

## Turkish bond yield at highest in one month, lira off lows

Reuters, 05.02.2015



Turkey's two-year benchmark bond yield rose to its highest since the start of January Feb. 5, hit by tensions between the Central Bank and President Recep Tayyip Erdoğan over interest rates and pressured also by the ECB's decision to stop accepting Greek bonds in return for funding, while the lira climbed off record lows.

The bank decided on Feb. 3 not to hold an interim policy meeting to cut rates. Erdoğan, a staunch advocate of loose monetary policy, slammed the bank on Feb. 4, stoking worries over its independence and sending the lira to a record low against the dollar.

"It seems the president will continue to pressure the Central Bank about policy rates and the Bank's independence will be more in question in the period ahead," Deniz Invest said in a research note. "Both the expectation of a lower policy rate and the tension between the president and the Central Bank create extreme volatility and ... pressure on the exchange rate," the note added. The lira traded at 2.4389 to the dollar in yesterday morning, off an early low of 2.4619, having hit a record low of 2.4680 overnight. The two-year bond yield rose above 8 percent, pressured also by the European Central Bank's decision to stop accepting Greek bonds in return for funding.

## Turkish Central Bank rejects snap rate cut after inflation data

AFP, 03.02.2015



Turkish Central Bank, under pressure from Recep Tayyip Erdoğan to aggressively lower rates, rejected the option of an unscheduled rate cut as inflation slowed less than expected.

Erdoğan and his allies have over the last weeks lambasted Central Bank Governor Erdem Başçı for failing to radically lower interest rates to stimulate faltering growth. Başçı had indicated the bank would make an unscheduled cut this week if January inflation data had shown a sharp slowing. But in the event, data released by the state statistics office showed January inflation was 1.1 percent from December and 7.24 percent from January 2014, higher than expected.

The bank indicated in a statement on its website that there would be no unscheduled cut and would meet to consider monetary policy at its next scheduled meeting in three weeks. “Inflation indicators continue to improve in recent months owing to the implementation of cautious monetary and liquidity policies,” it said. “The Monetary Policy Committee will assess the inflation outlook in detail at the regular meeting which will be held on February 24,” it said.

Had inflation slowed below the 7.0 percent threshold indicated by Başçı, the central bank would have held a meeting Wednesday to discuss a cut. Erdoğan had troubled markets by pushing for aggressive rate cuts at a time when inflation is still relatively high in Turkey. The Turkish lira gained in value after the central bank’s decision, falling 0.32 percent to trade at 2.42 lira to the dollar.

However with legislative elections looming in June, it is unlikely the government will let up at all in its pressure on the nominally independent central bank for cuts. “The central bank is likely to come under further pressure from the government to lower rates,” the London-based Capital Economics consultancy said in a note to clients. “There’s a good chance that the central bank will still lower interest rates at its scheduled meeting later this month,” it added. Turkey’s economic performance, which has lagged recently following strong growth over the last few years, is under the spotlight this year as Ankara holds the presidency of the G20 top world economies.

## Turkey, Finland sign joint economic and trade committee agreement

Anadolu Agency, 04.02.2015



Turkish Economy Minister Nihat Zeybekci and Finland’s Foreign Trade Minister Lenita Toivakka have signed a Joint Economic and Trade Committee agreement intended to boost bilateral trade and investment.

Zeybekci said Turkey plans to make investments worth at least \$300 billion over the next decade and urged Finnish companies to increase their investment in Turkey. Turkey has attracted foreign direct investment worth about \$140 billion, according to figures provided by the minister during the ceremony. “Overall, Finland’s direct investment in Turkey is approximately \$300 million.” he said.

Toivakka said the new agreement is a critical step in boosting cooperation and trade ties between the two countries. Both Turkey and Finland recognize that small- and medium-sized enterprises are important elements of the economy. Toivakka noted the importance of cooperation between smaller companies in each country.

# January exports decline upon euro-dollar parity

Reuters, 02.02.2015



Turkey's exports declined to \$10.8 billion in January by a 9.8 percent decrease from the same month of the previous year due to a number of missing work days and the euro-dollar parity, the Turkish Exporters' Assembly (TİM) has said.

The year-on-year exports reached \$156.12 billion by a 2.5 percent increase from the previous 12-month period, the association said. "Exports decreased in January due to missing work days caused by inclement weather and the regression in the euro-dollar parity," Mehmet Büyükekşi said. He noted the parity regressed in January from 1.36 to 1.14 compared to the same period the year before.

"Especially in the decline to the EU, the regression in the parity played a big role. If the parity had remained the same, we would have added \$750 million worth of exports to the January exports," Büyükekşi said. The most exports were made by the automotive sector in January with around \$1.73 billion. The sector was followed by the textile and confection sectors with \$1.39 billion and the chemical materials sector with \$1.2 billion.

