kupchan said. NATO last admitted new members in 2009, but leaders are quick to note this year's summit isn't about expansion. The appetite for letting countries like Bosnia and Macedonia -- labeled "aspirant countries" -- into the club has waned. It's hard enough to get the 28 current members to agree on things, officials say.

Case in point: NATO is having a tough time convincing its members to spend more on their militaries, a requirement for membership. The United States spends about 4.4% of its gross domestic produce on defense, according to NATO figures; the European average is 1.6%. NATO's guidelines encourage countries to spend at least 2% of their GDP on defense. "Part of the reason I think this NATO meeting is going to be so important is to refocus attention on the critical function that NATO plays to make sure that every country is contributing in order to deliver on the promise of our Article 5 assurances," Obama said at a news conference last week. But analysts say as long as economic conditions in Europe remain bleak, countries will remain hesitant to ramp up their military spending, even as external threats grow. "The Ukraine crisis has been a wake-up call," Conley of CSIS said. "Now, whether the Europeans will hit the snooze button or not, again, I don't know, but it has certainly shaken them, that they have allowed their military defense spending to atrophy to a point where they are now vulnerable."

# Announcements & Reports

## ► *Ernst & Young's attractiveness survey Turkey 2013*

**Source** : Ernst & Young

**Weblink** : [http://www.ey.com/Publication/vwLUAssets/Turkey\\_attractiveness\\_survey\\_2013/\\$FILE/turkey\\_attractiveness\\_2013.pdf](http://www.ey.com/Publication/vwLUAssets/Turkey_attractiveness_survey_2013/$FILE/turkey_attractiveness_2013.pdf)

## ► *Trade & Finance*

**Source** : PwC

**Weblink** : [http://www.pwc.com/en\\_GX/gx/psrc/pdf/pwc-trade-finance-sommer-2014.pdf](http://www.pwc.com/en_GX/gx/psrc/pdf/pwc-trade-finance-sommer-2014.pdf)

## ► *The role of diplomacy and soft power in combatting terrorism*

**Source** : SAM

**Weblink** : [http://sam.gov.tr/wp-content/uploads/2014/08/TMMM\\_calistay\\_raporu.pdf](http://sam.gov.tr/wp-content/uploads/2014/08/TMMM_calistay_raporu.pdf)

## ► *The US strategic vacuum in Afghanistan, Pakistan and Central Asia*

**Source** : CSIS

**Weblink** : [http://csis.org/files/publication/140828\\_AfPak\\_Strategic\\_Vacuum.pdf](http://csis.org/files/publication/140828_AfPak_Strategic_Vacuum.pdf)

## ► *The Islamic state campaign: key strategic and tactical challenges*

**Source** : CSIS

**Weblink** : [http://csis.org/files/publication/140828\\_Iraq\\_Campaign.pdf](http://csis.org/files/publication/140828_Iraq_Campaign.pdf)

## ► *Building networks of diplomatic cooperation*

**Source** : CSIS

**Weblink** : [http://csis.org/files/publication/140820\\_Runde\\_BuildingNetworks\\_Web.pdf](http://csis.org/files/publication/140820_Runde_BuildingNetworks_Web.pdf)



# Upcoming Events

## ▶ *Japan's new role in a changing Asia*

**Date** : 31 August 2014  
**Place** : Nagoya - Japan  
**Website** : <http://www.chathamhouse.org/event/japan%C2%80%C2%99s-new-role-changing-asia>

## ▶ *A national counterterrorism center threat assessment of ISIL and Al Qaeda in Iraq, Syria and Beyond*

**Date** : 03 September 2014  
**Place** : Washington - USA  
**Website** : <http://www.brookings.edu/events/2014/09/03-national-counterterrorism-center-threat-assessment-isil-al-qaeda-iraq-syria-beyond>

## ▶ *Launch of the Memos to the new EU leadership*

**Date** : 04 September 2014  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/view/450/>

## ▶ *President Erdogan: Turkey's election and the future*

**Date** : 04 September 2014  
**Place** : Washington - USA  
**Website** : <http://www.brookings.edu/events/2014/09/04-turkey-election-erdogan>

## ▶ *Lingering questions on President Reagan's role in the Iran-contra scandal*

**Date** : 05 September 2014  
**Place** : Washington - USA  
**Website** : <http://www.brookings.edu/events/2014/09/05-lingering-questions-president-reagans-role-iran-contra-scandal>

## ▶ *Annual meeting - Europe: the way ahead | Read more at Bruegel*

**Date** : 05 September 2014  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/451-annual-meeting-europe-the-way-ahead/>

