

## Pipeline project to turn Turkey into an energy hub

Daily Sabah, 25.02.2014



Turkey is taking steps forward on the largest energy project in its history. Now the Trans-Anatolian Natural Gas Pipeline project is becoming a reality thanks to efforts by the government and private sector allowing natural gas to be transported from Azerbaijan to Southern Europe

Energy Minister Taner Yildiz said yesterday that plans to designate land for TANAP were presented to the cabinet for approval on Monday. TANAP is seen by many as central to Turkey's effort to become a regional hub for transportation of energy resources is produced will be transmitted and what is transmitted will be consumed.

This marketing economy will certainly apply to the project. What we are talking about is a figure of \$45 billion that needs to be spent in five years. In this sense, Turkey will rapidly do its part," the minister said. Energy Minister Taner Yildiz stressed that Iran's recent peace overtures will influence its energy and natural gas projections and that the latest measure adopted by the cabinet will permit Iranian natural gas to be transported through Turkey. Director of BP in Azerbaijan, Georgia, and Turkey, Gordon Birrell also said on Tuesday that the Shah Deniz Consortium, of which Turkey is a member, made an initial investment offer for developing of the second stage of the Shah Deniz gas field on the Caspian Sea within Azerbaijan territorial waters.

Birrell pointed out that the Southern Gas Corridor Pipeline will not only change the energy map but also ensure that Azerbaijani gas is directly delivered to European consumers. "The Southern Gas Corridor is a milestone for Turkey [on its way to being an] energy hub. It will contribute much to the energy security of Turkey and supplement gas [to the tune of] 6 billion cubic meters," said Birrell. Ibrahim Palaz from Hazar Institute of Strategy said TANAP, which is a multidimensional project, has various meanings for Turkey. Mr. Palaz says, "First of all, TANAP is the largest energy project in Turkish history. In a period that governments are tightening belts, Turkey is attempting an extremely costly project which will serve the Turkish nation for decades.

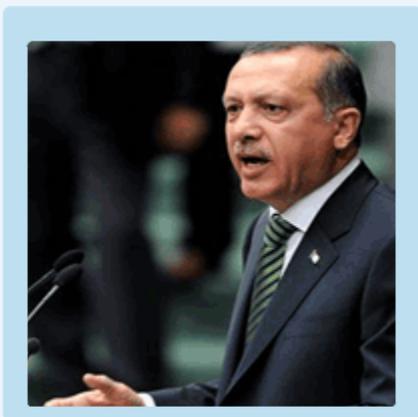
Secondly, as known, Turkey is dependent on outside natural gas sources, diversifying the import routes is a crucial matter for Turkey. Through TANAP 6 billion cubic meters of natural gas will reach Turkey for its own use during the initial years, and 10 billion cubic meters of gas will be exported to Southern Europe via Trans Adriatic Pipeline (TAP), a follow up project to TANAP. Dr. Cemil Ertem says "Energy imports have more than a 60 percent share in Turkey's current account deficit. With this project Turkey will reduce its current deficit by buying natural gas cheaply and selling it to southern Europe countries. More importantly, Turkey will be a quoting country in the natural gas market which supports Turkey's claim of being an energy hub. I believe after 2019 Iraqi gas and Mediterranean gas will also get involved in to TANAP."

Socar Turkey CEO Kenan Yavuz says, “Russia is the largest supplier to EU and Turkey. However, this cannot last forever. Natural gas demand is increasing in region every passing day and I don’t think that only one source can meet that demand. In this manner, TANAP will be a lifesaver for the countries it reaches. In particular, Turkey will be the country that TANAP will serve most. As is known Turkey imports gas from various countries including Iran. Iran has been selling gas to Turkey approximately twice as much as the rest of the international market. If TANAP enters into service as planned, most probably Iran will have to change its gas policy toward Turkey.”

A senior official from the Ministry of Energy and Natural Resources also drew attention to TANAP being a project that is composed of various subprojects. He says “In order to supply gas to TANAP, Azerbaijan will conduct natural exploration works in the Shahdeniz II Zone. The State Oil Company of Azerbaijan Republic (SOCAR), British Petroleum (BP), Turkish Petroleum Corporation (TPAO) will cover the costs of both pipeline projects and exploration works. Total cost may reach \$50 billion and Turkey’s investment will be around \$9 billion. Turkey is to save more than \$3 billion per year with TANAP.

## Erdogan: Israel to blame for not signing deal with Turkey

I24 News, 27.02.2014



Obama urged Erdogan to finalize a reconciliation deal with Israel. Turkish Prime Minister Erdogan has told US President Barack Obama that the delay in signing an Israeli-Turkish reconciliation agreement is entirely the fault of Prime Minister Benjamin Netanyahu, the daily Haaretz reported on Thursday.

A senior Israeli official involved in the talks with Turkey said in response that the Turks are at least equally to blame, if not more so. Erdogan conveyed his message in a telephone call with Obama last Wednesday, Haaretz has learned. The conversation dealt with a long list of issues connected to the situation in the Middle East.

And also they dealt with the ongoing efforts to end the crisis in Turkish-Israeli relations that erupted following Israel’s botched raid on a Turkish-sponsored flotilla to the Gaza Strip in May 2010. After that conversation, the White House issued a brief statement saying that Obama had urged Erdogan to finalize the agreement and normalize relations with Israel. Obama was the catalyst for the initial thaw between the two sides, when he visited Israel last March and urged Prime Minister Benjamin Netanyahu to call Erdogan and apologize for the deaths of nine Turkish nationals during the raid. Following that call, negotiations began between the two sides. Haaretz reported a few weeks ago that the Israeli and Turkish negotiators had finalized a draft agreement. The draft was then brought to Netanyahu for approval, but he delayed making a decision. A few days later, Erdogan once again declared publicly that he wouldn’t normalize relations until Israel ended its blockade of Gaza.

# The warring states of Turkey

Politics Syndicate, 23.02.2014



Turkey's democratic experiment appears to be floundering. A decade of stellar political and economic performance had convinced many analysts that the country could be an inspiration, if not a model, for the rest of the Muslim Middle East. But the government's actions over the last few months have jeopardized many of Turkey's achievements.

It all began with a wave of corruption charges, based on considerable evidence, brought against government officials, businessmen, and politicians' family members. Of course, corruption by itself does not pose a serious threat to democracy, especially in the developing world.

India, for example, remains a functioning democracy, despite high-level corruption that far exceeds anything that Turkey has experienced. The problem in Turkey has been the government's excessive response to the corruption investigations: removing thousands of police officers and reassigning hundreds of prosecutors and judges. The authorities' heavy-handed retaliation for a legitimate inquiry became an international scandal, eroding confidence in the commitment of the ruling Justice and Development Party (AKP) to democratic norms. A better approach would have been to appoint a high-level committee to investigate the allegations – a strategy that Indian Prime Minister Manmohan Singh has repeatedly employed to defuse public anger over corruption scandals.

By the time the long-drawn-out process of inquiry and report-writing is complete – often years after it began – most people have forgotten the original charge, and the accused are frequently either politically irrelevant or dead. By contrast, Turkish Prime Minister Recep Tayyip Erdogan persecuted the investigators and pressed for legislation to bring the judiciary under the executive's control, thereby turning what could have been a routine scandal into a serious political crisis. By eroding the separation of powers, Erdogan has given the opposition ammunition to denounce the AKP government's anti-democratic inclinations. Making matters worse, the scandal is likely to whet embolden military leaders, whose political power and ambitions the AKP had ostensibly neutralized.

Indeed, in 2007, the military failed to prevent Abdullah Gul from winning the presidency, suggesting that its political influence was waning. And, in 2012, the Ergenekon and Sledgehammer trials – which resulted in the incarceration of hundreds of military officers, including several generals, for plotting a coup against the government – seemed to guarantee civilian rule once and for all; the military was back in the barracks. The current scandal has changed everything. Erdogan and the AKP now seem to be eyeing the military brass, once known as the “deep state,” as potential allies against the Gulen movement – a powerful network comprising followers of the self-exiled Islamic preacher Fethullah Gulen – accusing the movement of undermining AKP rule by setting up a “parallel state.” To be sure, the allegations are not unfounded.