The biggest export markets were Germany, Iraq, Britain, Italy and the U.S. in January. Exports, however, declined to Germany by 12 percent in January from the same month of the previous year, to Iraq by 16 percent, to Britain by 1 percent and to Italy by 3 percent. Exports to the U.S. increased by 3 percent in the mentioned period compared to January 2014.

The biggest exports increase was seen in the Iran market among the biggest 30 export markets in January. Turkey increased its exports by 64 percent to Iran in January from the same month of the previous year. Syria and the UAE followed Iran by 21 percent and by 18 percent, respectively, according to data from the association.

On the regional basis, exports to the EU decreased by 7 percent in January from the same month of the previous year, by 16 percent to Africa and by 5 percent to the Middle East. Exports to North Africa increased by 5 percent in the same period compared to January 2014. As exporters, they want more rate cuts from the Central Bank, said Büyükekşi.

# Turkey's top business group develops project to decrease income gap between east, west

Hurriyet Daily News, 03.02.2015



Turkey's prominent Turkish Industrialists' and Businessmen's Association has developed a project to close the income gap between the country's southern and southeast region, which have a per capita income of around \$4,000 annually, and western regions, with a per capita income around \$16,000, said vice chairman Sedat Şükrü Ünlütürk.

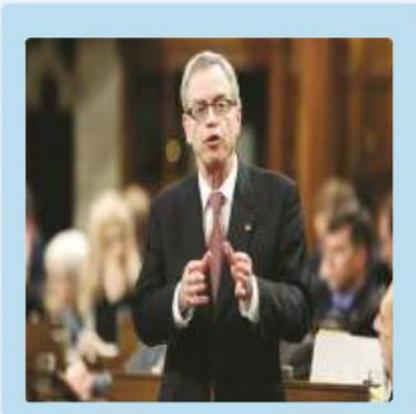
"The national per capita income is around \$4,000 in the 14 provinces in the eastern and southeastern regions of the country, yet the figure increases to \$16,000 in the western provinces. This is a huge gap," he said.

He noted the unemployment rate is over 20 percent in the east of the country, while it is around 10 percent in the west, which has a significant technological ability. "We reflected upon how we could unite these regions in economic terms," he said in his exclusive interview with Cumhuriyet.

On the road to reaching this target, the project's players have held a series of meetings with local businesspeople in the eastern and southeastern provinces of Diyarbakır, Mardin, Midyat, Batman, Şırnak and Siirt, he said. "We talked about how they could grow their businesses and heard what business difficulties they have faced. We continue to meet them to define their needs, to help them meet with their counterparts in the west and to develop joint projects in a time period over a decade," he said. He also noted state incentives have not helped eastern Turkey's development process. "Turkish businesspeople invest in Siberia, even the African deserts, but not in eastern Turkey... This shows us the region is not that attractive for investors, despite the incentives," he said. "We would like to contribute to the welfare of the region," he said, noting security is still a big issue.

## G-20 Istanbul meeting to focus on EU economy

Reuters, 05.02.2015



Europe's economic troubles will be a key focus when Group of 20 finance ministers and central bankers meet in Istanbul next week, Canadian Finance Minister Joe Oliver said.

"The focus has been, of course, on Europe where the growth is stagnant and where we're in a deflationary period. The central bank has launched a massive quantitative easing program...and so we're hoping that will be part of the solution," Oliver told. "We're going to be talking about monetary policy, fiscal policy and structural change to try to address that issue, and we'll be discussing some of the other geopolitical concerns that have financial implications."

A conundrum facing the G-20 at the Feb. 9-10 meeting is figuring out what kind of joint action is appropriate given the current economic disparity: The United States growing relatively strongly and Europe flagging. Asked about such joint action, Oliver said a major focus this year will be on implementing the 950 individual action plans that G-20 members agreed on last year to try to boost global gross domestic product by 2 percent. Washington believes the U.S. economy has turned a corner but U.S. officials acknowledge slower growth abroad will be a drag.

## Syria strikes kill 45 after rebel fire on Damascus: monitor

AFP, 05.02.2015



At least 57 people were killed Thursday as Syria's regime pounded a rebel stronghold with air strikes after a barrage of opposition fire hit the capital Damascus, a monitor said.

The Syrian Observatory for Human Rights said 12 children were among those killed in the opposition-held Eastern Ghouta region outside Damascus, and an AFP photographer there described chaotic scenes. In the capital, meanwhile, a barrage of at least 120 rockets and mortar rounds fired by rebel forces killed 10 people. The fire left usually busy streets of the city deserted and prompted Damascus University to close for the day, sending students home.