## ▶ *Business opportunity and political risk in the Gulf and Middle East*

**Date** : 07 - 08 September 2014  
**Place** : Manama - Bahrain  
**Website** : <https://www.iiss.org/en/events/geo-economics%20seminars/geo-economics%20seminars/archive/2014-fea4/business-opportunity-8b49>



### ► *Effects of income tax changes on economic growth*

**Date** : 09 September 2014  
**Place** : Washington - USA  
**Website** : <http://taxpolicycenter.org/events/effects-of-income-tax-changes.cfm>

### ► *After the truce: Israel's security in a volatile Middle East*

**Date** : 9 September 2014  
**Place** : Washington – USA  
**Website** : <http://www.brookings.edu/events/2014/09/09-us-energy-security-oil-export-policy>

### ► *Ankara transatlantic trends survey 2014 launch*

**Date** : 10 September 2014  
**Place** : Ankara - Turkey  
**Website** : <http://www.gmfus.org/archives/33626/>

### ► *The Khodorkovsky Saga, power politics and legal reform in Russia*

**Date** : 10 September 2014  
**Place** : London – United Kingdom  
**Website** : <https://www.iiss.org/en/events/events/archive/2014-0f13/september-1f6e/the-khodorkovsky-saga-76e5>

### ► *The crisis in Iraq: what went wrong?*

**Date** : 10 September 2014  
**Place** : Doha – Qatar  
**Website** : <http://www.brookings.edu/events/2014/09/10-crisis-in-iraq-what-went-wrong>

### ► *Turkey's presidential elections 2014*

**Date** : 11 September 2014  
**Place** : Washington - USA  
**Website** : <http://www.tesev.org.tr/turkey-s-presidential-elections-2014-what-do-they-mean-for-turkey-s-democratization-process,-the-kurdish-question-and-turkey-s-foreign-policy-/Content/1681.html>

### ► *Asia and Europe's challenges for the autumn: a macroeconomic and financial perspective*

**Date** : 12 September 2014  
**Place** : Milano – Italy  
**Website** : <http://www.bruegel.org/nc/events/event-detail/view/455/>

### ► *Gaza: the long-term outlook*

**Date** : 15 September 2014  
**Place** : London – United Kingdom  
**Website** : <http://www.chathamhouse.org/event/gaza-long-term-outlook>



► *Istanbul Finance Summit*

**Date** : 15 - 16 September 2014  
**Place** : İstanbul - Turkey  
**Website** : <http://www.istanbulsummit.com/anasayfa/?lang=trk>

► *The Middle East in Turmoil: challenges to US policy*

**Date** : 16 September 2014  
**Place** : Texas – USA  
**Website** : <http://bakerinstitute.org/events/1661/>

► *Fifth annual conference in political economy, “The crisis: scholarship, policies, conflicts and alternatives”*

**Date** : 16 - 18 September 2014  
**Place** : Naples – Italy  
**Website** : [http://iippe.org/wp/?page\\_id=1943](http://iippe.org/wp/?page_id=1943)

► *International conference on economics, energy, environment and agricultural sciences*

**Date** : 21 September 2014  
**Place** : Kuala Lumpur - Malaysia  
**Website** : <http://www.pakrdw.com/>

► *The international criminal court and Libya: complimentarity in conflict*

**Date** : 22 September 2014  
**Place** : London – United Kingdom  
**Website** : <http://www.chathamhouse.org/event/international-criminal-court-and-libya-complimentarity-conflict>

► *Energy and economic competitiveness*

**Date** : 06 – 07 October 2014  
**Place** : London – United Kingdom  
**Website** : <http://www.chathamhouse.org/Energy2014>

► *Europe’s strategic choices: building prosperity and security*

**Date** : 17 – 19 October 2014  
**Place** : Berlin - Germany  
**Website** : <http://www.chathamhouse.org/Berlin2014>



► *The new shape of banking: regulation, reform and resilience*

**Date** : 20 October 2014  
**Place** : Berlin - Germany  
**Website** : <http://www.chathamhouse.org/Banking>

► *7<sup>th</sup> international energy congress expo*

**Date** : 24 - 25 November 2014  
**Place** : Ankara - Turkey  
**Website** : <http://www.energy-congress.com>

► *Food security: mapping risks, building resilience*

**Date** : 01 – 02 December 2014  
**Place** : London – United Kingdom  
**Website** : <http://www.chathamhouse.org/foodsecurity2014>