Over the last two decades, large numbers of Gulenists have been recruited into the bureaucracy, the police, and the judiciary, with several holding positions powerful enough that they allegedly can undermine any elected government. But this was facilitated by the movement's close ties with the AKP – an alliance that helped the AKP to secure three successive electoral victories since 2002. Today, the one-time allies have become inveterate enemies. Erdogan never entirely trusted the Gulen movement, viewing it as an alternative locus of power with the potential to unseat him and his party. Since his last electoral victory in 2011, he has been working to remove Gulenists from their official positions.

## Anastasiades: Cyprus talks ends if Turkey violates Greek Cyprus' economic zone

Today's Zaman, 23.02.2014



Greek Cyprus leader Nicos Anastasiades has said that natural gas off the shore of Cyprus is a key factor in a new round of reunification talks on the divided-island, but he warned that if Turkish vessels violate Greek Cyprus' exclusive economic zone, he will walk away from the negotiating table, according to Kathimerini daily's website.

“We have made it clear that if violations continue, our response will be to leave the talks,” Anastasiades said in an interview with Kathimerini. In early February, the Turkish Naval Forces directed a warship to intervene in a seismic exploration being carried out by a Norwegian ship.

The Norwegian ship was operating on behalf of Greek Cyprus in its search for oil and gas in the east Mediterranean. Turkey does not recognize Greek Cyprus as a sovereign country and insists that the Greek Cypriot search for oil and gas flouts the rights of Turkish Cypriots to any gas-generated wealth while undermining negotiations to reunify the island. However, on the condition of an agreement between Turkish and Greek Cypriots on the future of the island, Cypriot gas can be an attractive alternative for Turkey to meet its energy needs.

According the daily, Anastasiades believes that there is a good chance for unification due to the massive gas fields found off Cyprus' shore. “Hydrocarbons are a decisive factor... Turkey has needs, Israel has needs and Cyprus has needs. By solving the Cyprus issue, we open up wide horizons,” the Greek daily quoted Anastasiades as saying. The leaders of the Turkish Republic of Northern Cyprus (KKTC) and Greek Cyprus met in Nicosia in mid-February to resume peace talks with the aim of reunifying the long-divided island. Negotiations started after overcoming a deadlock on a joint statement setting a framework for the peace talks through intense diplomatic efforts, particularly by the United Nations, the US and Turkey.

## EU axes Turkish growth forecasts citing political, financial risks

Hürriyet Daily News, 26.02.2014



The European Commission has slashed its expectations for Turkey's economic growth in 2014 and 2015, on the grounds of "the domestic political uncertainty and the possibility of a further sell-off in Turkish assets." "Growth was somewhat faster than expected in 2013, but the outlook for economic activity over the next two years has deteriorated against the background of recent developments," the Commission's "Winter Forecast 2014" report stated.

The report projected that the country would grow 2.5 percent this year, 0.5 points below its previous forecast and 3.0 percent in 2015, trimming previous prediction by 0.8 points.

"Considering the domestic political uncertainty and the possibility of a further sell-off in Turkish financial assets in the context of a normalization of monetary conditions in developed markets, the risks to this growth projection are biased to the downside," the Commission report added. The downward pressure on the Turkish Lira and the financial markets, stemming from the political crisis in the country and the U.S. bond purchase withdrawal, are forcing the Central Bank to adopt a bolder monetary policy that will eventually curb growth sharply, according to the report. The report also drew attention to the expected fall in consumer spending and business investments, both prompted by higher interest rates.

In addition to the impact of lira depreciation and higher interest rates, "recent macro-prudential measures to lower household borrowing, some indirect tax hikes, a negative wealth effect, and declining confidence" would hit consumer spending, the report argued. With regard to private sector investments, higher interest rates would drive "higher funding costs due to the stock market correction, and deteriorating balance sheets for companies with debt in foreign exchange." The Commission also predicted that annual inflation would be pushed up to 8.7 percent in 2014, spurred mainly by the pass-through from the recent currency depreciation, but also by some adjustments of indirect taxes.

## Foreign investors in Turkey face squeeze

Hürriyet Daily News, 26.02.2014



Foreign companies in Turkey are beginning to feel the effects of a sagging currency, rising inflation and a growing political power struggle, adding to fears the country may not be the source of future growth that some companies had hoped.

As Western companies unveiled their 2013 results in recent weeks, most of those with operations in Turkey said they were committed to continuing to invest in the country. However, many acknowledged bumps in their performance there. Like other developing economies, Turkey has been battered in recent months by U.S. Federal Reserve plans to reduce its monetary stimulus.

This had allowed financial investors to borrow cheaply in the United States and invest in high yielding securities in faster growing, lesser developed economies. But Turkey has been hit particularly badly by a power struggle between Prime Minister Erdogan and an Islamic cleric he accuses of concocting a corruption scandal in an attempt to undermine him. The corruption scandal along with rising inflation and sustained falls in the lira has prompted rating agencies to cut their outlook for Turkey and warn there could be a hard economic landing. Companies are watching the fallout closely. U.S. carmaker Ford and German auto parts maker Elring Klinger, which have plants in the country, said the drop in the lira was eating into earnings. Foreign owned factories rely heavily on foreign-made components and the weak lira is pushing up the price of these.

British mobile phone group Vodafone said revenue growth at its Turkish unit dropped almost 80 percent in the last quarter of 2013, compared to the same period of 2012, due to a mix of tougher regulation and price pressure. Austrian oil group OMV, which is among the most reliant on Turkey for earnings of all the foreign investors there said the economic volatility was challenging the very profitability of its Petrol Ofisi filling station and lubricants unit. Joe Kaeser, Chief Executive of German engineering group, Siemens, told investors in late January that his perception of Turkey had shifted from being a market that was “peachy” for businesses that sell infrastructure, energy and healthcare equipment, to one where he now grouped the country among riskier plays like Ukraine.

“If you had asked me a year ago or two years ago about Turkey, I would have told you this is the place to be,” he said on an investor call. “In the meantime we do see that those geopolitical impacts have been spreading uncertainty also into the economic development,” he added. Turkey has enjoyed strong economic growth since Erdogan came to power in 2002. This and trade agreements with the European Union helped make the country a magnet for European manufacturers which wanted to access cheap labour, or consumer goods groups which wanted to participate in an increasingly valuable market. While the current instability is prompting some companies to tighten risk management - BASF said it was reducing working capital so that less cash was tied up in Turkey - none of the more than a dozen companies contacted by Reuters said they had plans to scale back investment.

“We monitor the situation daily but in the medium term we remain positive and ready to invest,” UniCredit’s CEO Federico Ghizzoni said earlier this month. He added the bank planned to hire 2,000 people and open 60 branches in Turkey this year. Kasper Rorsted, CEO of detergent maker Henkel, which is building a factory in Turkey, said while the weaker lira did force his company to cut prices, such fluctuations were common in emerging markets and that his eye remained on the long term. “The high inflation you right now have in Turkey with a big devaluation of the Turkish lira □ you have to deal with it,” said in a television interview with Reuters Insider. European companies’ commitment to Turkey is partly thanks stagnant markets at home, analysts say.

But the view that Turkey is experiencing a temporary blip and that growth and demand will recover to the vigorous levels seen in the 2000s is too optimistic, said Fadi Hakura, Head of Turkey Project at think tank Chatham House. “Turkey has entered the middle income trap. Without fundamental reform, such as upgrading its institutions for governance and its human capital (through better education), Turkey will likely see growth of only 2 to 4 percent over the long term,” he said, adding the country enjoyed around 5.2 percent growth since 2002. Hakura said such fundamental reform currently looked unlikely and consequently, the authorities were likely to continue to rely on existing measures such as as higher interest rates and lending restrictions to tackle the country’s balance of payments problems.

## Turkish Cypriot negotiator travels to Athens for key visit

Today’s Zaman, 26.02.2014



The Turkish Cypriot negotiator in UN-backed talks on the reunification of Cyprus left the island on Wednesday for long-awaited talks on Thursday in the Greek capital of Athens.

