

Turkey to not accept Greece-Egypt Mediterranean deal

Anadolu Agency, 09.12.2014



Any delimitation on the Mediterranean between Egypt and Greece will not be acceptable if it affects Turkey's national interest, Prime Minister Ahmet Davutoglu has said. Davutoglu made the remarks in an interview published Sunday in a Greek newspaper which he gave at the end of the third High-Level Cooperation Council meeting between Greece and Turkey in Athens on Dec. 6.

"If Greece signs the agreement with Egypt, we would not accept it if it affects our national interests. This agreement will not exist for us," he said. Ankara believes there can be no demarcation in the Eastern Mediterranean without it.

He also called the trilateral cooperation between Greece- Greek Cyprus-Cairo and Greece- Greek Cyprus-Israel for natural resources "opportunism" that came at a "bad time." The heads of state of Greek Cyprus, Egypt and Greece had met on Nov. 8 in Cairo to discuss how to boost their energy cooperation, hoping they could sideline Turkey in the Mediterranean. Also, Israel recently held talks with the EU to decide if they would invest in a pipeline from its Mediterranean gas fields through Greek Cyprus.

The Turkish premier said the gas pipeline imagined between Israel and Greek Cyprus through Greece to Europe was unsustainable economically and technically. He denied the cooperation deals were a threat to Turkey. "We do not feel any threat. No one can threaten us," he said. "In the Eastern Mediterranean, all arrangements, especially the boundaries on maritime zones should be made after negotiations with all parties. If two parties or three parties declare an Exclusive Economic Zone without consulting the other parties, who are also interested and have a legitimate interest, then it moves against the international law," he said. He said the best solution for Greece and Turkey in the Aegean Sea was to first solve problems between themselves, and then they can talk to third parties.

About the unified treatment of the delimitation of maritime zones in the Aegean and Eastern Mediterranean, Davutoglu said "they are two different cases geographically. The Eastern Mediterranean does not have many islands, only one, and that even raises great debate. "The Aegean is more complex, whilst in the Eastern Mediterranean if the Cyprus island issue is solved then things can become simpler," he said. About oil-and-gas exploration off the Cyprus coast, the prime minister made it clear it could only be possible if talks between Turkish Cypriots and the Greek Cypriot side resumed to solve the dispute. Otherwise if the problem remains unresolved, either the Turkish Cypriots would have the last word in all aspects of such exploration or the Greek Cypriot administration would get used to the presence of Turkish vessel, Barbaros, off the Cyprus coast.

He said there were about two million refugees in Turkey, out of which 1.6 million fled because of the Assad regime's atrocities against his own people and about 400,000 others who fled the Islamic State of Iraq and the Levant, or ISIL, attacks. About accusations that Turkey cooperated with ISIL, he said countries far away from Syria found it easy to criticize his country, but if those countries were next to a country that was collapsing, their views would be different. "Also, for those countries that have received a few tens or hundreds of refugees, it is easy to criticize us," he added. "We have spent \$5 billion dollars on the refugees so far. How much money those who criticize us have given? What have the five permanent members of the UN Security Council have offered when they prevented the adoption of any resolution on Syria? We have declared the ISIL a terrorist organization since Oct. 10, 2013, not after the attack in Mosul, but last year," he clarified. The Turkish premier added that unless Assad departed from Syria, the problem would not be solved.

British PM arrives in Turkey for talks on Syria, ISIL

Hurriyet Daily News, 09.11.2014



David Cameron arrived in Ankara to discuss a host of bilateral issues, including measures to stop the flow of British fighters into Syria and Iraq through Turkey's borders.

Cameron's discussions in the Turkish capital are likely to focus on the fight against the Islamic State of Iraq and the Levant terrorist group, and actions of Syrian President Bashar al-Assad. The visit comes weeks after the British premier said Britain had to take action to deal with the threat posed by "foreign fighters planning attacks against our people ... we will continue to do everything we can to keep our country safe."

The British government has said that up to 500 Britons have traveled abroad to participate in fighting in Syria and Iraq, and more than 200 have been arrested on their return to the U.K. on suspicion of terrorism. British Prime Minister's first stop will be the Prime Ministry, where he and Ahmet Davutoglu will have a bilateral meeting and then hold a press conference.

Cameron and Turkish President Recep Tayyip Erdogan are also expected to discuss Turkey's bid to join the European Union. During his first visit in 2010, the British prime minister said he would "fight" for Turkey's EU membership and added that he was "angry" at the slow pace of negotiations. The U.K. supports Turkey's accession to the EU as long as the accession criteria are met. Cameron's visit coincides with that of Federica Mogherini, the High Representative of the EU for Foreign Affairs and Security Policy, who will visit a refugee camp on Turkey's southern border and hold talks with Turkish officials. Sinan Ulgen, Chairman of the Istanbul-based Center of Economics and Foreign Policy Studies, said "Cameron's visit to Turkey is an important move for both Turkey and the EU."

“The Syria situation and the ISIL will be the main agenda of the meeting; Cameron will demand more support from Turkey in the fight against the ISIL,” Ulgen said. He also said that the suspended talks between Turkey and the Greek Cypriots might also be in the agenda of discussions between the two leaders. Ankara may ask European countries to put pressure on the Greek side to resume talks, he added.

