

## EU to benefit from Turkey's potential

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Turkey's top diplomat responsible for EU affairs has said that EU citizens will be knocking on Turkey's door for job opportunities after a visa-free travel procedure is complete. Volkan Bozkir's comments on Monday came after he received Ankara Chambers of Industry Head, Nurettin Ozdemir, at the ministry headquarters in Ankara.

He said: "The EU will benefit from Turkey's potential." "The era of Turkish citizens going abroad to find jobs is over." The European Union Affairs Minister and chief negotiator for EU talks said Turkey should not be regarded by the EU as a country living under the standards of the 1960s.

He added: "After the visa-free procedure with the EU is complete, I can see that Turkey will have to close some doors to excessive labor migration from the EU countries." Meanwhile, Ozdemir said that although Turkey had a customs union agreement, the country was not in the Transatlantic Trade and Investment Partnership (TTIP) and this had hurt Turkish investors. The proposed TTIP free-trade agreement between the U.S. and EU does not include Turkey and its supporters claim it will increase economic growth by removing trade barriers in various sectors. Bozkir underscored that Turkey had signed a customs union agreement to stop illegal migration and to initiate a visa-free procedure and would act accordingly to its plan.

Turkey has started to review the Customs Union Agreement that came into force on 31 December, 1995. Turkey is the only non-EU country which has such an agreement, which was a keystone to prospective EU membership for the nation. Bozkir also received Ambassador Stefano Manservisi, the head of the European Union Delegation to Turkey during the day, and hailed the importance of Manservisi's duty, saying the two diplomats would work towards building new strategies for Turkey's EU membership bid. Bozkir will pay official visits to Strasbourg and Brussels next week and will meet with European Commissioner for Enlargement and European Neighbourhood Policy Stefan Fule to discuss Turkey's EU progress report for 2014. The report will be published on October 8.

# Unexpected rise of industry revives hopes for growth

Hurriyet Daily News, 08.09.2014



Turkey's Industrial production grew at its fastest pace this year in July, as the economy continued to grow during the month. Exceeding market forecasts, calendar-adjusted industrial production increased by 3.6 percent compared with the same month last year, according to the industrial index announced by the Turkish Statistical Institute (TÜİK) on September 8.

The unadjusted industrial production declined by 4.7 percent during the month, mainly due to a decline in the number of workdays compared with last year because of Ramadan month.

"While the decrease in the number of work days has been effective in the contraction Cakiroglu told Reuters. "The released figures point to a positive outlook," he added. In the subsectors of the industry, the mining and quarrying index increased by 0.4 percent, manufacturing index increased by 3.4 percent and electricity, gas, steam and air conditioning supply index increased by 6.2 percent in July, compared with the same month last year, the TÜİK data also showed.

The Turkish economy grew 4.3 percent in the first quarter of 2014, mainly due to strong exports that benefited from a weak Turkish Lira in a period marked by a fragile domestic market, high interest rates and a tense political environment. The industrial production, which is one of the main indicators of the economic growth, contracted 2.5 percent throughout the quarter due to the adverse impact from the fragile recovery in Turkey's main market, the European Union, and escalating geopolitical tensions. Mainly based on the weak industrial production and trade performance, analysts surveyed by news agencies predict the growth will slow down to around the 2.65-2.80 percent level in the second quarter.

Erdal Tanas Karagol, economy director at the Ankara-based non-profit SETA Foundation for Political, Economic and Social Research, told Anadolu Agency that both the U.S. Fed decision about an interest rate hike and the impact of the insurgency in Iraq on oil prices are also causing concerns among Turkish business circles. A financial analyst from Destek Securities, Eren Can Umut, said the Turkish and foreign central banks' interest rate messages had been key in the robust industry performance. "July saw an industrial increase because of the Turkish Central Bank's signal to cut its main interest rate further and that domestic demand in the country was better than expected," he said, adding that the European Central Bank's decisions would also have an impact on Turkish businesses in the forthcoming months.

## Fitch: Credit growth, small capital inflows risk Turkish economy

Hurriyet Daily News, 11.09.2014



The continuation of rapid credit growth and a sustained downturn in capital inflows would pose a serious risk to Turkey's sovereign rating, Fitch Ratings agency said Sept. 11, highlighting the risk of "economic populism" ahead of next year's general elections.

Fitch said that positive triggers for Turkey's outlook would include a "material and durable reduction" in the current account deficit, an improved external financing mix, lower and more stable inflation, a stronger buildup of international reserves and structural reforms that would raise domestic savings.

The country's current account deficit, the Achilles' heel of the economy, narrowed to \$2.6 billion in July, the lowest level in the last 11 months, according to the Central Bank's data, while the gap stood at \$4.1 billion in June, as the seven-month deficit totaled \$26.7 billion. Turkey's progress toward economic rebalancing may become more challenging for the remainder of 2014, despite the success of policy adjustments made earlier in the year, Fitch Ratings said before the Istanbul meeting. "Monetary policy settings have loosened since May, while the fragile Eurozone recovery and heightened geopolitical risk could slow the current account adjustment," the ratings agency said, adding that recent data conveyed mixed messages concerning the rebalancing.

Compared to 2013, the annual credit growth has virtually halved to 20 percent according to the Central Bank. "But the pace of decline has slowed, while further rate cuts could easily reverse the trend," the agency added. "Economic populism remains a risk ahead of next year's parliamentary elections. However, the Cabinet appointments since Recep Tayyip Erdogan became president suggest he sees the value of having a credible, experienced economic team in place and the first half of this year's budget outcomes suggest fiscal discipline has been maintained. Political pressure on the Central Bank to cut interest rates shows no sign of easing," Fitch said.

# Turkey, US discuss joint action against ISIL

Hurriyet Daily News, 08.09.2014



Turkey and the U.S. have launched talks to discuss potential ways of cooperating against the Islamic State of Iraq and the Levant (ISIL) following a proposal by Washington to form an anti-terror coalition against the rapidly expanding jihadists.