Özersay’s visit to Athens is part of an arrangement that also foresees a simultaneous visit to Ankara by the Greek Cypriot negotiator. The Greek Cypriot negotiator, Andreas, is expected to have talks with Turkish officials in Ankara also on Thursday. Ozersay is expected to return to the island on Friday, the private Cihan news agency reported. Two other members of the Turkish Cypriot team in the negotiations are also accompanying Özersay in the visit, said Cihan.

The decision for simultaneous visits of the Turkish and Greek Cypriot negotiators to Athens and Ankara came during a meeting of the Turkish and Greek foreign ministers on the sidelines of UN General Assembly meetings in New York in September. The visits to the Turkish and Greek capitals follow the resumption of talks between Turkish and Greek Cypriot leaders after a nearly two-year hiatus.

# UN asks for Turkish troops to join EU force in CAR

Today's Zaman, 26.02.2014



UN Secretary-General Ban Ki-moon has requested, in a phone conversation with Prime Minister Erdogan, for Turkish troops to be deployed as part of the European Union's force to help stop inter-communal violence in the Central African Republic.

Ban called Erdogan on Monday evening to discuss the latest developments in the African country, which has suffered a long and bloody conflict between local Christians and Muslims. The conflict began in March when Muslim rebels seized power in the majority Christian country. They have since been forced out of power, opening the way for brutal reprisals by Christian militia against the Muslim minority.

Tens of thousands of people have been killed, according to Human Rights Watch, in violence that 2,000 French and 6,000 African Union peacekeepers have been unable to stop. France is lobbying hard for the United Nations to deploy peacekeepers in the impoverished country by the summer and a UN resolution is expected in late March. But resources are scarce and Ban has warned any deployment in Central African Republic would take up to six months to organize. The UN secretary-general reportedly asked Erdogan for Turkish troops to join the EU force that will be dispatched to the CAR as soon as possible in order to bring an end to the worsening violence in the country.

According to reports, Erdogan said that evaluations on Turkey's contribution to the EU force are ongoing and underlined that the deteriorating security situation and deepening humanitarian crisis in the country are affecting the country's Muslim population. The prime minister also stressed that the interim government that was established in early January after a meeting of the Economic Community of Central African States (ECCAS) in the Chadian capital, N'Djamena, should ensure the security of civilians in the country regardless of their ethnic or religious background, according to news reports. He also reportedly pledged Turkey's support and aid for civilians in the CAR during the phone conversation with the UN secretary-general.

The request for troops was first made by the EU's foreign policy chief, Catherine Ashton, according to Turkish officials. She sent a letter to Ankara inquiring about possible contributions to the planned mission in the CAR. The EU plans to send a force of at least 500 troops to the CAR. Ban said last week that a minimum of 3,000 further troops and police should be dispatched to the CAR as soon as possible to combat the worsening sectarian violence until what is likely to be a UN peacekeeping force is established. Prime Minister Erdogan also held separate phone conversations with Turkish Republic of Northern Cyprus (KKTC) President Dervis Eroglu and Libyan Prime Minister Ali Zeidan. Eroglu reportedly called Erdogan to inform him about recent developments in the new episode of Cyprus' negotiations to reunify the long-divided island. Erdogan said Turkey's constructive contribution to the peace talks would continue in the days ahead, news agencies reported.

# US opinion leaders ask Obama to slam Erdogan

I24 News, 24.02.2014



Dozens of lawmakers and ex-officials say PM's 'autocratic actions and demagoguery' endanger US-Turkey ties. More than 80 lawmakers and current and former officials from across the US political spectrum have written President Obama asking him to get involved in what they describe as the anti-democratic actions of Prime Minister Erdogan.

“Prime Minister Erdogan is increasingly undermining a central pillar of the decades-long, strategic US-Turkish partnership: Turkey’s growing democracy. We are writing because of our deep dismay at this development and to urge you to make clear to the Turkish public America’s concern.

Silence will only encourage Prime Minister Erdogan to diminish the rule of law in the country even further. “We fear that Prime Minister Erdogan and the Turkish public have taken American silence to mean that the Prime Minister retains US support and can proceed as he wishes. In the meanwhile, the damage to Turkey’s democracy keeps worsening. We believe it is important now to make it clear, privately and publicly, that Prime Minister Erdogan’s autocratic actions and demagoguery are subverting Turkey’s political institutions and values and endangering the US-Turkey relationship.”

Among the signatories are Morton Abramowitz, former US ambassador to Turkey, Elliott Abrams, deputy national security adviser in the George Bush administration, David Kramer, executive director of the U.S.-based Freedom House, and L. Paul Bremer, head of the Coalition Provisional Authority (CPA) in post-war Iraq. John Podhoretz, Ambassador Dennis Ross, Gen. Charles F. Wald, USAF (Ret.), John Bolton, the former ambassador to the UN during the George W. Bush administration; Republican Sen. Norm Coleman; Republican Governor Tim Pawlenty and Weekly Standard editor Bill Kristol.

# Iran's higher-grade uranium stock down for first time in 4 years

Haaretz, 22.02.2014



As Iran and the six big powers wound up talks in Vienna, UN atomic agency report indicates that Iran is meeting its commitments under November 24 pact with world powers. Iran's stockpile of higher-enriched uranium has declined significantly for the first time in four years after it stopped such enrichment activity under a landmark nuclear deal with world powers, news agency reported Thursday.

The report by IAEA also indicated that Iran was meeting its commitments under the November 24 pact with the powers to curb its most proliferation-prone nuclear work in exchange for some easing of sanctions.

It was issued to member states just hours after Iran and the six big powers - the United States, France, Germany, Britain, China and Russia - wound up a first round of negotiations in Vienna aimed at a final settlement of the decade-old dispute over Tehran's nuclear program. The next round is slated for March 17. UN nuclear inspectors are playing a critical role in monitoring that Iran is living up to its side of last year's six-month accord, designed to buy time for the negotiations on a comprehensive agreement over atomic activity Tehran says is entirely peaceful but the West fears may have military aims. Iran's reserve of uranium refined to a 20 percent fissile concentration fell to 161 kg in February from about 196 kg in November, the IAEA report said.

Iran suspended higher-grade enrichment under the November deal and has since converted some of the material into oxide and diluted some to a lower purity. However, the stock of low-enriched - or 5 percent purity - uranium rose to 7,609 kg from 7,154 kg in November. This apparently resulted from a delay in constructing a plant to convert some of the material into a form less suitable for processing into high-enriched bomb material. Iran's holding of uranium - which Tehran says it needs to fuel a planned network of nuclear power plants - is closely watched in the West as it could provide weapons-suitable material if refined much further. Iran denies any such goal.

## Senior Iranian parliamentarian calls for new approach against Israeli settlements

Haaretz, 22.02.2014



The chairman of the Iranian parliament, Ali Larijani, has called for a new approach to putting a stop to the construction of Israeli settlements in the West Bank, saying Israel was a “malign tumor” the semi-official Iranian News Agency reported. “We should think out new approaches so that we could stop construction of Jewish settlements in Palestinian territories,” Larijani said at a meeting, Mehr reported.

The report did not state if Larijani or anyone else suggested a new approach. It did, on the other hand, quote him as saying that Israel was a “malign tumor”, warning that Israel “benefits of silence by the Muslim countries and I warn on this”.

## Palestinians reject extension of talks with Israel

I24 News, 27.02.2014



Obama plans hands-on approach with both sides; Kerry suggests Jerusalem neighborhood as Palestinian capital. Top Palestinian negotiator Saeb Erekat on Thursday rejected US moves to extend the April deadline for completion of peace talks with Israel.

“There is no meaning to prolonging the negotiation, even for one more additional hour, if Israel, represented by its current government, continues to disregard international law,” Erekat told AFP. On Wednesday, Secretary of State John Kerry said his quest to seal a full Middle East peace deal would slip beyond an April deadline.

Kerry told reporters in Washington: “I don’t think anybody would worry if there’s another nine months, or whatever it’s going to be...” Kerry has suggested to the Palestinians that they establish the capital of their future state in the northern Jerusalem village of Beit Hanina. The suggestion, along with several other ideas that Kerry proposed, was angrily rejected by Palestinian President Mahmoud Abbas at a meeting with the top US diplomat last week in Paris. According to the Palestinian newspaper Al-Quds, this was not the first time the Americans offered part of Jerusalem for the Palestinian capital.