The assault on the capital began early and came two days after the leader of rebel group Jaysh al-Islam (Army of Islam) warned it would attack in response to repeated government strikes on rebel-held Douma in Eastern Ghouta. "Within minutes, our busy street was empty," a resident of Damascus' Baramkeh neighbourhood told AFP after the mortar fire began, adding that the head teacher of a local school had been forced to take her students to a shelter.

The middle class district of the capital is home to several university buildings, as well as the headquarters of state news agency SANA. In the city centre, traffic was light and many people stayed home from work. "If the terrorists think that by shelling Damascus they will ease the pressure on them, they are making a big mistake," a senior military official said, speaking on condition of anonymity. "We will continue to hunt them down and destroy them."

Jaysh al-Islam leader Zahran Alloush had warned that Damascus would be considered a "military zone" during the bombardment, which follows a similar attack by the group on January 25 that killed six. The government's response was swift and deadly, with at least 60 air strikes hitting areas across Eastern Ghouta, along with surface-to-surface missiles, the Observatory said. AFP photographer Abd Doumany said the assault caused chaos. "This is the worst day in Douma in four years," he said. "The situation in the hospitals is very bad. There are shortages of everything."

He said medics had been wounded in the shelling and residents were hiding in basements. Local field hospitals were overwhelmed by arrivals, some of whom lay on the floor to receive treatment. On one bed was an infant, his red and white striped sweater lifted up to allow medics to apply a defibrillator to his bloodied chest. Eastern Ghouta is a key rebel bastion on the outskirts of Damascus, and has been under siege for nearly two years. Since mid-2012, the government has carried out frequent air raids on rebel-held areas. It is accused by human rights groups of indiscriminately killing both civilians and insurgents. More than 200,000 people have died in the Syrian conflict, which began with anti-government protests in March 2011 and escalated into a civil war.

## Jordan executes jihadists after ISIL murder of pilot

AFP, 04.02.2015



Jordan executed two death-row jihadists at dawn after vowing an "earth-shattering" response to avenge the burning alive of one of its fighter pilots by the Islamic State of Iraq and the Levant (ISIL).

Would-be Iraqi female suicide bomber Sajida al-Rishawi and Iraqi Al-Qaeda member Ziad al-Karboli were hanged at 4:00 am local time (0200 GMT), government spokesman Mohammad al-Momani said. A security source said the executions were carried out at Swaqa prison south of the capital Amman in the presence of an Islamic legal official.



Jordan had promised to begin executing Islamic extremists on death row at daybreak in response to the murder of Maaz al-Kassasbeh, who was captured by ISIL when his plane went down in Syria in December. Rishawi, 44, was condemned to death for her participation in deadly attacks in Amman in 2005 and ISIL had offered to spare Kassasbeh's life and free a Japanese hostage -- who was later beheaded -- if she were released.

Karboli was sentenced to death in 2007 on terrorism charges, including the killing of a Jordanian in Iraq. Jordan had vowed to avenge the killing of Kassasbeh, hours after a harrowing video emerged online purporting to show the caged 26-year-old F-16 fighter pilot engulfed in flames. The video -- the most brutal yet in a series of gruesome recorded killings of hostages by ISIL -- prompted global revulsion and vows of continued international efforts to combat the Sunni Muslim extremist group.

Jordan, a crucial ally of Washington in the Middle East, is one of five Arab countries that has joined a US-led coalition of countries carrying out air strikes against ISIL in Syria and Iraq. Jordan's King Abdullah II, who was visiting Washington as the video came to light, recorded a televised address to his shocked and outraged nation. The king, once in the military himself, described Kassasbeh as a hero and vowed to take the battle to ISIL.

The army and government vowed to avenge the pilot's murder, with Momani saying: "Jordan's response will be earth-shattering. "Whoever doubted the unity of the Jordanian people, we will prove them wrong," he said.

US President Barack Obama, who hosted Abdullah in a hastily organised Oval Office meeting, led international condemnation of the murder, decrying the "cowardice and depravity" of ISIL. "The president and King Abdullah reaffirmed that the vile murder of this brave Jordanian will only serve to steel the international community's resolve to destroy ISIL," a National Security Council spokesman said after the pair met, using an alternative name for ISIL. The Obama administration had earlier reaffirmed its intention to give Jordan \$3 billion in security aid over the next three years.

Kassasbeh was captured in December when his jet crashed over northern Syria on a mission that was part of the coalition air campaign against the jihadists. Jordanian state television suggested he was killed before ISIL offered to spare his life and free Japanese journalist Kenji Goto in return for Rishawi's release.

British Prime Minister David Cameron called the murder "sickening" while UN chief Ban Ki-moon labelled it an "appalling act". Japan's Prime Minister Shinzo Abe condemned it as "unforgivable". The highly choreographed 22-minute video shows Kassasbeh at a table recounting coalition operations against ISIL, with flags from the various Western and Arab countries in the alliance projected in the background.