U.S. Secretary of Defense Chuck Hagel met top Turkish officials Sept. 8 to take Ankara's pulse on what Turkey can do to take part in the coalition, given the fact that 49 of its citizens are being held hostage at the hands of ISIL. Hagel met with Chief of General Staff Gen. Necdet Ozel and President Recep Tayyip Erdogan, Prime Minister Ahmet Davutoglu and Defense Minister İsmet Yilmaz.

Hagel's visit was interpreted as a follow-up to Erdogan's meeting with U.S. President Barack Obama on the sidelines of the NATO Summit in Wales last week during which nine NATO countries, including Turkey, as well as Australia, discussed the formation of a core group to "destroy ISIL." Obama will announce Washington's strategy against ISIL on Sept. 10. He called on Sunni countries, like Turkey, Jordan and Saudi Arabia, to participate in the international community's efforts to dislodge the jihadists, in an interview with the NBC Sept. 8 "I think that it is absolutely true that we're going to need Sunni states to step up, not just Saudi Arabia, our partners like Jordan, the United Arab Emirates and Turkey [too]. They need to be involved. This is their neighborhood. The dangers that are posed are – are more directed at them right now than they are us," Obama told the NBC.

Meanwhile, Turkey appears to have indicated that it would list certain caveats to an eventual decision to play a role in the coalition being constructed by the U.S. "Turkey's participation in every development and in every step that will be taken within the region is our allies' desire. But we openly told them what will happen, how it will happen, what we will do and what we will not do," said Foreign Minister Mevlut Cavusoglu, speaking before Hagel held talks with governmental and military leaders of the country later in the day. Cavusoglu said no decision has been made about how to make the coalition happen.

"We stated that we would act with our allies, and we would do whatever falls on our shoulders on this issue, particularly about the threats in the region," he said, when asked whether humanitarian assistance contributions or military contributions in potential actions against ISIL were expected from Turkey. "Our difference is the fact that we very well know and [are] familiar with the realities in the region; we know the reasons as well, and we shared these facts with our allies too. But at the moment, there is no expectation or demand that states, 'We expect Turkey to assume [this] task on this issue.' However, in principle, we said at every platform that we would do our part for our region's stability and to end bloodshed and tears," Cavusoglu said.

Despite Turkey's concerns that its participation to the coalition can put the lives of its 49 citizens into danger, Washington believes its contribution to the fight against jihadists is inevitable "By geography, Turkey is going to be absolutely indispensable to the ongoing fight against [ISIL], because of just where they sit, the access we currently already have militarily and the cooperation that we have militarily," a senior U.S. defense official said, according to Reuters. The official declined to articulate what might be asked specifically of Turkey but noted broad needs across the coalition, including resupplying local forces battling ISIL on the ground, as well as training, refueling and airlifts. "Those are things that a lot of countries can contribute to. Turkey, by the fact of its geography, is inevitably a partner," the official said. "It's got to be a partner, it won't work without Turkey."

## Arabs back anti-ISIL statement as Turkey abstains

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Key Arab allies of the United States agreed Sept. 11 to "do their share" to fight the Islamic State of Iraq and the Levant (ISIL), promising to take action to stop the flow of fighters and funding to the insurgents and possibly to join military action.

NATO member Turkey refused to join its Arab neighbors in their public pledge, however, signaling the struggle the West faces in trying to get front-line nations to set aside political feuds and work together against a common enemy. The announcement followed a meeting between U.S. Secretary of State John Kerry and his regional counterparts in the Saudi Red Sea coastal city of Jiddah.

His visit, on the anniversary of the Sept. 11 attacks, was aimed at pinning down regional allies on what support they are willing to give to U.S. plans to beat back the ISIL, which has seized large chunks of Iraq and Syria. In remarks to reporters after the meeting, Kerry noted the "particularly poignant day" for the discussions - the anniversary of the Sept. 11, 2001 terrorist attacks on the United States. "The devastating consequences of extremist hate remain fresh in the minds of all Americans, and so many of our friends and allies around the world," Kerry said. "Those consequences are felt every day here in the Middle East."

The meeting ended with Saudi Arabia, other Gulf states, Egypt, Iraq, Jordan and Lebanon pledging in a joint statement to stand against terrorism. They promised steps including stopping fighters and funding, repudiating the ISIL's ideology, providing humanitarian aid and "as appropriate, joining in the many aspects of a coordinated military campaign." They also agreed to boost support for the new Iraqi government as it tries to unite its citizens in the fight against the militants, and discussed strategies to "destroy" the group "wherever it is, including in both Iraq and Syria." Saud al-Faisal said coalition members agreed to share responsibilities for fighting the ISIL, as well as to "be serious and continuous in our action to eliminate and wipe out all these terrorist organizations."



Turkey also attended the meeting but did not sign the final communique. The NATO ally had been asked to secure its borders to prevent oil smuggling out of Iraq and Syria and keep foreign fighters from heading in. But Ankara has been reluctant to take a prominent role in the coalition, in part out of concern for the 49 Turkish citizens who were kidnapped from the Turkish consulate in the northern Iraqi city of Mosul when it was overrun by ISIL fighters in June. Sources told Hurriyet that Foreign Minister Mevlut Cavusoglu, who represented Turkey in Jiddah, called Ankara when he noticed that the joint statement included a strong call to military action against ISIL. After Ankara opposed the remarks by citing its concerns regarding the Turkish hostages, Cavusoglu left Jiddah without signing the document.

A senior State Department official predicted the U.S. will continue to work with Turkey to repel the insurgents' threat, and said Ankara is in a difficult position as it tries to protect the hostages. The official was not authorized to discuss the sensitive negotiations by name and spoke to the Associated Press on condition of anonymity. Greater regional support is seen as key to combatting the spread of the ISIL, which has proved so ruthless that even al-Qaida severed ties with it earlier this year. Nearly 40 nations have agreed to contribute to what Kerry said would be a worldwide fight to defeat the group. President Barack Obama on Sept. 10 laid out a long-term U.S. strategy that would include expanding airstrikes against ISIL fighters in Iraq, launching strikes against them in Syria for the first time and bolstering the Iraqi military and moderate Syrian rebels to allow them to reclaim territory from the militants.