In a previous round of talks, the Americans offered the southeastern Jerusalem village of Abu Dis as an alternative - an offer that was rejected immediately. The Palestinians are demanding that all of east Jerusalem, which Israel captured in the 1967 war, be established as their capital. According to the Al-Quds report, Kerry also demanded that Israel keep ten blocs of West Bank settlements and raised the possibility that the Jordan Valley, which Israel also captured in 1967, will not be part of the future Palestinian state. The paper reported that Abbas was furious at Kerry's proposals, calling them "madness." To appease him, Kerry invited the Palestinian leader to meet with US President Barack Obama at the White House.

Obama, after avoiding a hands-on role in Middle East peacemaking since the setbacks of his first term, plans to plunge back into the effort, his advisers said this week, starting with an urgent appeal to Prime Minister Benjamin Netanyahu of Israel, The New York Times reported. When he welcomes Netanyahu to the White House on Monday, these officials said, Obama will press him to agree to a framework for Israeli-Palestinian peace negotiations that is being drafted by Kerry. Later in March, Obama is likely to meet with the Mahmoud Abbas, to make the same pitch. The goal, officials said, is to announce the framework, a kind of road map for further talks, by the end of April, the nine-month deadline that Kerry set last summer for a final peace deal between Israel and the Palestinians.

Meanwhile, a poll published Wednesday indicates that most Palestinian Authority (PA) Arabs believe the renewal of peace talks with Israel was a mistake and over two thirds think the negotiations will fail. The Jerusalem Media and Communications Centre (JMCC) survey questioned 1,200 adults in PA- and Hamas-controlled areas between November 13-17 and has an error margin of 3.0 percent. AFP reports the poll results, according to which just over half the respondents - 50.5 percent - said the decision by Mahmoud Abbas to resume US-brokered peace talks with Israel in late July was a mistake, while 33.8 percent said it was the right decision.

## Jordan warns of review of peace deal with Israel

I24 News, 26.02.2014



Jordan warned that it might review a 1994 peace treaty with Israel after Israeli MPs began a debate on allowing Jewish prayers at Jerusalem's sensitive Al-Aqsa mosque compound.

"If Israel wants to violate the peace treaty in this issue, the entire treaty, its articles, details and wording will be put on the table," Prime Minister Nsur told Qatar's Al-Watan newspaper in an interview. Under the peace treaty, Jordan is the custodian of Muslim holy sites in Jerusalem. Nsur's remarks, quoted by state-run Petra news agency, came as Jordan's parliament passed a motion urging the expulsion of Israel's ambassador to the kingdom, Daniel Nevo.

“Such Israeli attempts would lead to the destruction of the peace treaty as the international community is pushing for peace between Israel and the Palestinians,” government spokesman Mohammad Momnai told Petra. “The Jordanian custodianship is not a privilege granted by Israel. It is the Hashemites’ historic responsibility that is emphasized in the peace treaty.” Last year, Jordan’s King Abdullah II and Palestinian president Mahmoud Abbas signed an agreement to confirm a verbal deal dating back to 1924 that gave the kingdom custodianship over Jerusalem’s Muslim holy sites. The Jordanian parliament’s vote followed a motion the previous day signed by 47 MPs demanding that the peace treaty with Israel be scrapped.

“All deputies who attended a meeting today to discuss Israel’s debate on sovereignty over Al-Aqsa voted to kick out the Israeli envoy and recall the Jordanian ambassador in Israel,” prominent lower house deputy Khalil Attieh told AFP. The Israeli foreign ministry declined to comment on the Jordanian parliament’s vote. The Knesset on Tuesday evening began a debate called by right-wingers to demand that Israel end its practice of forbidding Jewish prayer at the Al-Aqsa compound. On Tuesday evening, the Knesset held the first part of a debate called by right wingers demanding that Israel end its practice of forbidding Jewish prayer at the compound. In a motion which was not put to a vote, MP Moshe Feiglin, a hardline member of Prime Minister Benjamin Netanyahu’s Likud party, said Israel’s fear of igniting Muslim rage amounted to discrimination against Jews.

“Any terror organization can raise its flag there (but) there can be no trace of the Israeli flag,” Feiglin told the Knesset. “Only Jews are forbidden to pray at this place.” Jews now pray at the Western Wall plaza below the compound. Israeli police on Tuesday entered the compound to disperse stone-throwing Palestinian protesters, with an Israeli police spokesperson speaking of “high tension.” The Al-Aqsa compound, which lies in Israeli-annexed east Jerusalem’s Old City, is a flashpoint because of its significance to both Muslims and Jews. Sitting above the Western Wall plaza, it houses the Dome of the Rock and Al-Aqsa mosques and is Islam’s third-holiest site. But it is also Judaism’s holiest place, being the site of the first and second Jewish temples.

## Germany and Israel shoulder to shoulder

Daily Sabah, 25.02.2014



German chancellor Angela Merkel arrived to Israel on Monday for talks on Iran’s nuclear programme capabilities and ways of progressing talks with the Palestinians. “Part and parcel of the security of Israel is the two state solution, a Jewish state of Israel and alongside it a Palestinian state”, said Merkel.

Germany is also part of the nation groups, including United States, Britain, France, China and Russia-that are currently discussing cooperation with Iran, Israel’s rival and arch foe. “We are going to discuss the Iranian nuclear programme and ways of progressing talks with the Palestinians,” said Netanyahu.

## Euro to strengthen even on ECB easing?

CNBC, 25.02.2014



All eyes are on the European Central Bank's meeting next week, with many analysts expecting further accommodative measures to be unveiled, which could see the euro weaken. But not all are convinced that monetary easing could signal the end of the rally which has seen the euro gain 4.2 percent against the dollar in the last 12 months.

**"I think that the euro is fundamentally strong,"** Klaus Wiener, head of tactical asset allocation at Generali, told CNBC. **"Contrary to what many people believe, we see capital inflows into the euro area, and quite a lot actually, given the fact that we have improvement in growth."**

Analysts are speculating over whether the European Central Bank (ECB) will follow its key interest rate cut in November with further action in March. While the euro zone economy showed signs of further recovery in the fourth quarter of 2013, growing by 0.3 percent, low inflation continues to be a concern. Inflation came in at an annualized 0.8 percent in January for a second consecutive month, way below the ECB's 2 percent target and fueling fears of deflation. ECB President Mario Draghi has repeatedly said the central bank is willing to take action if necessary.

Nonetheless, earlier this month he said policymakers needed more information on the "complex" economic picture before taking any decisions. Irrespective of any decision, Wiener said that it would be a rate hike from the U.S. Federal Reserve that would cause the euro to weaken, not ECB easing. "We think that the euro will stay strong until we finally get the message from the Fed that they will hike rates -- but that will not come before later in 2014," Wiener said. "In 2015, first half, we will see the first hike in the U.S. Fed funds rate, that's the time the dollar can be strong."

Geoffrey Yu, a currency strategist at UBS, said further accommodative policy from the ECB coupled with an improving macro outlook in the U.S. would knock the euro's support. "The level of the euro will be uncomfortable for the ECB beyond current levels, and a combination of rhetoric and outright policy will be adopted to counter potential disinflationary headwinds," Yu said in an emailed statement. "We believe U.S. data will clear heading into late in the first quarter as weather effects correct and the dollar -- already benefiting from growth status via outperforming U.S. stocks -- will prove more attractive as growth differentials diverge."

# Europe's crisis in Ukraine

Politics Syndicate, 23.02.2014



How Ukraine's profound crisis will end is impossible to predict. We in the European Union and the United States are doing what we can to secure a peaceful transition to a more stable democracy, and the implementation, at long last, of urgently needed reforms. And the agreement now concluded between President Viktor Yanukovich and the opposition should create a new possibility for this.

If the agreement is not honored, Ukraine could well continue its descent into chaos and conflict, which would be in no one's interest. That is why Ukraine's crisis is a European crisis.