It then shows Kassasbeh dressed in an orange jumpsuit and surrounded by armed and masked IS fighters in camouflage. It cuts to him standing inside a cage and apparently soaked in petrol before a masked jihadist uses a torch to light a trail of flame that runs to the cage and burns him alive. The video also offered rewards for the killing of other "crusader" pilots.

ISIL had previously beheaded two US journalists, an American aid worker and two British aid workers in similar highly choreographed videos. Shiraz Maher, from the International Centre for the

Study of Radicalization at King's College London, described the footage as "simply the most horrific, disgusting thing I have seen from Islamic State in the last two years".

"They clearly want to make a real point. This is the first individual whom they have captured who has been directly involved with the Western coalition in fighting ISIL. It is different from the aid workers... This is an act of belligerence. "Every time you think they cannot commit anything worse -- they open up another trapdoor."

ISIL last year declared an Islamic "caliphate" as it rampaged across Iraq and Syria in a brutal offensive of executions and forced religious conversions. Kassasbeh's plane was the first loss of an aircraft since the US-led coalition launched strikes against ISIL last year. US Central Command said that the group still had the ability "to conduct small-scale operations" despite months of air strikes. But, it said, "their capacity to do so is degraded and their momentum is stalling."

## Iraq PM orders end to years-old Baghdad curfew

AFP, 05.02.2015



**Iraqi Prime Minister Haider al-Abadi has ordered an end to a years-old nightly curfew in Baghdad in a bid to ease restrictions on daily life despite persistent violence, officials said.**

**Lifting the curfew is a major change to a longstanding policy aimed at curbing violence in the capital by limiting movement at night, which has failed to stop the frequent bombings that hit Baghdad. "The prime minister ordered that the curfew in the city of Baghdad be completely lifted starting from this Saturday," said Brigadier General Saad Maan, the spokesman for the Baghdad Operations Command.**

Abadi wants there "to be normal life as much as possible, despite the existence of a state of war," his spokesman Rafid Jaboori said, referring to the battle against the Islamic State jihadist group. This is "part of the response to terrorism and the war against it," he said.

A statement from Abadi's office said he had also directed that important streets in the capital be opened "to facilitate the movement of citizens," and that the Adhamiyah and Kadhimiyah neighbourhoods of north Baghdad be "demilitarised zones." It did not provide details on which streets would be opened, or on what the plan for the two adjacent neighbourhoods -- the former mainly Sunni, the latter Shiite -- entails.

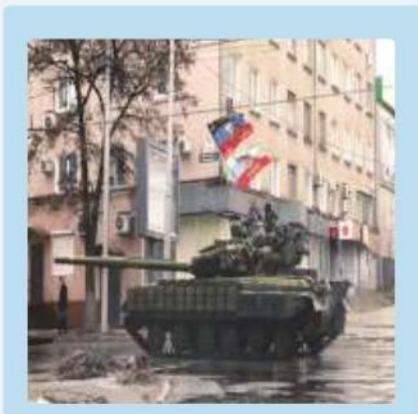
The army and police checkpoints across Baghdad cause massive traffic jams that are a major source of irritation for Iraqis and often follow lax security procedures that are unlikely to hamper the movement of militants. The hours the curfew has been in force have varied over the years, but it

has most recently lasted from midnight to 5:00 am. The decision to lift it comes as Iraqi forces battle to regain ground from IS, which spearheaded an offensive that overran large areas north and west of Baghdad last June. It was initially feared that Baghdad itself could be attacked by the militants. But federal troops that initially wilted under the offensive have regained significant territory with support from Shiite militiamen, Sunni tribesmen and US-led air strikes.

In the north, forces from Iraq's autonomous Kurdish region are also making gains against IS, and evidence of atrocities likely committed by the group has been found in retaken areas. Gains by security forces have not stopped militants from carrying out attacks in Baghdad, which they were able to do even when violence was at a low ebb in 2011-20112. Bombs still ripped through markets, cafes and crowded intersections, and militants also frequently targeted security forces in the capital. Scrapping the curfew does away with a measure that restricted the lives of ordinary people while doing little to stop the near-daily attacks they have suffered for years.

## Death toll mounts after peace talks fail in Kyiv

Reuters, 01.02.2015



Thirteen Ukrainian soldiers and at least seven civilians have been killed in fighting in the past 24 hours, Kyiv authorities said on Jan. 31, reporting widespread clashes with Russian-backed separatists a day after peace talks collapsed.

“Fighting continues across all sections of the frontline,” Kyiv military spokesman Volodymyr Polyovy said in a briefing. The civilian and military death toll has mounted in the past two weeks after rebels launched a new offensive. Hopes of de-escalation evaporated on Jan. 31 with Ukraine's representative and separatist envoys accusing the other of sabotaging negotiations.