Some Gulf states could in theory take an active role in helping with airstrikes, as the United Arab Emirates and Qatar did in the U.S.-led aerial campaign over Libya in 2011 that helped lead to the ouster of Moammar Gadhafi. Gulf nations could also assist with arms, training, intelligence and logistics. Saudi Arabia's willingness to host the meeting is significant given the OPEC kingpin's role as a political and economic heavyweight and its custodianship of Islam's holiest sites. Another senior State Department official, who was not authorized to be named while briefing reporters and spoke on condition of anonymity, told reporters ahead of the Saudi meeting that Kerry would ask Mideast countries to encourage government-controlled media and members of the religious establishment to speak out against extremism. Squabbling among Washington's allies in the region has complicated efforts to present a united front to beat back the militants.

Saudi Arabia, the Emirates and Egypt are at odds with Qatar and Turkey because of the latter two countries' support for the Muslim Brotherhood and other Islamist groups in the region. Egypt's foreign minister, Sameh Shukri, emphasized that rift in his opening remarks, saying regional chaos is the result of a number of factors, including the tolerance of some in the region and the West with "so-called political Islam" - a clear dig at supporters of the Brotherhood.

American officials have voiced concerns too about Kuwait's and Qatar's willingness to crack down on private fundraising for extremist groups. Salman Shaikh, the director of the Brookings Doha Center in Qatar, said the Sept. 11 meeting was important because it signaled a U.S. reengagement in the region - something many Mideast allies feel has been lacking under the Obama administration. "How the U.S. can play this role will be absolutely crucial," he said. "It has to act as a keen leader for its friends and allies, but also act as a referee between Saudi Arabia, Turkey and Iran, particularly when it comes to the issue of Iraq and the issue of Syria." The U.S. already has launched more than 150 airstrikes against militants in Iraq over the past month, and has sent military advisers and millions of dollars in humanitarian aid.

## Turkey sends back 830 European jihadists

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Turkey has captured and deported 830 citizens of European countries attempting to cross into Syria to fight with the Islamist jihadists over the past two years. Turkey has established specialist anti-terror teams focusing on the Islamic State of Iraq and the Levant (ISIL) militants, who have seized large swathes of territory across neighboring Syria and Iraq.

In the past two years, Turkey has captured 830 European citizens who attempted to enter Syria via Turkey to join ISIL. Turkey also filed search warrants for 2,000 people who are thought to have joined the jihadist ISIL militants.

European countries have recently started to share information with Turkey about jihadist militants suspected of entering Syria through Turkey. Several European states, including Germany, Britain, France, Holland and Belgium, have reportedly shared with Turkey information about 4,700 people via Interpol. Turkey has shared this list with its intelligence and anti-terror units, as well as its security forces on the borders, in a bid to halt potential jihadists. Anti-terror teams and intelligence units have focused on border-crossings, airports, and bus and train terminals, while new teams have been established at border-crossing points.

Teams were assigned to the Sabiha Gokcen Airport and Ataturk Airport, both of which are located in Istanbul, in May. A total of 240 passengers who entered Turkey via these two airports have been stopped by these units on suspicion of joining ISIL. After detailed investigations and interviews with the passengers, it was established that a majority came from European countries. Some 56 of these passengers were deported to their country of origin on suspicion of being a member of ISIL, while the rest were released.

It is claimed that ISIL has two training camps in the village of Atmeh in northern Syria, just across the border from Turkey, and it is thought that a majority of those aiming to join ISIL pass to Athmeh via Turkey. The security forces in Turkey's border units have been informed about this information and border security measures have been strengthened in this area. The border units have also been warned that these people often move alongside smugglers in the area. Around 1,000 Turkish citizens are thought to have joined the ISIL militants fighting in Iraq and Syria, according to anti-terror and intelligence units.

# Turkey holds security summit over its role in anti-ISIL fight

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With eyes turned to Washington to hear the U.S. strategy to combat extremist jihadists in Iraq and Syria, the Turkish government is pondering its potential contribution to the anti-terror international coalition. A security summit was held Sept. 10 in Ankara under PM Ahmet Davutoglu and with the participation of senior military and government officials.

The meeting took place in two stages, according to sources, who said the participants first discussed the ongoing Kurdish resolution process and the potential impact of developments inside Iraq and Syria to the government's efforts to resolve the problem.

In the second stage, they analyzed developments in the field as clashes between jihadists and Iraqi central and regional government forces continue, as well as international efforts to destroy the growing threat posed by the Islamic State of Iraq and the Levant (ISIL). "The summit comes one day before U.S. President Barack Obama is set to outline a broad strategy in the fight against the ISIL. A key international summit will also then be convened in Saudi Arabia with the participation of potential members of the core coalition, established under U.S. leadership. Turkey will be represented by Foreign Minister Mevlut Cavusoglu at the meeting, which U.S. Secretary of State John Kerry will also attend.

The meetings follow U.S. Secretary of Defense Chuck Hagel's visit to Ankara on Sept. 8, where he discussed methods of cooperation between the two countries against ISIL. Turkey is set to be included in the coalition, but it is expected to have a passive contribution because of its 49 citizens who have been held as hostages by ISIL since June 11. Turkey's main contribution would be to increase its border security to stop the infiltration of foreign fighters into Syria and Iraq to join the ISIL, to deepen intelligence cooperation and sharing with Western countries, to assist the coalition by easing logistic transportation, and to continue effective humanitarian assistance to those in need - especially in northern Iraq.

Along with from Davutoglu, Chief of General Staff Gen. Necdet Ozel, Land Forces Commander Gen. Hulusi Akar, Gendarmerie Forces Commander Gen. Abdullah Atay, Deputy Chief of General Staff Gen. Yasar Guler, Deputy Prime Minister Bulent Arinc, Defense Minister Ismet Yilmaz, Interior Minister Efan Ala, National Intelligence Organization (MIT) Chief Hakang and Fahri Kasirga, were also present at the meeting. Ankara's internal consultations will continue with the participation of President Recep Tayyip Erdogan in due course, with Erdogan likely to meet his Western counterparts, including President Obama, on the sidelines of the U.N. General Assembly meeting between Sept. 21 and 25 in New York.