Cameroon is expected to seek a trade balance between Turkey and Britain. Turkey’s exports to the U.K. reached \$9.93 billion this year. Turkey-U.K. bilateral trade volume was \$13.9 billion in 2011. The U.K.’s direct investments to Turkey in 2011 reached \$917 million. In 2013, the trade between UK and Turkey reached \$15 billion, according to the Turkish-British Chamber of Commerce and Industry. Samuel Tombs, a British economist at Capital Economics, said the U.K. wanted to boost its economy and increase its exports to Turkey.

“The U.K. also wants to secure economic cooperation with developing countries out of the EU, such as Turkey,” Tombs added. Turkey is currently the fastest emerging market of Europe. Turkish Gross Domestic Product grew by 8.8 percent in 2011, 2.2 percent in 2012 and four percent in 2013. The average growth rate in the last decade was five percent, the fastest among the Organization for Economic Cooperation and Development countries, which grew at an average of 1.7 percent. The OECD organization estimates that Turkey will be the third highest growing country after China and India by 2017, and may surpass India after 2017 to be at number two.

Turkish lira drops to two-month low against dollar

Anadolu Agency, 12.11.2014



The Turkish lira dropped to its lowest level in two months against the U.S. dollar. Data on rising U.S. retail sales as well as on declining requests for unemployment benefits drove the dollar to 2.2983 liras.

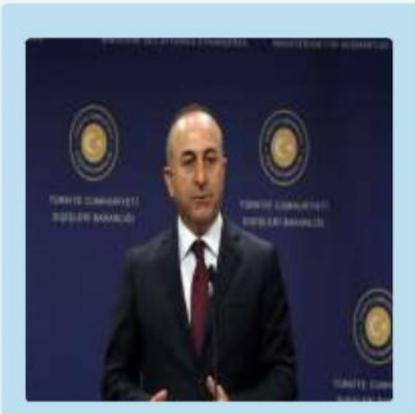
And the lira could drop even lower, according to Ridvan Basturk, a research analyst at ALB securities. Basturk said that, for the Turkish lira, 2.30 against the dollar was a strong resistance point. “Now that the lira had passed that point, there is a possibility that it will fall significantly more.” Should the lira change direction against the dollar, Basturk said that 2.2890 will be a key support level.

“The next week is critical for the Turkish lira because the U.S Federal Reserve is to meet, and there is a chance that the Fed will hike interest rates. In that case, the Turkish lira could fall even harder.” The Turkish Central Bank is prepared for this eventuality. “The Turkish Central Bank is ready to act to limit the effects of a rate-rise decision by the U.S. Federal Reserve, whether by also raising our interest rates or by keeping monetary policy tight until the inflation outlook improves,” Central Bank Governor Erdem Basci said.

Turkey's Central Bank reserves, which uphold the value of the Turkish lira, decreased by nearly \$1.6 billion to \$131.9 billion in the week from Nov. 31 to Dec. 5, according to the Central Bank's weekly figures released. The Bank's gross foreign exchange reserves were down by nearly \$1.45 billion at \$111.7 billion. Gold reserves also decreased by \$95 million in the week to \$20.18 billion. The Turkish Central Bank announced that it would increase the daily foreign exchange auction amount to \$40 million from a minimum of \$20 million.

Turkey's FM to attend Black Sea economic conference

Hurriyet Daily News, 11.12.2014



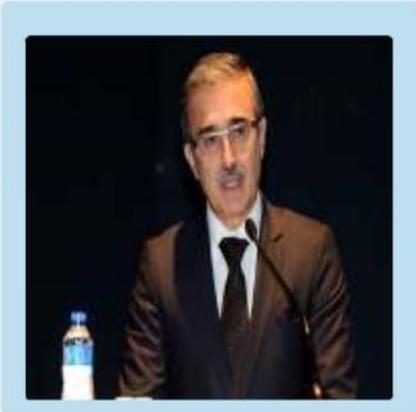
Turkey's Foreign Minister Mevlut Cavusoglu will attend the 31st foreign ministers meeting of Black Sea Economic Cooperation in Greece's Thessaloniki city. According to Turkish Foreign Ministry's statement, the foreign ministers' meeting will discuss the areas of trade, transportation, energy, communication, science-technology, tourism and education.

“The aim of using the economic potential of the Black Sea basin for the prosperity and welfare of our peoples, which is the basis of the establishment of this organization, continues to unite all of the countries in the region,” the statement said.

The ministry also stated that the participating ministers will exchange views on the steps that have been taken to render the organization more project-oriented, more effective and more visible. Cavusoglu is expected to hold meetings with various foreign ministers at the conference.

Turkish arms exports up 20 pct

Hurriyet Daily News, 11.12.2014



Turkey's defense exports for the first 11 months of 2014 have increased 20 percent compared to the same period last year, according to the national association of exporters. Turkish defense exports stand at \$1.5 billion, indicate official figures from the Turkish Exporters' Assembly released.

The U.S. was the largest purchaser of Turkish defense hardware, for a total of \$508 million. Other major markets were Malaysia at \$109 million and the United Arab Emirates at around \$87 million. The export items are extremely varied: aircrafts, helicopter parts, engines, armored land vehicles, speed boats, missiles, rockets, launching platforms, etc.