Clashes are intense around the town of Debaltseve, he said, referring to a Kyiv-held transport hub connecting the two main rebel strongholds that separatists aim to cut off. “There is no question of encirclement or cutting off of the main communication lines...the situation is under control,” he said. The Interior Ministry said yesterday a further seven civilians had been killed in shelling of the town, which has been cut off from power and water supplies for days.

In rebel-held Donetsk, a Reuters witness saw the body of a young man stretched out on a street in the city center, killed when a shell struck a wall nearby. Nadezhda Petrovna, 68, a neighbor, said the man was trying to run away from the attack when a shell landed in front of him. “It is like this every day, people are getting killed, we are sleeping fully dressed so we can run into the cellar, this is becoming unbearable,” she said. Ukraine, Russia and separatist envoys met for peace talks under the auspices of the Organization for Security and Cooperation in Europe in Minsk, Belarus.

But the talks ended without any agreement for a new ceasefire and with Ukrainian and separatists reproaching each other for undermining the talks.

## Greece needs six weeks to draw up economic plan: Varoufakis

AFP, 04.02.2015



Greek Finance Minister Yanis Varoufakis said Athens needs up to six weeks to draft an economic recovery plan, as it lobbies its European allies to win backing.

“We need a maximum of six weeks: that’s the time we are seeking from our European partners to be able to finalise a coherent programme of alternative policies to austerity,” Varoufakis told Italian newspaper *Il Messaggero* in an interview published. Varoufakis is currently in Germany on the latest leg of a tour of Europe to drum up support for the new Greek government’s push to renegotiate the terms of its massive 240-billion-euro bailout.

In a separate interview with *La Repubblica*, he said the proposal would see the debt divided up, with the funds owed to the European Central Bank paid back in full on the deadline of July 20. Those owed to national governments and the International Monetary Fund (IMF), however, could instead be swapped for growth-linked bonds, he said.

“We are proposing the other tranches, to the IMF and other countries, be substituted with new bonds at market interest, which is very low right now, with a clause: we will start the entire repayment once Greece’s economy sees solid growth,” he said. Varoufakis said the idea had already been put to the IMF, adding that he did not see “why they should not accept an extension like they always do in these situations, at least until the end of the year.”

Greece wants to be able to introduce “socially compatible reforms... that must above all aim to resolve the humanitarian crisis, as the Greek crisis is more than ever a European crisis,” he told *Il Messaggero*. The new government, led by the radical left Syriza party, won power in an election last month after pledging to end the previous conservative administration’s policies of austerity in the debt-ridden country. The austerity policies, imposed by the EU and IMF in exchange for the bailout loans, have seen the Greece economy contract by a quarter and unemployment shoot up to over 25 percent, with one in two Greek youths now out of work.

# Hungarians rally against Orban ahead of Merkel visit

AFP, 02.02.2015



Thousands of Hungarians took to the streets of Budapest seeking support from Chancellor Angela Merkel against their Prime Minister Viktor Orban a day ahead of the German leader's visit to the ex-communist nation.

The roughly 4,000 protestors gathered outside parliament to send a message that they oppose Orban's right-wing policies and moves closer to Moscow and away from Brussels. "I want Merkel to draw a line and to warn Orban not to get too cosy with Russia," Maria Miklosi, a 54-year-old chemist told AFP, holding an EU flag in support of Hungary's membership in the 28-nation bloc.

Smaller rallies were held simultaneously in 11 towns across Hungary as well as six cities around Europe, including London and Amsterdam. During her brief visit, the first since Orban came to power in 2010, Merkel will deliver a speech at Hungary's German language Andrassy University and visit a synagogue.

Orban has supported EU sanctions against Russia over its involvement in Ukraine, but he has also voiced unease about them saying the EU had "shot itself in the foot" by damaging trade relations with Moscow.

Orban last year in a speech cited Russia as a model for an "illiberal" democracy he envisaged for Hungary. "Merkel will do everything to not let Budapest diverge from the common European line and weaken the EU's and Berlin's position in the Russian-Ukrainian conflict," Daniel Hegedus, an analyst at the German Council on Foreign Relations said.

The chancellor's visit comes two weeks before Russian President Vladimir Putin is due in Budapest for talks with Orban. Germany is Hungary's biggest trading partner and Merkel's Christian Democrats are in the same centre-right grouping in the European Parliament as Orban's conservative Fidesz party. Protestors expressed hope that Merkel will criticise Orban on what they see as the Hungarian premier's efforts to curb democracy and weaken the rule of law. "Frau Merkel, save Hungary!", said one sign in German at the rally in Budapest. "Our Angela, deliver us from evil, we want to stay EU citizens" read another placard in German. "I hope she gets the message," Janos David, a 58-year-old pensioner holding the placard quipped.