## Kerry: Islamic State must be stopped

Anadolu Agency, 11.09.2014



**U.S. Secretary of State John Kerry on Thursday said that ten Arab nations that are joining in a U.S.-led international coalition against the militant Islamic State movement were pivotal in this fight.**

**“Every single country represented here today, including – especially Iraq, will be a critical part of the effort to destroy the Islamic State’s ability to terrorize,” Kerry said in Jeddah. He will visit other Arab and foreign capitals in an American effort to form a major international coalition against the militant organization that overrun vast territories in Iraq and Syria and has plans to push into more states in the region.**

Kerry said in Jeddah following a meeting with the foreign ministers of ten Arab states that the Islamic State is an organization that knows no bounds. “It is an organization that rapes and brutalizes women and sells even young girls as brides,” the U.S. Secretary of State said. “They viciously and indiscriminately attack groups of all ethnicities, all sects, any religion, including vulnerable minorities like Christians and Yezidis,” he added. He said the organization does all this to these people only because they are not them, because they represent something different. He said the members of the Islamic State brutally murder innocent people, including most recently two Americans, whom they beheaded for the world to see in recent weeks. “Their [Islamic State] barbarity literally knows no limits and they have to be stopped,” Kerry told the media following the meeting.

Ironically enough, the U.S. was declaring some details of its bid to form the international coalition against terrorism and the Islamic State on the very day when passenger planes hit into the twin towers of the World Trade Center in New York in 2011, killing hundreds of innocent Americans. Kerry said the day was a particularly poignant one for the Jeddah meeting. He added that 13 years after the terrorist attacks of September 11, 2001, the devastating consequences of extremist hate remained fresh in the minds of all Americans and so many friends and allies of the U.S. around the world. “Those consequences are felt everyday here in the Middle East, where extremist ideology in groups like the Islamic State continue to tear apart communities, restrain growth, stop progress, pursue violence, and repress people, and ignore and oppose any sort of rule of law,” Kerry said.

He said the U.S. strategy against the militant movement is centered in a global coalition of nations and that Arab countries attending Jeddah’s meeting would play a critical role in that coalition – the leading role across all lines of effort. He said this work would include military support; humanitarian aid, and work to stop the flow of illegal funds and foreign fighters, which the Islamic State requires in order to thrive. The U.S. Secretary of State added that this work would also include efforts to repudiate once and for all the dangerous, the offensive, the insulting distortion of Islam that the militant movement’s propaganda attempts to spread throughout the region and the world.

“The Islamic State attempts to tell people that what they’re doing is somehow based on their notion of Islam and their view of religion,” Kerry said. “No religion, certainly not a peaceful, great religion like Islam, ever condones the kinds of activities that the Islamic State engages in,” he added. In a press conference after his meeting in the Iraqi capital Baghdad, he said “The coalition..., I assure you, will continue to grow and deepen in the days ahead, including at the UN General Assembly in New York later this month.”

Kerry said around 40 other countries along with the U.S. are already contributing military, humanitarian and other assistance to aid the international campaign against the Islamic State. He maintained that the strategy President Barack Obama will lay out on the wider region is broad-based and comprehensive, not just limited with air bombardment or direct military assistance. The U.S. top diplomat stressed that the strategy will also include efforts to strengthen Iraqi security forces on the ground. “It will be comprehensive with Iraqi forces on the ground in Iraq with an army that will be reconstituted and trained and worked,” he said.

U.S. forces have conducted more than 100 strikes on IS targets in Iraq and the Obama administration has sent more than 1,000 military personnel to protect American facilities and to advise Iraqi and Kurdish forces on the ground. Washington has been in search of a broad international coalition to deal with the IS threat as Obama ruled out American boots on the ground from the very beginning of the IS upsurge in Iraq. The new Iraqi government was officially formed after it received a vote of confidence in the Iraqi parliament on Monday. The new government, which includes Sunni, Kurdish and Shiites deputies, was approved by a vote of 177 - 280.

## Iraq MPs approve new government, Kerry to visit region

Agence France-Presse, 09.09.2014



Iraqi MPs approved a new cabinet on September 8 but key security posts remained unfilled, as America’s top diplomat prepared to visit the region to build a coalition against jihadists.

New premier Haidar al-Abadi had been under heavy international pressure to form an inclusive government that could present a united front against the militants, led by the Islamic State in Iraq and the Levant (ISIL) group, who have seized much of the country’s Sunni heartland. The outgoing government faced criticism that it alienated the Sunni Arab minority, revitalising militants within the community.

U.S. Secretary of State John Kerry, speaking a few hours before leaving on a mission to solidify the front against ISIL, praised the “new and inclusive” Iraqi cabinet as a “major milestone.” “Now is the time for Iraq’s leaders to govern their nation with the same vision and sense of purpose that helped to bring this new government together,” he said.



U.N. Secretary General Ban Ki-moon also welcomed the new government as a “positive step” but urged politicians to quickly choose new defence and interior ministers. Meanwhile, the new U.N. human rights chief Prince Zeid Ra’ad Al Hussein said ISIL atrocities promised only a “house of blood” for those living under their rule, while the head of Egypt’s prestigious Al-Azhar religious institution also condemned the group. The crucial parliament session opened to chaotic scenes, with speaker Salim al-Juburi struggling to maintain order and many MPs absent. Eventually, 289 out of 328 lawmakers showed up and helped approve three deputy prime ministers and 21 ministers, but key posts - including the interior and defence posts - remain unfilled.

Abadi has asked for a week to fill them, and will run the ministries in an acting capacity until then. The last government also started with key positions empty and acting ministers ended up filling them for four years. In a sign of the delicate balancing act required to paper over Iraq’s deep sectarian and factional divides, three fierce rivals were also approved as the country’s new vice presidents: former premiers Nuri al-Maliki and Iyad Allawi, and ex-parliament speaker Osama al-Nujaifi.