The defense industry products make up slightly over one percent of the overall total exports, which are valued at \$144 billion for the January to November 2014 period. Turkish exports in the defense and aviation industries reached \$1.39 billion in 2013. Separately, Turkish defense producers aim to boost exports to \$25 billion by 2023, Turkey's undersecretary for defense industries said late November. Ismail Demir said that Turkey aims to have defense companies among the top 100 in the world and to create at least three global brands in the defense sector.

"Yes, we have a lot of work to do, but the return on investment in the defense sector is very high," he said. "In addition, a good value-added product earns a high price on the market. The Turkish Armed Forces are a very important reference which attracts attention to Turkish products in the international market." The Turkish officials have often said that boosting the country's defense industry exports was one of its strategic goals. Ankara spent over \$1 billion on defense, research and development in 2013. Turkey's defense industry has gained momentum in recent years, namely thanks to an expansion of local producers.

Meanwhile, Turkey's defense spending was 29.4 billion Turkish liras, or \$13.2 billion, this year, according to the Turkish Defense Ministry. Turkey spent about 1.71 percent of its Gross Domestic Product on defense in 2014. This is far less than was spent in the past; Turkey spent 3.5 percent of its GDP on defense in 2002. Turkey is currently negotiating a \$3.5 billion deal for a long-range air and anti-missile defense system, including local production, with suppliers from China, the U.S. and Europe.

Turkish minister says economy to meet growth targets

Anadolu Agency, 10.12.2014



Turkey will be able to hang onto its 3.3% growth target rate during its medium-term economic program despite the weaker than expected third-quarter figures, Mehmet Simsek said.

Addressing the plenary session of the Turkish parliament on the 2015 budget, Simsek said the weaker than expected third-quarter growth figures were actually not far from the targets projected in the medium-term economic program. “Today, the third-quarter figure was announced at 1.7%. This is actually close to our projection of 2.2%. The deviation in this figure is largely related to the agriculture sector,” he said.

“So, we see a growth performance close to the medium-term economic program targets still as realistic,” he added. He recalled that the global institutes too had one-by-one lowered their global growth forecasts over the forthcoming period. Simsek said the persistent weak economic recovery in Europe, the slowdown in growth in emerging economies, especially in China and the geopolitical crises were the major risk factors for global growth and emerging economies. He pointed out that the downgrade in growth forecast was not limited to Turkey. The International Monetary Fund too had recently cut its growth expectation for both developed and emerging economies, he added.

Turkey, Greece aim for stronger economic relations

Hurriyet Daily News, 06.12.2014



Turkish Prime Minister Ahmet Davutoglu voiced Turkey’s intention to create a strong regional economic zone hand-in-hand with its Aegean Sea neighbor, Greece. Addressing the Greek-Turkish Business Forum in Athens, Davutoglu said “Turkey wants a strongGreece so that together we can strengthen the future of our two countries and our positions in Europe.”

The forum gathered Turkish and Greek ministers and businessmen. Davutoglu gave an outline of his vision to transform the historical and deep-rooted relations between the two neighbors into a permanent friendship.

The premier said he agreed with his Greek counterpart Antonis Samaras that the economies of the two countries complimented each other. He added that Ankara would like to work with Athens also in the European market. “As a friend and neighbor country, Turkey wants Greece to have the strongest economy since it sees the stability and welfare of Greece as that of itself,” the premier said. Davutoglu highlighted the business community’s role in further developing bilateral relations. He said politicians can consolidate mutual trust and stability by scaling up bilateral relations in investment, trade and tourism. Referring to the cooperation council between Greece and Turkey, he said: “the message of the council meeting is that: It is time to cooperate and it is time for the businesspeople to take the stage.” He said policymakers should pave the way for the business world by signing bilateral agreements and minimizing bureaucracy to provide a suitable ground for trade and investments. “The more economic dependence and interdependence increases, the less conflicts and tensions we have,” he said. The premier also emphasized the sectors of tourism, banking and finance along with food safety as business opportunities. “Turkish and Greek companies can also cooperate in third countries,” he added.

Samaras addressed his Turkish counterpart as “Friend Mr. Prime Minister” and said he believed that the economic and business cooperation was a necessary element for good transnational relations. “This is more important between neighboring countries that cultivate political stability and trust amongst them. Then new paths of financial and commercial contacts arise for the benefit of both nations,” he said. “We need stability and trust, and we are at this point now,” said the Greek premier. He said that he wanted relations between business communities of the two countries to prosper. Samaras also made a reference to the tourism sector that increased between the two countries. “There are unused opportunities for further expansion of economic relations in sectors such as high technology, construction, transport and tourism,” he said.

Turkish Cypriot president: We need ‘liveable agreement’

Anadolu Agency, 10.12.2014



Cypriot Turks want an agreement which is permanent, livable and based on existing realities Dervis Eroglu said. Eroglu said that the Greek Cypriot administration had left the negation table.

Eroglu was referring to the Greek Cypriot administration’s suspension of the most recent talks with the north on Oct. 7, after Turkey sent an oil and gas research vessel on a mission off the Cyprus coast. The move to send a research vessel, with two navy ships, was intended to show that Turkey objected to the Greek Cypriot administration’s plans to unilaterally exploit hydrocarbon resources off the island.