# Counter-demo dwarfs PEGIDA's ugly Austrian debut

AFP, 03.02.2015



Germany's PEGIDA "anti-Islamisation" movement held its first march in Austria but was dwarfed by a colourful counter-demonstration more than 10 times larger. A number of the PEGIDA supporters at the Vienna demonstration were skinheads, and some of them performed Nazi salutes, an AFP reporter at the scene said.

Police spokesman Roman Hahslinger told AFP that some 400 PEGIDA supporters showed up but that 5,000 people joined the counter-protest, shouting "Nieder, nieder, nieder mit PEGIDA!" ("Down, down, down with PEGIDA!") and waving rainbow flags.

The two groups exchanged verbal insults and chants on a chilly evening in central Vienna but were kept apart by around 1,200 police, and there were no incidents of violence reported. PEGIDA (Patriotic Europeans Against the Islamisation of the Occident) spokesman Georg Immanuel Nagel told AFP that more of the group's supporters had turned up than expected. "There will be further demonstrations," he said. "We need to do something to stop these vermin coming in from abroad," one PEGIDA supporter, an 84-year-old man who declined to give his name, told AFP. "If we don't do something now, in 20 years we will all be wearing the veil," said a woman in her 30s who also preferred to stay anonymous.

PEGIDA marches in the German city of Dresden began with several hundred supporters and snowballed to reach 25,000 people on January 12 after deadly Islamist attacks in Paris. But numbers have slid since the resignation of the movement's founder on January 21 and the subsequent departure of other senior figures. Small offshoots have also sprung up in other German cities, some of them more radical, and in other European countries including Denmark, Switzerland and Spain.

Unlike in Germany, Austria has a strong far-right party in the Freedom Party (FPOe), the third-largest in parliament with around 20-percent support and which has long campaigned against immigration and "Islamisation". "In Austria the FPOe has always been the real PEGIDA. We have always taken seriously the problems to do with Islamism," the party's leader Heinz-Christian Strache told NEWS magazine in a recent interview.

Ahead of Monday's demonstration a number of anti-Muslim and anti-Semitic incidents were reported, including swastikas daubed on a Vienna mosque and etched on walls at the former Nazi concentration camp Mauthausen. At the weekend two men were assaulted in central Vienna by four others shouting anti-Semitic slogans such as "Scheissjuden" ("shitty Jews"), media reports said. One of the victims was hospitalised and police were investigating. That followed clashes between police and demonstrators protesting against a traditional Viennese ball organised by the Freedom

Party when 54 people were arrested. In December unknown culprits left a pig's head and intestines in front of the door of another mosque in the capital. A street sign was changed to read "Sharia Street" in September.

## Tunisia announces coalition cabinet with Islamists

AFP, 02.02.2015



Tunisia presented its new coalition government, dominated by the secular Nidaa Tounes party but also including its Islamist rivals, as it prepares to tackle security problems and a faltering economy.

Prime Minister Habib Essid announced the makeup of his new cabinet, which had initially been abandoned after the moderate Islamist Ennahda party warned it would vote against a line-up that included none of its members. "We have made changes... to widen the composition of the government with the participation of other political parties," Essid said.

The new cabinet, which includes a minister and three state secretaries from Ennahda, will be put before parliament for a vote of confidence. "We have no more time to lose, we are in a race against the clock," Essid said as he announced the line-up at the presidency. His government will be the first since landmark parliamentary and presidential elections last year that were the first freely contested polls in the history of the North African country.

The anti-Islamist Nidaa Tounes of President Beji Caid Essebsi won the largest number of seats in October's general election, with Ennahda coming second. But Nida Tounes did not secure a majority and Ennahda, which holds 69 of parliament's 217 seats, had rejected a cabinet in which it was not represented.

Tunisia has struggled to form a stable government since it became the birthplace of the Arab Spring uprisings by ousting longtime dictator Zine El Abidine Ben Ali in 2011. It received international praise for its transition to democracy, in stark contrast to other countries in the region now battling instability after similar revolts.

However, the country is mired with a sluggish economy and unemployment, especially among young people, remains stubbornly high. Essebsi has vowed to address economic problems to "realise the promises of the revolution: dignity, employment, health and regional equality".

In addition, Tunisian security forces continue to battle jihadists who have claimed responsibility for a series of attacks on police and soldiers that have killed dozens of people since Ben Ali's ouster.

Monday's cabinet allotted six ministerial posts to Nidaa Tounes members, including that of foreign affairs. The portfolios of interior, defence and justice were assigned to independents.