The cabinet is so far dominated by Shiite Arabs, who make up the majority of Iraq’s population, and includes only one woman. Iraq’s Kurds - who control an autonomous region and are at odds with Baghdad over issues including territory and division of the country’s vast natural resources - only took part at the last minute. Their MPs were still waiting for word from their leaders in the northern city of Sulaimaniyah when parliament opened, and were waiting in the cafeteria. They later arrived in the chamber, and Kurdish MP Ala Talabani announced during the session that the Kurds would participate in the government on a three-month trial period. They received two ministries and a deputy premiership. Kerry was set to leave the United States on Sept. 9 on a trip to Jordan and Saudi Arabia as part of efforts to build an international coalition to counter the ISIL militants.

A State Department spokeswoman said more than 40 countries have already indicated a willingness to help in some way against the jihadists. President Barack Obama, who made his political career opposing the war in Iraq and pulled out American troops in 2011, has promised to unveil a long-awaited strategy on Wednesday to tackle IS in both Iraq and neighbouring Syria. “We are going to systematically degrade their capabilities. We’re going to shrink the territory that they control. And ultimately we’re going to defeat them,” he told NBC’s “Meet the Press” on Sept. 7, adding that the strategy would not involve U.S. ground troops in Iraq. Prince Zeid, the first Muslim and Arab to serve as U.N. High Commissioner for Human Rights, said ISIL had already shown the world what its rule would be like if left unchecked.

“It would be a harsh, mean-spirited house of blood,” he said in his maiden speech to the U.N. Human Rights Council. ISIL “has demonstrated absolute and deliberate disregard for human rights.” Washington expanded its air strikes to the Sunni Arab heartland over the weekend, hitting ISIL targets around a key dam on the Euphrates that troops have been battling to defend with the support of allied tribes. Other key appointments to the new Iraqi government on Monday including former vice president Adel Abdel Mahdi as the new oil minister, former prime minister Ibrahim al-Jaafari to the foreign ministry, and former deputy premier Roz Nuri Shaways as minister of finance. Saleh al-Mutlak will continue as deputy prime minister, while the other two deputy premier posts went to ex-foreign minister Hoshiyar Zebari and MP Baha al-Araji.

# EU, NATO express support for new Iraqi government

Anadolu Agency, 09.09.2014



The European Union and NATO have welcomed the formation of a new government in Iraq, said a top European Union diplomat.

“We congratulate Prime Minister Haider Al Abadi on the formation of the new government and the presentation of a demanding programme. We welcome the spirit of compromise and inclusiveness through which personal interests are put to one side for the sake of the future of the country and the preservation of its unity,” said Catherine Ashton, EU foreign policy chief in an online statement on Tuesday.

“We sincerely hope that the whole government will work effectively together to give inclusive responses to the many urgent needs of all the Iraqi citizens. The EU pledges its full support in this endeavour,” the statement also read. NATO General Secretary Anders Fogh Rasmussen also congratulated the new government, saying its formation was a “historic opportunity” for overcoming ethnic and sectarian divisions in Iraq. “I encourage all Iraqi political leaders to stand behind the new government to ensure it addresses the legitimate interests and aspirations of all Iraqis.

Their support will be essential to defeat the so-called Islamic State in Iraq and the Levant (ISIL), which poses a grave threat to the Iraqi people, to the wider region, and to our nations,” Rasmussen said in an online statement on NATO website. On Monday, Iraq’s new government, led by Prime Minister Haider al-Abadi, was officially formed after receiving a vote of confidence by parliament. The new government, which includes Sunnis, Shiites and Kurds, was approved by 177 representatives out of 280. On August 11, President Fuad Masum named Haider al-Abadi prime minister, ending former PM Nouri al-Maliki’s eight-year rule.

# ISIS can 'muster' between 20,000 and 31,500 fighters, CIA says

CNN, 12.09.2014



A CIA assessment puts the number of ISIS fighters at possibly more than three times the previous estimates. The terror group that calls itself the Islamic State “can muster between 20,000 and 31,500 fighters across Iraq and Syria,” a CIA spokesman told CNN on Thursday.

Analysts and U.S. officials initially estimated there were as many as 10,000 fighters, including those who were freed from prisons by ISIS, and Sunni loyalists who have joined the fight as the group advanced across Iraq. “This new total reflects an increase in members because of stronger recruitment since June [...],” the spokesman said.

The news came a day after President Barack Obama laid out his plan to “dismantle and ultimately destroy” ISIS, including authorizing airstrikes. Mass executions and videotaped beheadings, including those of two American journalists, have led to the push for a broader counterterrorism mission, including possible airstrikes in civil war-torn Syria. It’s unclear how the ISIS ranks swelled, and whether the increased numbers include recruits from within Iraq. More than 15,000 foreign fighters, including 2,000 Westerners, have gone to Syria, a CIA source told CNN on Thursday. The fighters come from more than 80 countries, the source said. It’s not immediately clear whether these were primarily ISIS fighters or were dispersed among a number of groups fighting the Syrian government.

The details about the increased number of fighters followed news that the United States has begun surveillance flights over Syria, which a U.S. official told CNN is part of an effort to gather intelligence that will help the decision whether to launch airstrikes against ISIS. The Pentagon is refining its targets based on improved intelligence-gathering, including the surveillance flights now under way over Syria, a Defense official said. The United States “will take action at a time and place” of its choosing, a third official said. But while a broader campaign is not imminent, the officials -- who all spoke on condition of anonymity -- said the military can strike at any time if there is a target of opportunity.

The Pentagon spokesman suggested that striking ISIS also means going after the terror group’s leadership, something the United States has not done to this point. “One of the ways you get at and you destroy the capabilities of an enemy like (ISIS) is to be pretty aggressive against them, and that does include disrupting their ability to command and control and to lead their own forces,” said Rear Adm. John Kirby, the spokesman. The President has been reviewing options and targets with his national security team, according to officials at the White House. Those officials would not characterize the number or scope of those targets but said the review was based on the expanded gathering of intelligence in Syria.