And, though we cannot know how the crisis will end, we should be very clear about how it started. For years, Ukraine sought a closer relationship with the EU. Its leaders warmly endorsed the promise of enhanced ties under the EU's Eastern Partnership, and pushed for an EU Association Agreement, together with a Deep and Comprehensive Free Trade Area. When those talks, which began under the previous Ukrainian government, were concluded, the agreement was endorsed by all four presidents and all 14 prime ministers to hold office since Ukraine achieved independence in 1991. But, as the EU and Ukraine were addressing remaining issues ahead of the November 2013 Eastern Partnership summit in Vilnius, where Ukraine was to sign its Association Agreement, something suddenly changed.

From August onward, Russian policymakers embraced the openly declared aim of knocking Ukraine off the course that it had chosen. A political campaign against the agreement was launched, and the Kremlin mixed targeted sanctions with threats of harsher measures against the already-weak Ukrainian economy. Russian leaders publicly stated that if Ukraine signed a free-trade agreement with the EU, it would lose its free-trade deal with Russia, and high tariffs would be imposed on all goods and services. Severe economic pressure, it was made clear, would become open economic warfare. Ukrainian President Viktor Yanukovich gave way. In explaining to EU leaders that he was not ready to sign the Association Agreement, he was very clear that Russian pressure was responsible for his decision.

This set in motion the chain of events that has now resulted in carnage and death in the streets of Kyiv. For many Ukrainians, Europe was the symbol of hope of a better life; suddenly, they felt betrayed by a political elite that they had long perceived as being incorrigibly corrupt. So, to be clear, it was the Kremlin's pressure, and the Yanukovich administration's vacillation, that produced the current crisis. Had Yanukovich decided to stand up to Russian pressure, there is no doubt that Ukraine would have faced difficulties. But, with an EU Association Agreement and the possibility of solid financial aid and reform assistance from the International Monetary Fund, the Russian measures would not have been sustainable. Of course, the reforms asked of Ukraine would have been difficult, but no more difficult than what had been asked of other ex-communist countries that saw their future in and with Europe.

There would have been light at the end of the tunnel, and, as Ukraine embraced the reform process, it would have been seen as a determined and democratic European country. Instead, Yanukovich opted for a short-term strategy narrowly focused on his own political survival – a strategy that the protesters increasingly came to view as a game of deceit and betrayal. As the regime started to use violence to repress its opponents, violent opposition groups gained credibility. Free trade with both Russia and the EU would obviously have been good for Ukraine's economy, thus providing a boost to the Russian economy as well, notwithstanding the oft-used but fundamentally bogus argument that EU goods would flow into Russia via Ukraine. (Has anyone heard Americans complaining that the free-trade agreement between Mexico and the EU is undermining the US economy?)

Russia is intent on building a new strategic bastion in the form of its proposed Eurasia Union, and it seems determined to force Ukraine to join. While publicly grumbling about supposed EU pressure on Ukraine, the reality is that Russia brutally extorted the country into abandoning its EU course. That is the source of this crisis; the facts speak for themselves. Even under the best of circumstances, the road back for Ukraine will be difficult. Russian pressure and destabilization, and the crisis to which they have led, have created new fissures in Ukraine's society and have caused further damage to its fragile economy. And that damage could, one day, spill over into Russia.

## Strengthen mutual trust as the fundamental basis for China-EU relations

New Europe Online, 27.02.2014



In the course of last 38 years since the establishment of diplomatic ties between China and the EU, especially over the last ten years of our experience as comprehensive strategic partners, China-EU relations have been constantly evolving towards maturity, extensive reach, and intensive interdependence—a result of our relentless efforts to constantly top differences with trust.

The story of China-EU relations tells the paramount significance of deep mutual trust for the stable and sustainable growth of a relationship. Mutual trust comes from knowing and understanding the other.

And develops and consolidates as we support each other over time. On the part of China, we have always supported Europe's integration and its aspiration to play a significant role for global peace, stability, and prosperity. Over the years, China has remained steadfast and true to our position of supporting Europe, in its good days and bad days regardless. Particularly since the outbreak of the debt crisis, when in recent years pessimistic voices against European integration and the Euro have permeated widely, China has held on its confidence in the EU and has provided assistance to Europe in a measure fair to its own strength.



Down the road, China will continue to support European integration and the EU's efforts to address the crisis and to play a bigger role in international affairs. Mutual trust can be found in many areas of cooperation between China and Europe at multiple levels. There is enormous diversity among EU member states. Such diversity, coupled with the different backgrounds of China and Europe, has minted our relations as diverse and multi-tiered. In my view, China-EU cooperation proceeds at various levels. Efforts at these levels complement and reinforce each other. Therefore stronger cooperation at these various levels is conducive to promoting the size and quality of China-EU cooperation, realizing comprehensive and balanced growth of our relations, and helping Europe address the current difficulties.

The Chinese side views the EU institutions as a high achievement of European integration, and always approaches it as a key platform for China-EU relations. We attach great importance to the active role of the institutions in coordinating EU's China policies and in facilitating China-EU cooperation, and are making constant efforts to maintain with institutions sound communication and cooperation. Member states are important in the delivery of the co-operation agreement reached between China and the EU. In China, we view our relations with member states as a key basis for the overall China-EU relationship. Each EU member states have unique national conditions with respect to natural resources and economic and social development.

As a result, the focus and needs of each member states vary in their cooperation with China, a factor that we take into thoughtful account when conducting co-operation with member states. With the changes taking place in the global landscape, more and more EU member states have begun to demonstrate similar needs and interest in their cooperation with China. This trend has created potential for China and Europe to carry out cooperation. Through our practical experience of ongoing cooperation between China and central, eastern, and southern Europe, we have learned that such kind of cooperation can meet the demand of both sides and can ensure faster implementation as it effectively mobilizes and incentivizes the public, social and private sectors to work together.

The cooperation between China and member states across Europe is transparent, open, and inclusive. Such cooperation is an integral part of the overall China-EU relations, and is, in its essence, a kind of extension and in-depth development of China-EU cooperation, serving the interest of not only member states but also the Union as a whole. We are confident that by growing cooperation at all levels; we can add more substance and avenues to China-EU cooperation and make it broader, deeper, and more solid. Mutual trust is also encapsulated in the proper management of differences. Due to our different national condition, development level, and choice of development path, China and Europe have different perspectives on some problems.

In the future, we will continue to view and handle these issues comprehensively with reason and objectivity, and continue to use dialogue and cooperation to remove misgivings and build trust. China and Europe are now presented with wonderful new opportunities to grow our ties. The two sides are now working actively on a medium- and long-term plan of co-operation. I strongly believe that following the spirit of equality, mutual trust, cooperation, and win-win, China and Europe will produce a new chapter of mutually beneficial cooperation.

## Equality or estrangement

Politics Syndicate, 26.02.2014



Those whom the gods would destroy, they grant their wishes. Will that bit of ancient wisdom now hold for the US and Japan? For a half-century, the US, which wrote Japan's postwar "peace" constitution, has pressed the Japanese to play a greater role in maintaining Asian and global stability.

But now that Japan finally has a leader who agrees, the US is getting nervous, with Secretary of State John Kerry supposedly calling Japan under Prime Minister Shinzo Abe "unpredictable." These strains in the US-Japan relationship first became noticeable in December, when Abe visited the Yasukuni in Tokyo.

The US has always criticized Japanese officials' visits to the shrine, but through diplomatic channels. This time, America voiced its displeasure openly. The US is rightly concerned about the negative impact of such pilgrimages on Japan's relations with its neighbors, particularly China and South Korea. But the harsh tone publicly adopted by President Barack Obama's administration raised serious concerns among some in Abe's government who question Obama's commitment to the alliance and suspect that he was using the Yasukuni issue as a pretext to signal a weakening of America's defense commitment. Such suspicions were sharpened after China declared its new Air Defense Identification Zone, which overlaps Japanese sovereign territory.

The US tried to have it both ways: though the Obama administration sent US bombers through the new ADIZ to demonstrate its refusal to recognize China's move, it also told US commercial airliners to acknowledge the zone and report their flight plans to the Chinese authorities. Likewise, US acquiescence in China's de facto ouster of the Philippines from the Scarborough Shoal (a disputed outcropping in the South China Sea) raised questions in Japan about the two countries' supposed harmony of interests. In fact, although the US extols the virtues of its partnership with Japan, successive American presidents have been vague about the details. Ultimately, the idea always seemed to be that Japan would pay more for defense, but the US would set the partnership's objectives.