Kuwait Emir says gulf development hit by oil price

AP, 09.12.2014



Kuwaiti Emir says Gulf countries' national development programs are being affected by the slide in oil prices, which have hit the oil-producing and exporting countries' incomes.

Al-Sabah was speaking at the annual summit of the six-nation Gulf Cooperation Council in Doha, the same day that the price of Brent crude oil hit a five-year low of \$65. That represents a 43 percent drop since the summer. An IMF report on Kuwait also released said that a decline in oil prices should not trigger immediate spending cuts, but that it places more urgency on implementing the government's medium-term consolidation plans to contain current spending levels.

U.S. denies sending arms to Syria Kurdish militants

Anadolu Agency, 10.12.2014



The State Department denied supplying U.S. arms to Kurdish militants defending the besieged town of Kobani, insisting that any supplies are from the Kurdish Regional Government in northern Iraq.

"The United States is not providing U.S. arms to the PYD," a department official told the Anadolu Agency referring to the Kurdish Democratic Union Party. Turkey views the party as a branch of the outlawed Kurdistan Worker's Party, or PKK, and has condemned arming the Democratic Union Party's militant wing, which is known as the People's Protection Units.

Washington, however, has carried out air drops to reinforce the group as it seeks to defend the key Syrian border town from ISIL advances. "It became clear in October that the anti-ISIL forces defending Kobani were running dangerously low on supplies necessary to continue the fight against ISIL there on the ground. That is why President (Barack) Obama decided to resupply Kobani's defenders by air with supplies provided by Kurdistan Regional Government authorities in Iraq," the official said, distinguishing U.S. arms from those supplied by the Kurdish government in northern Iraq. The official added that the U.S. continues to label the PKK as a foreign terrorist organization.

Abbas, Kerry discuss Palestinian-Israeli peace track

Anadolu Agency, 12.12.2014



President Mahmoud Abbas discussed the latest developments in Palestinian-Israeli relations phone conversation with John Kerry, according to the Palestinian news agency. “During a phone call with President Abbas, U.S. Secretary of State John Kerry expressed his condolences for the death of [senior Palestinian official] Ziad Abu Ein and stressed the importance of continuing peace efforts,” Palestine’s state-run Wafa news agency reported.

Kerry said he would be “holding meetings with European foreign ministers,” without specifying which ones, Wafa reported.

Kerry said he would be “holding meetings with European foreign ministers,” without specifying which ones, Wafa reported. Abbas also received a phone call from Turkish Prime Minister Ahmet Davutoglu, during which the latter extended his “warmest condolences for Abu Ein’s death.” Davutoglu also discussed the reconstruction of the war-battered Gaza Strip during his conversation with Abbas, Wafa reported.

For seven weeks in July and August, Israel pummeled the Gaza Strip with the stated aim of halting rocket fire from the Hamas-run coastal strip. The offensive left some 2,160 Palestinians dead and 11,000 others injured – the vast majority of them civilians – while destroying vast swathes of infrastructure across the territory. Israel also destroyed thousands of homes and facilities across Gaza, worsening humanitarian conditions for the strip’s 1.8 million residents. At an October donor conference, several Arab and European countries pledged a combined \$5.4 billion for the strip’s reconstruction. Abu Ein died Wednesday when Israeli troops dispersed a demonstration against the expansion of Jewish-only settlements and Israel’s separation wall.

Saber al-Aloul, head of the Palestinian forensic institute, said that preliminary autopsy results had shown that Abu Ein’s death had been caused by “a lack of blood to the heart, caused by a hemorrhage in the inner lining of the coronary artery – signs usually associated with anguish and stress.” Ehab Bseiso, a Palestinian Authority spokesman, said “the Israeli government is responsible for the death of Abu Ein.” In a report issued by the Israeli prime minister’s office, Israel’s Health Ministry said that a preliminary autopsy report had shown that the cause of Abu Ein’s death had been a “blocked coronary artery.”

Greece prepares for snap elections

Euractiv, 09.12.2014



In a sudden move and under pressure from international lenders, Greek PM Antonis Samaras decided to hold elections on 17 December, with a new wave of political instability expected to hit the country.

Normally the presidential election should be held in March, but the coalition government of centre-right New Democracy and PASOK decided to accelerate the procedure for political reasons. The negotiations with the troika for its last assessment have reached a deadlock, despite the fact that Greece now has the highest primary surplus in the euro area after Germany, according to Eurostat.

Early on Monday (8 December) the Greek parliament approved the first balanced budget in decades. The same day, Eurozone finance ministers agreed to extend Greece's bailout programme by two months, in an attempt by international lenders and the Greek government to buy time. Further budget cuts will have to be decided after the end of the bailout, scheduled for the end of this year. The government attributed the sudden decision for presidential election to the main opposition Syriza's alleged efforts to provoke political instability with the negotiations with the Troika- IMF,

European Commission, European Central Bank. "The government cannot accept this open undermining. This political uncertainty must end immediately," said government spokesperson, Sofia Voultepsi. According to latest figures, leftist Syriza is steadily leading all the polls, and it would be in its interests to hold snap general elections.