“These targets have been exposed because of the president’s early decision to ramp up our intelligence, surveillance and reconnaissance assets that were operating in the region,” White House spokesman Josh Earnest said. “By improving our visibility into the situation on the ground, Pentagon planners have been working with some success to develop additional targets.” While officials work to develop targets in Syria, the U.S. military is flying about 60 surveillance and reconnaissance flights a day over Iraq, according to the U.S. official. Those flights have “developed over time a tremendous clarity of the intelligence picture within Iraq” and has offered a better understanding of the targets, the official said. The Pentagon also plans to have “armed and manned” intelligence, surveillance and reconnaissance aircraft flying from Irbil, the Kurdish regional capital, in the coming days to supplement similar unmanned aircraft carrying out missions over Iraq.

## Britain to arm Iraqi Kurds with heavy machine guns

Agence France-Presse, 09.09.2014



Britain is to ship heavy machine guns to Kurdish forces fighting Islamic State in Iraq and the Levant (ISIL) jihadists in Iraq, Defense Secretary Michael Fallon announced Sept. 9. The arms shipment, worth 1.6 million pounds (\$2.6 million, two million euros), will arrive in Iraq on Sept. 10.

“The Kurdish forces remain significantly less well equipped than ISIL and we are responding to help them defend themselves, protect citizens and push back ISIL advances,” he said in a written statement to parliament. “The initial gifting package... will consist of heavy machine guns and ammunition,” he said.

British Prime Minister David Cameron said Monday that Britain would be directly supplying Kurdish troops as they battle the advances made by ISIL across swathes of Iraq and neighbouring Syria. Fallon said the shipment followed a request from the Iraqi government. He said Britain was committed to assisting Iraq by “alleviating the humanitarian suffering of those Iraqis targeted by ISIL terrorists.” He also said London would promote an “inclusive, sovereign and democratic Iraq that can push back on ISIL advances and restore stability and security across the country.” Meanwhile Britain will also work with the international community “to tackle the broader threat that ISIL poses to the region and other countries around the world, including the UK”, he said. Fallon said the shipment would cost an estimated 475,000 to transport to Iraq’s Kurdish region.

# Israel likely to have committed Gaza war crimes

AFP, 11.09.2014



Israel is likely to have committed war crimes in Gaza, Human Rights Watch said September 10, a day after the army announced five criminal investigations into incidents involving its forces.

The 50-day Gaza war between Israel and Hamas-led militants ended on August 26 2014 after killing more than 2,100 Palestinians, most of them civilians, and 73 people on the Israeli side, 67 of them soldiers. The New York-based rights watchdog said in a statement that in three cases it examined, Israel caused “numerous civilian casualties in violation of the laws of war.”

The incidents were the separate shellings of two U.N. schools in northern Gaza on July 24 and 30, and a guided missile strike on another UN school in the southern city of Rafah on August 3. The attacks killed a total of 45 people including 17 children, HRW said. “Two of the three attacks Human Rights Watch investigated... did not appear to target a military objective or were otherwise unlawfully indiscriminate. The third attack in Rafah was unlawfully disproportionate if not otherwise indiscriminate.” “Unlawful attacks carried out wilfully - that is, deliberately or recklessly - are war crimes,” it said. A top army legal official said Wednesday the military was already launching criminal investigations into five incidents, including the July 24 case, where Israeli shelling killed at least 15 people at a U.N. school in Beit Hanun in northern Gaza.

The army is to look into several dozen other cases for potential criminal investigation, but has not yet mentioned the July 30 or August 3 incidents. The official said the army had already dismissed seven incidents referred for review, including the death of eight members of a single family in an Israeli air strike on their home, and the killing of a man reports said was a media worker. “Israel has a long record of failing to undertake credible investigations into alleged war crimes,” HRW said. The United Nations and international rights groups have condemned Israel for numerous attacks, and Washington slammed the July 24 U.N. school attack, but refrained from placing the blame squarely on Israel. The Palestinians have threatened Israel with action at the International Criminal Court over war crimes allegations, and Hamas has signed a proposal for Palestinians to join the body, potentially opening itself up to investigation.

# EU intends to cooperate with Russia for political settlement in east Ukraine

ITAR-TASS, 09.09.2014



The European Union intends to cooperate with Russia for the political settlement of the conflict in the east of Ukraine, President of the European Commission Jose Manuel Barroso told BBC in an interview broadcast on Tuesday.

According to Barroso, a new Cold War in Europe meets nobody's interests. He said the EU intended to cooperate with Russia to attain a political settlement of the conflict in the east of Ukraine. He said sanctions were not an end in itself for the EU, rather a means to continue the dialogue. He said a political settlement must be found with the full observance of Ukraine's sovereignty and integrity.

Speaking about the conflict in the south-east of Ukraine, Barroso said that very intensive efforts were being exerted with the European governments for reaching a political agreement. It would be a mistake for Ukraine not to reach the agreement as it would entail consequences, he added. The same is true for Russia and its relations with the EU, he said. Barroso was also asked about the threat posed to Europe by extremism in general and the Islamic State organization, acting in Iraq and Syria, in particular. Barroso said this was another reason for the settlement of the conflict with Russia.

# NATO says Russia still has about 1,000 troops in east Ukraine

Hurriyet Daily News, 11.09.2014



Russia still has about 1,000 troops in eastern Ukraine, backed up by another 20,000 on the border, NATO said Thursday, despite Kiev reporting that Moscow had withdrawn the bulk of its forces.

Ukrainian President Petro Poroshenko said Wednesday September 10 that Moscow had withdrawn 70 percent of its forces following a ceasefire he had agreed with Russian counterpart Vladimir Putin last Friday. “The reported reduction of Russian troops from eastern Ukraine would be a good first step, but we have no information on this,” a NATO military officer told AFP.