The Free Patriotic Union party -- headed by football club magnate and former presidential hopeful Slim Riahi -- and the liberal Afek Tounes will also be represented. Several Nidaa Tounes officials fought for weeks against the inclusion of Ennahda members, accusing them of bringing the country to the brink during their time in office as part of an interim government. "It is normal that the primary party is in power and the second in opposition," Nidaa Tounes general secretary Taieb Baccouche wrote in La Presse newspaper. He added that keeping Ennahda out of government had been "a promise to voters" made by the secularists. The far-left Popular Front coalition, which won 15 seats in parliament, said it would vote against the new cabinet makeup because of the presence of Islamists.

## African Union calls for 7,500-strong force to fight Boko Haram

AFP, 01.02.2015



The African Union called Jan. 30 for a regional five-nation force of 7,500 troops to defeat the "horrendous" rise of Nigeria's Boko Haram Islamist militants.

The call for collective action came as leaders of the 54-member bloc opened their two-day annual summit in the Ethiopian capital Addis Ababa, where they were addressing a string of crises across the continent. "Terrorism, in particular the brutality of Boko Haram against our people, (is) a threat to our collective safety, security and development. This has now spread to the region beyond Nigeria and requires a collective, effective and decisive response," Dlamini-Zuma said.

Conflicts elsewhere, including civil war in South Sudan and the Central African Republic, as well as a new offensive launched Thursday by Democratic Republic of Congo against Rwandan ethnic Hutu rebels in the east of the country, are also expected to be discussed. The AU Peace and Security Council called for a regional five-nation force of 7,500 troops to stop the "horrendous" rise of the Boko Haram insurgents.

The proposed force will have the backing of the AU, and will seek UN Security Council approval, plus a "Trust Fund" to pay for it, Dlamini-Zuma said. More than 13,000 people have been killed and over a million made homeless by Boko Haram violence since 2009.

UN Secretary-General Ban Ki-moon told African leaders that Boko Haram is "a clear danger to national, regional and international peace and security". African leaders also named Zimbabwe's President Robert Mugabe to the bloc's one-year rotating chair, replacing Mauritania's President Mohamed Ould Abdel Aziz.

Mugabe, a former liberation war hero who aged 90 is Africa's oldest president and its third-longest serving leader, is viewed with deep respect by many on the continent -- but he is also subject to travel bans from both the United States and European Union in protest at political violence and intimidation of opponents. He gave a welcome speech in which he said Africa's resources should be protected from outside exploitation. "African resources should belong to Africa and no one else except those we invite as friends," he said. "Friends we shall have, but imperialists and colonialists no more. Africa is for Africans."

The leaders gathered in Ethiopia are also discussing the economic recovery of countries affected by the Ebola virus, setting up a "solidarity fund" and planning a proposed African Centre for Disease Control. The worst outbreak of the virus in history has seen nearly 9,000 deaths in a year -- almost all of them in the west African nations of Liberia, Guinea and Sierra Leone -- and sparked a major health scare worldwide.

With over a dozen elections due to take place this year across Africa, the focus at the talks will also be on how to ensure peaceful polls -- likely leaving little time for discussions on the official summit theme of women's empowerment. The Institute for Security Studies, an African think-tank, warns that many of these elections "are being held in a context that increases the risk of political violence".

Ban Ki-moon also told African leaders they "cannot afford" to ignore the wishes of their citizens. "People around the world have expressed their concern about leaders who refuse to leave office when their terms end. I share those concerns. Undemocratic constitutional changes and legal loopholes should never be used to cling to power," Ban said. South Sudan's warring parties met on the sidelines of the AU talks, in the latest push for a lasting peace deal. Six previous ceasefire commitments, however, have failed to end the 13-month-old civil war in the world's youngest nation. The South Sudan talks, which are being brokered by the regional East African bloc IGAD, are due to resume.

## Thousands march for democracy in Hong Kong

AFP, 01.02.2015



Thousands of pro-democracy protesters took to the streets of Hong Kong for the first time since mass demonstrations shut down parts of the city for more than two months.

A sea of yellow umbrellas -- the symbol of the campaign -- moved slowly through central Hong Kong with crowds shouting for "true universal suffrage". Organisers had said the rally would draw 50,000 people. An AFP reporter estimated that several thousand had joined the march by mid-afternoon but no police estimate was available. Police warned that attempts to reoccupy main roads cleared of tented protest camps in December are likely.



But no protest group has announced it intends to relaunch the occupation, and the march began peacefully with many carrying yellow balloons. The rally will gauge the public's willingness to keep fighting for free leadership elections. Authorities have made no concessions to activists' demands and tensions remain high in the semi-autonomous Chinese territory.

"We just want to express our frustration with the government in Hong Kong," said protester Ronnie Chan, who is in his 40s and works in sales and marketing. "We understand there is very little we can do, but if we don't speak out nothing will change."