The balance in the Greek parliament makes the election of a new president quite complicated. According to the Greek Constitution, the first two voting procedures require 200 votes in the 300-seat parliament for the election of a new president. As 200 votes seem quite difficult to gather taking into account the current balance of political forces, in the third and final voting procedure 180 votes are needed. In case the presidential candidate does not receive 180 votes, the parliament is dismantled and snap general elections are called.

Currently, the coalition government is supported by a total of 155 MPs. There are 24 independent MPs, who are considered as key factor for the final result of the election. Up until now, they have not shown any coherent stance on crucial issues. The right-wing party "Independent Greeks" has 12 MPs but its leader, former New Democracy MP Panos Kammenos, has categorically stated that his party would not consent to the election of a new president. The former junior coalition partner, Democratic Left, currently has 10 MPs, and its stance on the issue is unpredictable. Leftist main opposition Syriza (71 MPs) which has been calling for early general elections for months now, believes that the government cannot find 180 votes for the election of a new president. Communists and neo-Nazi Golden Dawn have 12 and 16 MPs respectively, and it is unlikely that they will support any candidate for president.

According to analysts in Athens, the Greek government decided to accelerate the presidential election because the negotiations with the Troika were stuck, and new austerity measures would be needed after the end of the bailout at the end of the year. Opposition Syriza has promised to give an end to the austerity-driven policy if it wins the elections, provoking uncertainty to international lenders. Syriza MEP Giorgos Katrougkalos recently told EurActiv Greece that international lenders will attempt to impose “economic suffocation” on Greece. “I am afraid that when Syriza is in government, they will try to impose a peculiar political and economic suffocation in Greece, aiming at proving that there is no alternative policy to the neoliberal one,” he said. International lenders believe that Greece has not made yet crucial structural reforms, such as the opening of some closed professions, and reached privatisation targets. In an interview with EurActiv Greece, centre-right New Democracy MEP Giorgos Kyrtos, shared a similar view. “Despite being a government MEP, let me say that Greece does not fully implement the memorandum,” he had stated, referring to the scheduled dismissals in the public sector that never took place.

Russia's Lavrov says peace talks in Ukraine needed swiftly

Reuters, 12.12.2014



Russian Foreign Minister Sergei Lavrov reiterated Moscow's calls to convene as soon as possible another round of peace talks on the conflict in east Ukraine's Donbass region, TASS reported.

“A chance emerged to establish peace in Ukraine. With difficulties, but a ceasefire, a truce has been established,” TASS quoted him as telling a meeting with foreign policy experts. “There is constructive base to move forward on... the economic restoration of Donbass, establishing political dialogue that should eventually lead to a constitutional reform.”

Russian military chief: NATO advancing to borders

Reuters, 10.12.2014



NATO is advancing its military infrastructure toward Russia's borders, the head of the Russian general staff has said. Valeriy Gerasimov said at a meeting of military attaches in Moscow: "Presently in Poland, the Baltic countries and in the Black and Baltic seas, they are building up the alliance's land, sea and air forces."

"They have intensified military exercises and the training of NATO forces under the false pretense of 'countering the threat from the East'," he said. Tensions between NATO and Russia have risen since the outbreak of a conflict in Eastern Ukraine.

"In the rhetoric of certain Western countries, especially those of the North Atlantic alliance, Russia is directly blamed for the events of the past year in Ukraine, which have spilled over into a bloody conflict in the south-east," said Gerasimov. Recent months have seen a rise in Russian air force and naval activity around the globe, including numerous incidents of Russian military aircraft allegedly violating the airspace of other nations. Among such incidents was a near collision between a passenger plane bound for Rome and a Russian reconnaissance plane on March 3.

Russian central bank raises interest rates

BBC, 11.12.2014



The Central Bank of Russia announced that it is raising its key lending rate to 10.5 percent. The rate hike is intended to help control rising inflation, caused largely by the ruble's sharp decline in value against the major currencies, the central bank said in a report.

As of Dec. 8, the rate of consumer price increases was 9.4 percent. Core inflation reached 8.9% in November. The report forecasts that inflation will have risen to 10 percent by the end of this year. In 2015 it is expected to exceed 10 percent. The report also forecasts that Russia's economic growth for this year will be flat, at 0.6 percent.

“During the next three-year period, economic growth will be lower than previously projected in the baseline scenario due to persistently lower oil prices. Annual GDP growth is expected to be close to zero in 2015-2016,” the report says. The report attributes the poor growth to “the considerable changes in external conditions.” These include: Restricted access to international capital markets for Russian companies, due to Western sanctions. Low energy prices limit trade and revenue. Sharp fall in the value of the ruble. As a result, fixed capital investments will continue to drop and consumption will remain weak, the report says. The ruble, however, continued to lose value against major currencies despite the rate hike, dropping below 55 to the dollar for the first time.

EU court nails Austria, Poland over breaches to green energy rules

Euractiv, 12.12.2014



Austria is breaking European Union law with its plans to shelter energy-intensive industries from the cost of subsidising renewable power, one of the top EU courts said.

In a separate decision, an advocate general to the EU’s highest tribunal, the Court of Justice of the European Union, found Poland had failed to implement in full the EU renewable energy law and should be ordered to pay a daily fine. In Austria, a Green Electricity Act, not yet entered in force, could allow energy intensive businesses such as steel maker Voestalpine to avoid the full cost of a fixed price for green energy that is higher than the market price.