“The fact of the matter is there are still approximately 1,000 Russian troops in eastern Ukraine with a substantial amounts of military equipment and approximately 20,000 troops on the Russian border with Ukraine.” The officer said the Russian troops constituted a “large and effective military presence.” Moscow also continued to supply pro-Russian rebels with “sophisticated military equipment,” said the officer who repeated NATO calls for Russia to reverse course and back a peaceful solution to the Ukraine conflict.

Poroshenko said on Wednesday that the information he had on the withdrawal of Russian troops amid a ceasefire in eastern Ukraine “gives us hope that there are good prospects for the peace initiative.” On Wednesday, the US government welcomed Poroshenko’s statement as “a good, tiny first step” but cautioned that it was unable to verify the situation on the ground. Ukrainian authorities meanwhile acknowledged on Thursday that pro-Russian rebels had extended their control over territory on the eastern border with Russia to the Sea of Azov.

# Russia, Ukraine, EU to have second round of consultations

ITAR-TASS, 12.09.2014



Russia, Ukraine and the European Union will have a second round of ministerial consultations on implementation of the Association Agreement (AA) between Kiev and Brussels. The meeting, which will take place at the residence of the European Commission (EC), will feature Russia's Minister of Economic Development Ulyukayev, Ukraine's Foreign Minister Klimkin and EU Trade Commissioner De Gucht.

The meeting will focus on consequences from establishing a free trade zone between Ukraine and the EU for the Russian economy and for trade relations with Ukraine and European countries.

The first meeting in the format took place in Brussels on July 11, where the participants launched expert consultations to eliminate existing disputes. On Wednesday, September 10, at a meeting chaired by Russia's President Vladimir Putin, Minister of Economic Development Alexei Ulyukaev said the Russian side had forwarded to the Ukrainian and European counterparts its draft document on implementation of the AA, which suggests introducing in the agreement the norms that could eliminate the risks causing Moscow's concerns. One of the suggestions is to use a temporary nil tariff for 144 positions in trade. The minister said Russia had outlined five blocks of problems it may face in connection with ratifying the agreement.

"The first one is liberalization of tariffs between Ukraine and the EU, which, we estimate, within already the first year will incur a damage of at least 100 billion rubles (\$3.7 billion) as Russian goods will be pushed from the Ukrainian market," the Russian minister said. The second block, he said, includes technical regulations, the third — veterinary measures, the fourth — customs administration and the fifth — energy. Apart from the refusing liberalization of the customs tariff, the Russian side suggests leaving for Ukrainian producers the option for choosing whether they adopt European standards or follow the Russian standards. In veterinary and phyto-sanitary norms, Russia suggests having supplies under the existing certificates. In the customs administration, Russia insists on keeping the information exchange between customs services of Ukraine and of Russia. "Keeping forms and regulations for obtaining respective certificates," the minister said.

On certain issues, Ukraine and EU have agreed with the reasons Russia presented, but they do not agree with the reasons for liberalization of the customs tariff, he said. The counterparts talk about a necessary mechanism for monitoring and consultations, where annual ministerial meetings could discuss emerging problems, he said. But a mechanism of the kind is "not flexible at all," Ulyukayev added. Ukraine and the EU signed the political block of agreement on association on March 21, the economic block - on June 27. Two weeks after Ukrainian legislators (Verkhovna Rada) ratify the agreement, it is bound to come into force in the regime of "temporary implementation".

The European Commission has offered the formula to speed up the document without waiting for observing the entire democratic procedure of its ratifying by the EU's 28 countries, which could require over a year. The major economic result would be prompt mutual opening of markets of the EU and Ukraine. Thus, Russia, which presently has a free trade regime with Ukraine as a part of the CIS, but which at the same time it is not planning to have free trade with the EU, fears an inflow of European goods, re-exported from Ukraine, which would not be liable for tax duties. Those were the reasons for organization of the trilateral negotiations. However, Russia suggested launching the process back in 2013, but at that time the European Union refused categorically, claiming the consultations could prevent Kiev from signing the document. As for Ukraine, with the open market, it risks losing a part of its industry, which would not be able to compete with European producers.

## UN projects 2.5-3% growth for world economy in 2014

Anadolu Agency, 10.09.2014



The global economy is forecast to grow by 2.5 to 3 percent this year, with growth in Asia and sub-Saharan developing economies in excess of 5.5 percent, suggesting they will become the main drivers of the world economy, the UN said on Wednesday.

UNCTAD, the UN's trade and development arm's annual trade and development report was presented by the UN Development Program's Resident Representative Kamal Malhotra in Ankara. The Geneva-based think tank calls for major changes in the way the global economy is governed and managed.

"Financial fragility and volatility negatively effects domestic financial markets especially in countries like Turkey, which is significantly dependent on international capital flow," Malhotra said. The report examines the health of the global economy and asks whether current conditions and policies are fit to sustain growth and support an ambitious development agenda after 2015. It calls for more policy coordination at global level and more policy and fiscal space for developing countries to pursue an inclusive and sustainable trade and development agenda. The report argues the global recovery remains weak, while the policies supporting it are not only inadequate but often inconsistent.

Six years after the onset of the global economic and financial crisis, the world economy has still not found a sustainable growth path, the report argues. "Getting back to business as usual has failed to address the root causes of the crisis," it claims. The report forecasts that developing economies as a whole are likely to repeat the performance of previous years, growing at between 4.5 and 5 percent. The growth will exceed 5.5 percent in Asian and sub-Saharan countries, but will remain subdued at around 2 percent in North Africa and Latin America and the Caribbean. The report added that international capital flows usually generate a financial cycle in the receiving countries and often increase their financial fragility, eventually leading to a financial crisis.

# China says Turkey will decide in its 'own interests' on missile system

Reuters, 09.09.2014



China said on Tuesday September 09 that Turkey would decide in its “own interests” after Turkish President Tayyip Erdogan said the country was in talks with France on buying a missile defense system following disagreements with Beijing.