Abe's conception of the US-Japan partnership presupposes much greater equality. After all, a society like Japan, trying to escape two decades of economic malaise, cannot feel completely comfortable outsourcing its national-security strategy, even to an ally that is as respected and reliable as the US. Far from being based on chest-thumping nationalism, Abe's national-security strategy reflects, above all, a deep awareness of how a lost generation of economic growth has affected the Japanese. His bravura diplomatic performances sometimes give the impression that a self-confident Japan has been a normal feature of the global landscape. Strangely, it is all but forgotten – particularly by the Chinese – that for two decades Japan has watched China's rise quietly from the sidelines.



Indeed, Abe has succeeded so well in returning Japan to the world stage that his US and Asian critics act as if the only problem now is to moderate Japanese self-confidence – a notion that would have been laughable just two years ago. But the fact remains that one of Abe's primary worries is the spiritual malaise that accompanied Japan's long economic stagnation. Those who see in his patriotic rhetoric a desire to whitewash history miss his real concern: economic revival is meaningless if it does not secure Japan's position as a leading Asian power. The US, however, regards Abe's worries about Japan's spirit as peripheral to its efforts to forge a lasting relationship with China and overhaul its strategic presence in the Pacific. For example, the US views the Trans-Pacific Partnership – the huge trade agreement involving it, Japan, and 10 other leading Pacific Rim countries – as a technical scheme that will bring economic benefits through greater trade.

But, for Abe, the TPP's value for Japan's sense of identity – that it is now a more outward-looking nation – is just as important. In Abe's view, Japan needs to regain, wherever possible, the right of independent decision-making if it is to manage successfully the challenge posed to it by China. This does not mean that Abe's Japan will become an ally like France under Jacques Chirac, spurning US leadership for the sake of it; instead, Abe seeks a policy of cooperation with the US that reflects the alliance's voluntary nature. He believes that, given the new balance of power in Asia, the alliance will be meaningful only if each partner has a real choice, and the wherewithal, to act autonomously or with regional allies. Fortunately, Japanese and American analyses of Chinese trends are not very different. Both generally view China as having embarked on a probing strategy in search of weak spots where it can expand its geopolitical reach.

And both believe that only when China is convinced that such probes will yield no lasting benefit can serious negotiations about a comprehensive security structure for Asia take place. But even here, there is a difference. The US, convinced of the importance of intentions in the conduct of foreign policy, believes that once China recognizes the limits to its power, a structure of peace will follow naturally. Abe, by contrast, believes that only a favorable balance of power can be relied upon, and he is determined that Japan play its part in constructing that balance. Although Abe has lifted Japan's sights and self-confidence, he recognizes that Japan faces real limits. The US, too, should recognize that there are limits to the extent of the subordination that it can ask of an ally. Some wishes really are better left unfulfilled.

# Globalizing the Fed

Politics Syndicate, 25.02.2014



Should the United States worry about whether its monetary policy is wreaking havoc on emerging and developing countries (EMDCs)?

That was the question faced by the Federal Reserve at the height of its quantitative-easing program, when its monthly purchases of long-term assets drove yield-hungry investors into these countries, causing their currencies and asset prices to rise. And it is still a pressing question today, now that the Fed is winding down its asset purchases, causing capital flows to reverse and leaving many EMDCs high and dry.

Contrary to what most observers seem to believe, the answer does not lie in scrutinizing the Federal Reserve's mandate or debating the record of developing-country policymakers. Rather, the question concerns whether, and how, the US wants to lead in the global economy. If the US wants to preserve an open, stable global financial order, it cannot afford to ignore the current turmoil in emerging markets. Since talk of "tapering" began last year, a growing number of EMDCs have come under pressure: their currencies are depreciating, capital is fleeing, and their central bankers are left with the unenviable task of combating a domestic growth slowdown while maintaining external stability. The incipient recovery in the advanced economies appears to be sparking widespread instability, from Argentina to Turkey to India.

To be sure, some of the EMDCs' recent struggles are rooted in homegrown weaknesses. But domestic politics is only part of the story. Indeed, some countries with strong economic fundamentals and responsible macroeconomic policies – such as Mexico – are still suffering. Just as successive rounds of monetary-policy loosening in the US and the EU caused large shifts in EMDCs' financial conditions and asset prices that were largely unrelated to underlying fundamentals, so the current instability in many EMDCs is driven more by the unwinding of these policies than by domestic factors. So, is there anything EMDCs can do to avoid being buffeted by flooding and receding waves of international capital?

Compared to a decade or two ago, EMDCs (at least theoretically) have an expanded toolkit at their disposal. These instruments – including measures aimed at capital-flow management, currency-market interventions (either sterilized or unsterilized), macro-prudential financial regulation, and the accumulation of reserves – provide some room for maneuver. Yet these tools are costly, technically complicated, and – even when executed perfectly – not always effective. Moreover, while even the International Monetary Fund has come around to supporting the use of capital-flow measures under certain conditions, many rich countries continue to push for provisions in trade and investment agreements – for example, the Trans-Pacific Partnership – that would bar any use of capital controls.



So EMDCs find themselves in a real bind. The domestic instruments at their disposal are of limited use in coping with overwhelming global capital flows driven by monetary-policy decisions made in faraway capitals. Yet simply sitting back and watching their currencies gyrate as capital races in and out is both economically and politically untenable. One can imagine several scenarios. EMDCs might increasingly insulate themselves by erecting walls to foreign capital and closing themselves off from world markets: a reversal of globalization. Alternatively, EMDCs might turn to powerful new patrons – namely China – to support and shield them from global market swings that are beyond their control. In a third scenario, the US pays greater heed to its interest in sustaining an open international financial order and works to alleviate the dilemmas posed by the mismatch between globally-integrated financial flows and nationally-determined monetary policy.

The US obviously would be best served by encouraging the third of these scenarios and discouraging the first two. But the more indifference the US shows to EMDCs' fluctuating fortunes, the more it pushes them toward one of the alternatives. Insular monetary policy in the US will be met with insular monetary policy abroad; and everyone will be left worse off. What can the US do to ensure that major markets remain open to it? Earlier this month, the G-20 called for US policy to be more "carefully calibrated and clearly communicated." This is not enough. The US needs to keep providing swap lines to EMDCs in need of dollar liquidity, engage in meaningful formal and informal monetary consultative processes, and support countries' own regional arrangements, such as the Chiang Mai Initiative.

Moreover, US trade negotiators need to stop insisting that countries give up their right to use measures to protect themselves from the unfortunate consequences of US monetary policy. Crucially, the US also needs to stop withholding consent for the IMF to reform and deploy additional resources from all countries. Recent US monetary-policy measures and statements have reflected the belief that America's stake in EMDCs' financial stability is limited to the extent to which volatility poses a risk to the near-term US economic outlook. This shortsighted strategy runs counter to the US government's broader geopolitical and economic goals. The US benefits incalculably from an open global financial order, which is now at risk. A monetary policy that acknowledges today's interdependence would protect America's long-term interests.

# G20 vows to add \$2 trillion to world economy to lift growth

I24 News, 23.02.2014



The world's biggest economies vowed Sunday to boost global growth by more than \$2 trillion over five years, shifting their focus away from austerity as a fragile recovery takes hold.

Finance ministers and central bank governors from the Group of 20, which accounts for 85 percent of the world economy, also agreed to pursue greater transparency about monetary policy after rifts about the US taper. They expressed "deep regret" that reforms to the International Monetary Fund have stalled, because the United States Congress has yet to ratify them.

After their meeting in Sydney, the G20 ministers issued what host Australia called "an unprecedented" and unusually brief two-page statement to drive "a return to strong, sustainable and balanced growth in the global economy." "We will develop ambitious but realistic policies with the aim to lift our collective GDP by more than two percent above the trajectory implied by current policies over the coming five years," they said in reference to two percentage points. "This is over US\$2.0 trillion more in real terms and will lead to significant additional jobs." US Treasury Secretary Jack Lew stressed at a press conference that the G20 had left the austerity debate behind and was fully focused on growth.