The green energy tariff is designed to benefit renewable power producers and help lift the share of renewable power in the energy mix, as part of EU climate and energy policy. The Luxembourg-based General Court of the European Union, the bloc’s second-highest tribunal, ruled that the scheme for energy-intensive firms constituted state aid and clashed with EU law. Germany, by contrast, earlier this year won EU and court backing for its green energy scheme to the relief of big business. Meanwhile the European Commission, the EU executive, is seeking to impose on Poland a daily fine of more than €61,000.

Opinions of advocate generals are adopted by the court in a majority of cases. Judges are expected to rule in the coming months. In a statement, the Polish economy ministry said it was taking steps to fully implement the renewable energy directive. The European Commission has said it will rigorously enforce legislation on completing the single EU energy market. Conflicts between Ukraine and Russia, the EU’s biggest energy supplier, have intensified EU efforts to create a more efficient European market, with cross-border links, to share out available supplies and limit dependency on imported fossil fuels.

EU official calls NSA surveillance a trade barrier

Reuters, 08.12.2014



Mass surveillance efforts by the NSA is a barrier for European companies doing business in the U.S, a top EU official said. Paul Nemitz, a director at the justice department of the European Commission, claims U.S. laws make it difficult for European-based online services to attract American consumers since those digital transactions are open to surveillance.

The measure “which empowers the NSA to basically grab everything which comes from outside the United States is a real trade barrier to a European digital company to provide services to Americans inside America,” Nemitz told .

The law in the U.S. allows security agencies broad and unwarranted access to emails that are to, from or about noncitizens. Many Americans are already nervo us about unapproved NSA snooping on email and other communications carried through domestic services. Nemitz contends that because international digital transactions are not as legally protected from unwanted surveillance, European services have a harder time coaxing Americans to join. Nemitz’s commission is requesting that the U.S. government access foreign emails only when it is strictly necessary for reasons of national security – the same restrictions placed on the NSA when accessing U.S. citizens’ data –officially, at least.

Last summer’s leaks about NSA practices by whistle-blower Edward Snowden that scandalized Americans and Europeans have led to little action. A survey of more than 23,000 people in 24 countries released last month by Canadian research group Centre for International Governance Innovation found that while 62 percent of Americans were more concerned about online privacy than they were a year ago, only about a third have done anything to better protect their data. Half of the Europeans surveyed were concerned about their data online, and 29 percent have taken any steps to improve their online security.

Poland says Russian manoeuvres in Baltic unprecedented

Euractiv, 12.12.2014



Russia's military is engaging in an unprecedented amount of activity around the Baltic Sea, Polish Defence Minister Tomasz Siemoniak said. He said that Poland was not under threat of attack and the Russian manoeuvres were most likely designed to test how NATO forces in the region reacted.

NATO says its patrols in the region have seen heightened activity by Russia's military, especially its aircraft, since the beginning of the standoff between Moscow and the West. NATO has also beefed up air patrols of the Baltic region and moved soldiers and equipment to eastern Europe for exercises.

Moscow says by stepping up its presence on Russia's borders, the alliance is further fuelling tensions. The alliance says those measures are to reassure its eastern European members, who fear they could be Russia's next target. "Over the past few days we have seen unprecedented activity by the Russians in the Baltic Sea, both the Baltic fleet and Russian aircraft," Siemoniak told Polish broadcaster TVN24. "We are concerned about that. NATO is trying to prepare some kind of reaction," he said, without saying what form that response would take. "We are not under threat of attack. These activities don't have the character of preparing for an attack."

Lawmakers push to fast track legislative tax evasion proposals

Reuters, 11.12.2014



In the light of new revelations in the Luxembourg tax evasion schemes, some MEPs will push to fast-track the European Parliament's legislative reports being drafted by the legislature's economic committee.

Citizens and SMEs pay their taxes, while big corporations seem to have a wide range of possibilities to avoid taxes," said Guy Verhofstadt. "The European Parliament needs to speed up its internal process and come forward with real solutions," he added, noting he will urge colleagues in the Conference of Presidents to fast-track the inquiry and legislative proposals.

The new European Commission President Jean-Claude Juncker took responsibility for his country's tax practices last month. He said he would fight tax evasion with a greater automatic exchange of information during his term in Brussels. After the second wave of Luxleaks this week, Juncker admitted that he has been weakened by the revelations. More than 300 companies, including PepsiCo Inc, AIG Inc and Deutsche Bank AG, secured secret deals from Luxembourg to slash their tax bills, the International Consortium of Investigative Journalists (ICIJ) reported on 5 November, quoting leaked documents. The companies appear to have channeled hundreds of billions of dollars through Luxembourg and saved billions of dollars in taxes, the group of investigative journalists said, based on a review of nearly 28,000 pages of confidential documents. Tax avoidance is legal, but companies which use complex structures to reduce their tax bills are coming under increasing scrutiny, and legislators internationally have promised to crack down on the practices.