The United States and NATO officials have said that Turkish collaboration on the system with China, which was originally awarded the tender, could raise questions of compatibility of weaponry and of security. The missile deal constituted normal trade cooperation, Chinese Foreign Ministry spokeswoman Hua Chunying told a daily news briefing.

“The relevant Chinese company’s cooperation with Turkey is normal military trade cooperation. We believe that the Turkish side will make a decision that accords with its own interests,” Hua said when asked whether the deal was still on. Franco-Italian Eurosam, which is owned by Franco-Italian missile maker MBDA and France’s Thales, came second in a tender last September, losing out to China Precision Machinery Import and Export Corp’s (CPMIEC) \$3.4 billion offer. Erdogan said the disagreements were about joint production and know-how during negotiations over the missile defense system. The choice of CPMIEC for the project irked Western allies as the company is under U.S. sanctions for violations of the Iran, North Korea and Syria Non-proliferation Act.

U.S. Defense Secretary Chuck Hagel, who told a defense industry forum last week that Russia and China were working hard to close a weapons technology gap with the United States, was in Ankara on Monday. Last month, Turkey invited firms in the tender, including Eurosam and U.S.-listed Raytheon Co, the maker of Patriot missiles which came in third, to extend the validity of their bids, indicating Ankara was still considering alternative offers but stopped short of discussing problems with the Chinese deal. In May, Turkish officials told Reuters on condition of anonymity that China had not met the tender’s conditions.



# Announcements & Reports

## ▶ *MiFID II: time to take action, wealth & asset management*

**Source** : Ernst & Young

**Weblink** : [http://www.ey.com/Publication/vwLUAssets/EY-time-to-take-action-on-mifid-II/\\$FILE/EY-time-to-take-action-on-mifid-II.pdf](http://www.ey.com/Publication/vwLUAssets/EY-time-to-take-action-on-mifid-II/$FILE/EY-time-to-take-action-on-mifid-II.pdf)

## ▶ *Global wealth and asset management outlook*

**Source** : Ernst & Young

**Weblink** : [http://www.ey.com/Publication/vwLUAssets/EY-Global\\_wealth\\_and\\_asset\\_management-industry-outlook/\\$FILE/ey-global-wealth-and-asset-management.pdf](http://www.ey.com/Publication/vwLUAssets/EY-Global_wealth_and_asset_management-industry-outlook/$FILE/ey-global-wealth-and-asset-management.pdf)

## ▶ *Building the bank of 2030 and beyond: the themes that will shape it*

**Source** : Ernst & Young

**Weblink** : [http://www.ey.com/Publication/vwLUAssets/EY\\_-\\_Building\\_the\\_bank\\_of\\_2030\\_and\\_beyond/\\$FILE/EY-Building-the-bank-of-2030-and-beyond.pdf](http://www.ey.com/Publication/vwLUAssets/EY_-_Building_the_bank_of_2030_and_beyond/$FILE/EY-Building-the-bank-of-2030-and-beyond.pdf)

## ▶ *Economic security and competitiveness*

**Source** : Deloitte

**Weblink** : [http://www2.deloitte.com/content/dam/Deloitte/tr/Documents/public-sector/EN\\_Economic%20Security%20and%20Competitiveness\\_16072014.pdf](http://www2.deloitte.com/content/dam/Deloitte/tr/Documents/public-sector/EN_Economic%20Security%20and%20Competitiveness_16072014.pdf)

## ▶ *Turkish real estate market 2014*

**Source** : Deloitte

**Weblink** : [http://www2.deloitte.com/content/dam/Deloitte/tr/Documents/Real%20Estate/EN\\_RealEstate2014\\_11072014.pdf](http://www2.deloitte.com/content/dam/Deloitte/tr/Documents/Real%20Estate/EN_RealEstate2014_11072014.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)

## ▶ *How to fix the Euro: strengthening economic governance in Europe*

**Source** : Chatham House

**Weblink** : [http://www.chathamhouse.org/sites/files/chathamhouse/home/chatham/public\\_html/sites/default/files/20140300FixTheEuroPickfordSteinbergIglesias.pdf](http://www.chathamhouse.org/sites/files/chathamhouse/home/chatham/public_html/sites/default/files/20140300FixTheEuroPickfordSteinbergIglesias.pdf)

## ▶ *Transatlantic trends: mobility, migration and integration*

**Source** : German Marshall Fund

**Weblink** : [http://www.gmfus.org/wp-content/blogs.dir/1/files\\_mf/1409330957Trends\\_Immigration\\_2014\\_web.pdf](http://www.gmfus.org/wp-content/blogs.dir/1/files_mf/1409330957Trends_Immigration_2014_web.pdf)



# Upcoming Events

## ► *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/>

## ► *Syrian displacement: views from the region*

**Date** : 16 September 2014  
**Place** : Washington – USA  
**Website** : <http://www.brookings.edu/events/2014/09/16-syrian-displacement>

## ► *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)

## ► *The 7th Seoul-Washington Forum: U.S.-Korea-Japan relations, unification, and green politics*

**Date** : 18 September 2014  
**Place** : Washington – USA  
**Website** : <http://www.brookings.edu/events/2014/09/18-seventh-seoul-washington-forum>



► *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: complementarity in conflict*

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

► *Security challenges and strategic imperatives for India*

**Date** : 23 September 2014  
**Place** : London – United Kingdom  
**Website** : <http://www.iiss.org/en/events/events-s-calendar/security-challenges-and-strategic-imperatives-be1d>

► *The crisis in Ukraine*

**Date** : 24 September 2014  
**Place** : Texas – USA  
**Website** : <http://bakerinstitute.org/events/1668/>

► *To restructure or not? Managing the euro area debt crisis*

**Date** : 24 September 2014  
**Place** : Brussels – Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/458-to-restructure-or-not-managing-the-euro-area-debt-crisis/>

► *Energy and economic competitiveness*

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

► *Abenomics – stock-taking and lessons for the EU*

**Date** : 08 October 2014  
**Place** : Brussels – Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/452-abenomics-stock-taking-and-lessons-for-the-eu/>



► *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>