"If you look where we were a year ago, debating austerity. This was a debate about how can we work together to share best practices and develop an approach where our individual economies can grow and the global economy can hit the objective that is set forth in this text," he said. The IMF has said the strategy could add half a percentage point to global growth annually over four years starting next year. The fund currently projects growth of 3.7 percent this year and 3.9 percent in 2015, with each G20 country to hammer out the finer points before the leaders' summit in Brisbane in November. "We believe that if the reforms that have been identified are adhered to, delivered by the various authorities, then that is a goal that can be achieved or possibly exceeded," said IMF chief Christine Lagarde, adding that meetings were held in an "excellent spirit."

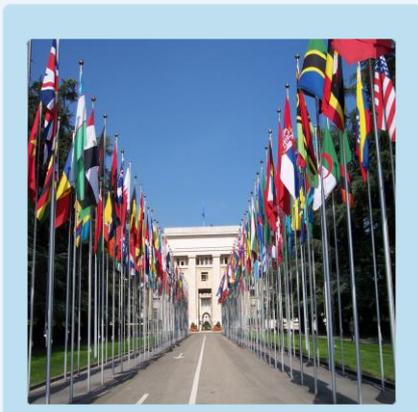
Ministers said the figure could be reached by increasing investment and employment and enhancing trade, adding that there was "no room for complacency" and that addressing the challenges "requires ambition." Australian Treasurer Joe Hockey, the G20 chair, had been pushing ministers to agree to faster global growth targets, with private-sector investment as a central plank. He stressed the need for structural reforms to drive growth. "We know reform is hard. We have to earn economic growth and new jobs," he said after the meeting ended. "It will take concrete actions across the G20 to boost investment, trade, competition and employment opportunities, as well as getting our macroeconomic fundamentals right."

The fallout being felt by some emerging economies as the US Federal Reserve winds back its mammoth stimulus program was another lightning-rod issue in Sydney. Acknowledging complaints by emerging economies that a lack of communication has worsened the impact on their markets, which have suffered capital flows and currency volatility, the G20 agreed to more transparency. “We all stand ready to take the necessary steps to maintain price stability, by addressing in a timely manner deflationary and inflationary pressures,” they said in a final communique. “All our central banks maintain their commitment that monetary policy setting will continue to be carefully calibrated and clearly communicated in the context of ongoing exchange of information and being mindful of impacts on the global economy.”

Hockey, who agrees with the US that countries must make their own reforms to bolster their economies and blunt the impact of quantitative, easing, said there had been “honest” discussions about the impact of tapering. “The fact is that there was proper recognition that the movement of monetary policy in major developed countries either way, whether it be tightening or easing, has an impact,” he said. “There was proper recognition that that would be taken into account in the foreseeable future.” The meeting also made clear its “deep regret” that IMF reforms to give a greater say to emerging-market economies, and particularly China, have stalled. The US Congress has refused its support despite requests from the White House.

## UN agrees protective sanctions for Yemen

I24 News, 27.02.2014



**The UN Security Council on Wednesday unanimously backed sanctions against supporters of the former regime in Yemen who try to impede its political transition.**

**The wording of the measure “calls upon all Yemenis to fully respect the implementation of the political transition,” and targets any person or entity who would “threaten the peace, security or stability of Yemen.” Mark Lyall Grant, UN ambassador representing Britain, which sponsored the resolution with strong backing from France and the United States, said it is needed to complete the process of “turning the page from the presidency of Ali Abdullah Saleh.”**

“The international community continues to focus on Yemen and wants to support the Yemeni people towards a more stable and prosperous future,” the British diplomat said. Saleh stepped down as Yemen’s president in February 2012 after a year of popular protests. Since his departure, the country has been in the grip of deadly unrest, often fomented by recalcitrant backers of his regime. The resolution states that sanctions will be aimed at those found to be “obstructing or undermining the successful completion of the political transition” in Yemen. The measure will create a three-member panel, under the aegis of the Security Council, to oversee the imposition of sanctions, including decisions on who would be targeted.

“Those wishing to derail the political transition will face swift and firm consequences through the new sanctions committee,” said Lyall Grant, who praised the international cooperation that made a united vote possible. “When this Council works together, and delivers tough messages, it can create the catalyst for change,” he said. The measure states that its targets include anyone committing “attacks on essential infrastructure or acts of terrorism” as well as those who violate human rights and international humanitarian law. It is to remain in force for an initial period of one year. Yemen, the Arab world’s poorest country, is grappling with an increasingly violent separatist movement in the south, which was independent between the end of British colonial rule in 1967 and union with the north in 1990.

Some countries had wanted former president Ali Abdullah Saleh, often blamed for the unrest, named in the document, but the resolution refrains from listing any specific individuals or entities. The vote follows a national conference in Yemen last year which brought together representatives of different political families -- excluding southern secessionists -- and laid the foundations for a six-state federation. Under the plan the area of former South Yemen would be divided into two regions, while the north would be divided into four regions. Overseen by the UN and the Gulf states, the conference was one of the keystones that permitted President Abdrabuh Mansur Hadi to succeed Saleh in 2013, after a year of popular protests. Hadi has promised to prepare a new constitution and to transition the country into a federal state.

## NATO prepares full Afghanistan exit plan

Aljazeera, 26.02.2014



Alliance says it will have to withdraw its 19,000 troops by December if Afghans fail to agree a security pact with US. NATO’s secretary general has echoed a US announcement that it is planning to withdraw all of its troops from Afghanistan if a security deal cannot be agreed with the Afghan government.

The blunt statement from Rasmussen on Wednesday ratchets up pressure on the Afghan president, Hamid Karzai, to strike a deal with the US. On Tuesday, The US president, Barack Obama, threatened to withdraw all US troops from Afghanistan by the end of this year if a pact wasn’t signed.

Without that agreement, Rasmussen said, forces from other NATO countries and partners could not stay beyond 2014 either, there are roughly 19,000 non-US troops now in Afghanistan. “Let me stress, this is not our preferred option ... but these are the facts,” said Rasmussen. Obama told Karzai by telephone the Pentagon had little option but to draw up a contingency plan for a full withdrawal because the Afghan leader had refused to sign a Bilateral Security Agreement with Washington. “Specifically, President Obama has asked the Pentagon to ensure that it had adequate plans in place to accomplish an orderly withdrawal by the end of the year,” the White House was quoted as saying by Reuters.

# US plans full troop pullout from Afghanistan

Aljazeera, 26.02.2014



Obama told Karzai by telephone that the Pentagon had little option but to draw up a contingency plan for a full withdrawal because the Afghan leader had refused to sign a Bilateral Security Agreement with Washington. “Specifically, President Obama has asked the Pentagon to ensure that it has adequate plans in place to accomplish an orderly withdrawal by the end of the year,” the White House said to reuters.

The US has been pushing for legal immunity for its soldiers and contractors, a point resisted by Karzai. In case of no deal, the US has indicated that it will go for a “zero option”, as it did in Iraq, leaving Afghan forces to battle the Taliban.

President tells Afghan counterpart about US contingency plans, but does not rule out making deal on post-2014 mission. The US president, Barack Obama, has told his Afghan counterpart Hamid Karzai that he is preparing a contingency plan to withdraw all US troops, as a post-2014 security pact remains unsigned. The message, delivered on Tuesday, however did not rule out making a deal on a post-2014 mission with the next Kabul government. The US wants to keep up to 10,000 troops in the country to train and mentor the Afghan national security forces and go after the remnants of al-Qaeda. Staking out a new position, the White House statement said “we will leave open the possibility of concluding a BSA (bilateral security agreement) later this year. However, the longer we go without a BSA, the more challenging it will be to plan and execute any US mission.”

And the longer both countries go without a security deal, “the more likely it will be that any post-2014 US mission will be smaller in scale and ambition,” the statement said. Chuck Hagel, the US secretary of defence, said planning for what the “zero option” was a prudent step given that Karzai had made clear he is unlikely to sign the security deal. “The United States will consult closely with NATO allies and ISAF partners in the months ahead, and I look forward to discussing our planning with defence ministers in Brussels this week,” he said as he left for Brussels. This comes a day after the bodies of 21 Afghan soldiers killed in Kunar, in the worst Taliban attack on the national army in four years, were returned to their families following a rare public ceremony.