Speaking to representatives of civil society, during the Plenary session of the European Economic and Social Committee (EESC), European Parliament Martin Schulz said on Wednesday (10 November) that Europe needs to address the weak spots of its economy. "We need money for investment," he said, stressing that the money is there, but emphasizing that Europe need a proper taxation system in order to make people pay taxes. "It is inadmissible that €1000 billion goes hiding because of tax evasion," Schulz commented, referring to the Luxleaks scandal. "Public debt could be reimbursed in one decade," he continued. "We need to tighten tax collection."

"We cannot wait any longer. Every year we continue losing big sums of money," he said, adding that the European Parliament needs to speed up its work. On 4 December, the European Parliament's Conference of Presidents of political groups agreed that the Economic Affairs committee should draft two initiative reports on tax evasion. These reports, which contain non-binding recommendations to the Commission, rarely have much impact. The Greens have pushed for a full inquiry committee into tax evasion and dumping as a follow-up to the Luxembourg leaks revelations and the wider implications on tax dumping.

But the leaders of the grand coalition have told their members not to support the Greens' proposal. "We are not convinced that simply producing more reports is commensurate to the issue at hand," Philippe Lamberts, Greens/EFA co-president said. "Aggressive tax competition by the Netherlands, Luxembourg, Ireland, Austria and others is a breach of the treaty obligation of sincere cooperation between EU member states. 'Luxembourg leaks' is a watershed moment for the battle against tax evasion, and the issues raised by these leaks must be subject to a thorough inquiry," said Sven Giegold, the Greens economic and finance spokesperson. The need for genuine investment funds might turn out to be the real incentive for legislators to move fast on tax evasion. "We have a dramatic investment gap," said Schulz. He noted that in 2013, the EU invested €325 billion less than the yearly average before the crisis. "Europe is falling behind. The United States and China are outspending us today to outperform us tomorrow," he added.

EU, Brazilian companies push for a bilateral trade deal

Euractiv, 10.12.2014



With fresh new executives in Brussels and Brasilia, there is a window opportunity for relaunching negotiations between the EU and Brazil to reach a bilateral trade and investment agreement, business leaders said in a survey. In a poll conducted by the EU Brasil Association, international companies indicated that a free trade agreement should be the priority for the new Juncker European Commission.

CEOs of 27 leading companies involved in trade between the two partners said that the elimination of tariffs is still important, but no longer a priority, as regulations are the main barriers to the development of business.

"The negotiations between EU and US to conclude the TTIP are about to accelerate. This process aims at the creation of a new system of rules for investments and trade of goods and services that will surely be imposed to the rest of the world," said Professor Alfredo Valladão, from the Paris Institut d'Etudes Politiques and president of EUBrasil Advisory Board. "It is time for Brazil and its manufacturing sector to get involved in this debate, in order to avoid being marginalised by the extremely fast emergence of a new global economic paradigm and its regulations. This would be a damaging situation for the interests of both Brazil and EU," he said.

Among the main burdens highlighted by companies, top of the list is the complicated process for approval of environmental licenses. Business leaders also mention some well-known problems, including the lack of transparency on auction procedures, lack of regulatory predictability, local content requirements, including for government procurement, and the barriers to trade in services in several sectors, such as telecommunications, insurance and maritime transportation.



“The European Commission should work in partnership with Brazil’s government to build a permanent dialogue to improve regulations in order to strengthen the financial and economic bilateral ties,” said Luigi Gambardella, president of EUBrasil. The business push comes at a time when Brazil is about to take the leadership of the South American trading bloc, Mercosur, in 2015. Speaking at the presentation of the survey, Brazilian ambassador to the EU, Vera Machado, said: “Brazil will assume the rotating presidency of Mercosur and will be in a position to advance the agenda, hopefully moving it from our memories to become a reality.” Fifteen years after talks between the EU and Mercosur were first launched in 1999, both sides have missed self-imposed deadlines to swap offers for opening markets in a pact that would encompass 750 million people and \$130 billion in annual trade.

After a five year break, talks were resumed in 2004, with the goal of exchanging proposals by the end of 2013, which was missed too. Once the EU and Mercosur exchange their proposals for a free trade agreement, negotiations will ‘move fast’ and the deal should be closed sometime in 2015, according to EU ambassador in Montevideo, Juan Fernandez Trigo, Spanish daily El Pais reported. Argentina’s unwillingness to come to the negotiating table and the country’s protectionist move to defend domestic industry and rein in imports has become a great obstacle for the negotiations. “We’re in the midst of that traffic, which is receiving each other’s proposal and from that moment onwards I believe negotiations will move fast,” said Trigo. “We expect that the Mercosur proposal on tariffs reduction will be on terms agreed back in 2010 and means that 90% of the universe of goods to the exchanged will be free of tariffs.”

At the end of July, four of Mercosur five full members, Argentina, Brazil, Paraguay and Uruguay, agreed on an only joint proposal to be presented to EU countries. In an op-ed in EurActiv, EUBrasil’s Gambardella said that regardless of Mercosur, EU-Brazil negotiations should move forward. “There are two possible parallel paths to unlock the current situation. The first is to go ahead with a set of bilateral EU-Brazil agreements on “anything but trade”: rules, standards, SPS, investment, taxation, regulations, business facilitation, the whole arsenal of technical barriers to trade and non-tariff barriers to trade,” he wrote. This can be done without endangering Mercosur , which would be kept as a negotiating umbrella, and would strengthen the Brazilian hand in promoting the second path: the sequencing of the bi-regional talks, he added.