Officials in December cleared protest camps which had blocked several main roads. Rallies drew around 100,000 at their peak and saw intermittent violent clashes with police. China promised Hong Kongers the right for the first time to vote for their next chief executive in 2017. But it ruled that nominees must be vetted by a pro-Beijing committee, a proposal which has been heavily criticised by activists.

Organiser Daisy Chan said the rally would show that the Occupy movement, as the protests were known, was a political awakening. "In the past, these citizens were less political than they are right now. The Occupy movement woke people up." The founders of the movement including Benny Tai, along with teenage activist Joshua Wong and other student leaders, are also attending the rally.

Student activist Alex Chow said there was no plan to take back the streets. "We don't have a plan (to reoccupy). If others want to do it, they will have to do it themselves," he told AFP. "This march demonstrates to the citizens that the pro-democracy momentum is not dead," said political analyst Sonny Lo. But Lo also believes residents are exhausted from protests over political reform.

"At this moment members of the public are tired of politics. The democrats have to strategies very carefully," said Lo, head of the social sciences department at the Hong Kong Institute of Education. Chan said marchers were not planning to re-occupy the streets on Sunday but police were nervous.

"It is believed that those supporting the illegal occupation are likely to seize the opportunity to reoccupy roads which have been now reopened to traffic," a police statement said. Around 2,000 police are being deployed to the rally, according to local media.

Hong Kong's government is urging the public to support Beijing's electoral plan, which needs the backing of two-thirds of the city's legislature to be passed. Lam Woon-kwong, convenor of the Executive Council or cabinet, warned campaigners to accept Beijing's framework. "You can't threaten the central authorities," he told a radio programme Sunday. "If we can have consensus to have universal suffrage in 2017 first and democratize further later, it would be a more pragmatic approach," he said.

Protests in Hong Kong pre-date Occupy, with hundreds of thousands taking to the streets to protest over issues including an unpopular security bill. Last July hundreds of thousands also demonstrated a month before Beijing ruled on political reform.

# US asks for \$8.8 billion to fund fight against ISIL

Reuters, 03.02.2015



US President Barack Obama has requested \$8.8 billion to fund the fight against the ISIL in his 2016 budget unveiled.

A total of \$5.3 billion would go to the Pentagon to finance Operation Inherent Resolve, which was launched in August with a series of airstrikes against militants in Iraq and Syria. Last week, defense officials told AFP that US and coalition aircraft had carried out 705 bombing raids around the Syrian town of Kobane since September 23 after it was captured by jihadists. The State Department, which has been leading efforts to build a multinational coalition against the ISIL group, has requested a further \$3.5 billion.

The money would “strengthen regional partners... provide humanitarian assistance and strengthen Syria’s moderate opposition,” Deputy Secretary of State for Management Heather Higginbottom said. The funds would also boost “collaboration with coalition partners to degrade and ultimately destroy ISIL,” she added, using another acronym for the group.

“ISIL poses an immediate threat to Iraq, Syria, and American allies and partners throughout the region as it seeks to overthrow governments, control territory, terrorize local populations, and attack the United States and coalition partners throughout the world,” Obama’s budget request says. “The on-going conflict in Syria also continues to threaten regional stability and has displaced over 10 million people,” it adds. “The budget provides funding for military operations, diplomacy, governance, and humanitarian and security assistance programs to address these challenges.” Higginbottom said a further \$1.1 billion had been requested by the State Department to fund diplomatic efforts in Iraq, where ISIL is holding a large swath of territory.

# Announcements & Reports

## ► *Comparing Government and Private Sector Compensation in Alberta*

**Source** : Fraser Institute

**Weblink** : <http://www.fraserinstitute.org/research-news/display.aspx?id=22177>

## ► *Social impact investment. Building the evidence base*

**Source** : Bruegel

**Weblink** : <http://www.bruegel.org/publications/publication-detail/view/867-social-impact-investment/>

## ► *The Middle East Cauldron and US Policy*

**Source** : Baker Institute

**Weblink** : <http://bakerinstitute.org/research/middle-east-cauldron-and-us-policy/>

## ► *The FY 2016 Budget: The Defense Impact*

**Source** : CSIS

**Weblink** : <http://csis.org/publication/fy-2016-budget-defense-impact>

## ► *Preserving Ukraine's Independence, Resisting Russian Aggression*

**Source** : Atlantic Council

**Weblink** : <http://www.atlanticcouncil.org/publications/reports/preserving-ukraine-s-independence-resisting-russian-aggression-what-the-united-states-and-nato-must-do>

## ► *The Middle East Cauldron and US Policy*

**Source** : Baker Institute

**Weblink** : <http://bakerinstitute.org/research/middle-east-cauldron-and-us-policy/>

# 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** :

### ► *Innovation Forum 2015*

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