# US Navy eyes greater presence in Arctic

Hürriyet Daily News, 28.02.2014



The U.S. Navy is mapping out how to expand its presence in the Arctic beginning about 2020, given signs that the region's once permanent ice cover is melting faster than expected, which is likely to trigger more traffic, and resource mining.

“The Arctic is all about operating forward and being ready. We don't think we're going to have to do war-fighting up there, but we have to be ready,” said Rear Admiral Jonathan White, the Navy's top oceanographer and navigator, and director of the Navy's climate change task force. “We don't want to have a demand for the Navy to operate up there, and have to say, ‘Sorry, we can't go,’” he said.

The Navy this week released an “aggressive” update to its 2009 Arctic plan after a detailed analysis of data from a variety of sources showed that seasonal ice is disappearing faster than had been expected even three years ago. The document said the Bering Strait was expected to see open water conditions about 160 days a year by 2020, with the deep ocean routes of the Transpolar transit route forecast to be open for up to 45 days annually by 2025. The document includes dozens of specific tasks and deadlines for Navy offices, including calling for better research on rising sea levels and the ability to predict sea ice thickness, assessment of satellite communications and surveillance needs, and evaluation of existing ports, airfields and hangars.

It also puts a big focus on cooperation with other Arctic nations and with the U.S. Coast Guard, which is grappling with the need to build a new \$1 billion ice-breaking ship. The Navy is conducting a submarine exercise in the Arctic next month, and plans to participate in a joint training exercise with the Norwegian and Russian military this summer. White said the Navy's new projection was aimed at answering “the billion dollar question” of how much it would cost to prepare for an increased naval presence in the Arctic, and trying to determine what investments were needed when. “We're trying to use this road map to really be able to answer that question,” White said, noting that early smaller-scale investments could help avert bigger bills in the future.

He said efforts were under way now in the Navy to identify specific requirements for weather-hardened ships and other equipment, land-based infrastructure, and better bandwidth for satellite and shore-based communications capabilities. The Office of Naval Research and the Pentagon's Defense Advanced Research Projects Agency are already funding numerous Arctic-focused projects with industry, White said, predicting increased public-private projects in recent years. He said he realized U.S. military budgets are under pressure, but hoped the plan would help undergird Arctic-related budget requests in coming years by showing lawmakers that the Navy had carefully studied and evaluated its options. “As far as I'm concerned, the Navy and Coast Guard's area of responsibility is growing,” White said. “We're growing a new ocean, so our budget should be growing in line with that.”



The Navy's plan does not alter any current funding, but calls for identification of future ships and other weapons by the third quarter of fiscal 2014, which ends Sept. 30, in time to be considered for future budget deliberations. "Our challenge over the coming decades is to balance the demands of current requirements with investment in the development of future capabilities," Chief of Naval Operations Admiral Jonathan Greenert wrote in an introduction. "This roadmap will ensure our investments are informed, focused, and deliberate as the Navy approaches a new maritime frontier." The Navy has long operated submarines in the region, and flies surveillance and unmanned aircraft as needed, but by 2020 it plans to boost the number of personnel trained for Arctic operations. By 2030, as the Arctic Ocean becomes increasingly ice-free, the Navy said it would have the training and personnel to respond to crises and national security emergencies.

The Navy's updated road map noted that the Arctic has significant oil, gas and mineral resources, including some rare earth minerals now supplied mainly by China, and estimated hydrocarbon resources of over \$1 trillion. Those resources are attractive to big multinational corporations and other countries, but they face big financial, technical and environmental risks due to the harshness of the environment, and the unpredictable weather, White said. "If we do start to see a rush, and people try to get up there too fast, we run the risk of catastrophes," he said, urging a more gradual, measured move into the region by the private sector. "Search and rescue in the cold ice-covered water of the Arctic is not somewhere we want to go."



# Announcements & Reports

## ► *Financial and Economic Data Relating to NATO Defense*

**Source** : NATO

**Weblink** : [http://www.nato.int/nato\\_static/assets/pdf/pdf\\_topics/20140224\\_140224-PR2014-028-Defence-exp.pdf](http://www.nato.int/nato_static/assets/pdf/pdf_topics/20140224_140224-PR2014-028-Defence-exp.pdf)

## ► *The State of the International Order*

**Source** : Brookings Institute

**Weblink** : <http://www.brookings.edu/research/reports/2014/02/state-of-the-international-order>

## ► *Cuba's New Real Estate Market*

**Source** : Brookings Institute

**Weblink** : <http://www.brookings.edu/research/reports/2014/02/21-cuba-real-estate-market-peters>



# Upcoming Events

## ► *8th International Turkish - African Congress*

**Date** : 16 – 17 April 2014  
**Place** : Accra-Ghana  
**Website** : [http://www.tasam.org/en/Icerik/5010/the\\_8th\\_turkish\\_-\\_african\\_congress\\_in\\_ghana](http://www.tasam.org/en/Icerik/5010/the_8th_turkish_-_african_congress_in_ghana)

## ► *9th International Turkish - African Congress*

**Date** : 24 – 25 April 2014  
**Place** : Turkey  
**Website** : [http://www.tasam.org/en/Etkinlik/592/9th\\_international\\_turkish\\_-\\_african\\_congress](http://www.tasam.org/en/Etkinlik/592/9th_international_turkish_-_african_congress)

## ► *3rd World Turkic Forum*

**Date** : 28 – 30 May 2014  
**Place** : Edirne – Turkey  
**Website** : [http://www.tasam.org/en/Etkinlik/579/3rd\\_world\\_turkic\\_forum](http://www.tasam.org/en/Etkinlik/579/3rd_world_turkic_forum)

## ► *Feeding the World Summit*

**Date** : 13 February 2014  
**Place** : London - UK  
**Website** : <http://www.economistinsights.com/sustainability-resources/event/feeding-world-2014?region%5B4%5D=4&region%5B7%5D=7>

## ► *The Lisbon Summit*

**Date** : 18 February 2014  
**Place** : Lisbon - Portugal  
**Website** : <http://www.economistinsights.com/countries-trade-investment/event/lisbon-summit?region%5B4%5D=4&region%5B7%5D=7>

## ► *Arctic Summit 2014*

**Date** : 4 March 2014  
**Place** : London - UK  
**Website** : <http://www.economistinsights.com/sustainability-resources/event/arctic-summit-2014?region%5B4%5D=4&region%5B7%5D=7>

## ► *The CFO Summit 2014*

**Date** : 6 March 2014  
**Place** : London - UK  
**Website** : <http://www.economistinsights.com/business-strategy/event/cfo-summit-2014?region%5B4%5D=4&region%5B7%5D=7>



### ► *The Azerbaijan Investment Summit*

**Date** : 11 March 2014

**Place** : Baku - Azerbaijan

**Website** : <http://www.economistinsights.com/countries-trade-investment/event/azerbaijan-investment-summit?region%5B4%5D=4&region%5B7%5D=7>

### ► *9th International Turkish - African Congress*

**Date** : 24 – 25 April 2014

**Place** : Turkey

**Website** : [http://www.tasam.org/en/Etkinlik/592/9th\\_international\\_turkish\\_-\\_african\\_congress](http://www.tasam.org/en/Etkinlik/592/9th_international_turkish_-_african_congress)

### ► *European Energy Horizons 2014*

**Date** : 8 May 2014

**Place** : Stockholm - Sweden

**Website** : <http://www.economistinsights.com/energy/event/european-energy-horizons-2014?region%5B4%5D=4&region%5B7%5D=7>

### ► *3rd World Turkic Forum*

**Date** : 28 - 30 May 2014

**Place** : Edirne - Turkey

**Website** : [http://www.tasam.org/en/Etkinlik/579/3rd\\_world\\_turkic\\_forum](http://www.tasam.org/en/Etkinlik/579/3rd_world_turkic_forum)

### ► *World Water Conference*

**Date** : 11 November 2014

**Place** : Edirne - Turkey

**Website** : <http://www.economistinsights.com/sustainability-resources/event/world-water-forum?region%5B4%5D=4&region%5B7%5D=7>