Libya's income shrinks with falling oil exports

Anadolu Agency, 09.12.2014



Libya's public revenue shrank by about 65 percent in 2014 amid civil strife and political turmoil that exacerbated the impact of falling oil exports and declining global crude prices, according to Libya's central bank.

The bank issued a statement on Monday saying that it had to make all parties aware of the magnitude of the crisis "in light of the country's critical situation at national and international level, with the continuing decline of oil exports since August 2013, coupled with the fall of global oil prices by almost 40 percent in a short period of time."

Revenue of 19.2 billion Libyan dinars (\$14.7 billion) was seen at the end of November 2014 compared to 59.1 billion dinar (\$47.2 billion) during the whole of 2013, the bank said. Actual expenses were 38.5 billion dinars by the end of Nov. 2014 compared to 70.3 billion for the whole of 2013. The figures indicate an increase of over 70 percent in the budget deficit. Libya has two rival governments and two parliaments since political unrest escalated this summer, while the central bank has managed to stay neutral in overseeing foreign reserves and paying salaries to public workers.

Moody's: Global economy to benefit from low oil prices

Anadolu Agency, 10.12.2014



Low oil prices will be positive for global economic growth in 2015, Moody's said. The exact impact will vary from country to country, Moody's said in a statement on its website, adding that oil exporting countries will face challenges if prices keep falling below the agency's base forecast for 2015, at between \$80 and \$85 per barrel.

"Oil exporting countries that are best placed to withstand these challenges will be those that have the greatest policy flexibility and a wide array of counter-cyclical policy tools, including floating exchange rates and large foreign exchange reserves," said Lucio Vinhas, Moody's managing director.

In contrast, oil producers that use oil-related revenues for capital expenditure or place it in a reserve - such as Saudi Arabia - have higher fiscal buffers and could adjust more readily to a lower oil price, according to Moody's. In November 2014, Moody's revised its oil price forecast down to between \$80 and \$85 a barrel in 2015, approximately \$20 lower than the rating agency's May 2014 estimate. According to the agency, oil importing countries which have high inflation and a large oil import share in their budget will benefit from the low oil prices, according to the agency. The agency forecasted that a \$60 per barrel oil price would benefit private consumption and economic rebalancing in China.

US Senate committee approves expanded operations versus ISIL

Washington Post, 12.12.2014



A Senate committee approved new authorizations for the fight against ISIL in Iraq and Syria. The Authorization for the Use of Military Force passed the Foreign Relations Committee by a 10-to-8 vote with no Republicans voting for the measure.

Committee chairman, Robert Menendez, said the new powers limits military operations against the terror group to three years; mandates that the administration provide updates every 60 days; and it does not allow U.S. combat troops to be deployed in the fight, except in specific instances such as the rescue and protection of U.S. personnel.

Committee Republicans strongly opposed the three-year time limit and the possibility of deploying ground troops. Secretary of State John Kerry asked Congress on Tuesday for expanded legal authorization to battle ISIL, including the use of ground troops and with no geographical limitations. ISIL controls large areas of Iraq and Syria as the US leads an international coalition that has carried out more than 1,200 airstrikes against the terror group since the militants overran Mosul, in northern Iraq, in June.



Announcements & Reports

► *Insurance 2020: The digital prize – Taking customer connection to a new level*

Source : PWC

Weblink : <http://www.pwc.com.tr/tr/publications/industrial/insurance/pdf/sigorta-2020-digital-hediye.pdf>

► *Mobile Innovations Forecast report*

Source : PWC

Weblink : http://www.pwc.com.tr/tr_TR/tr/publications/industrial/technology/assets/mobilde-yenilik-tahminleri-raporu.pdf

► *How the Rising Dollar Could Trigger the Next Global Financial Crisis*

Source : Brookings Institute

Weblink : <http://www.brookings.edu/research/opinions/2014/12/08-rising-dollar-trigger-crisis-wessel>

► *Boko Haram: A New Islamic State in Nigeria*

Source : Baker Institute

Weblink : <http://bakerinstitute.org/media/files/files/5f1f63c4/BI-pub-BokoHaram-121114.pdf>

► *The Evolution of Political Parties in Mexico*

Source : Baker Institute

Weblink : <http://bakerinstitute.org/files/8550/>

Upcoming Events

► *Ageing and Health: Policy-making in an Era of Longevity*

Date : 09 February 2015

Place : London – United Kingdom

Website : <http://www.chathamhouse.org/conferences/ageing>

► *Security and Defense*

Date : 23 February 2015

Place : London – United Kingdom

Website : <http://www.chathamhouse.org/Defence2015>



► *Diversifying MENA Economies*

Date : 02 - 03 March 2015
Place : London – United Kingdom
Website : <http://www.chathamhouse.org/conferences/MENA-Economies>

► *Creating an Effective Financial System*

Date : 09 March 2015
Place : London – United Kingdom
Website : <http://www.chathamhouse.org/conferences/financialsystem>

► *Innovation Forum 2015*

Date : 26 March 2015
Place : Chicago – USA
Website : <http://www.economist.com/events-conferences/americas/innovation-2015>