

Turkey to become one of three largest European economies, minister claims

Hurriyet Daily News, 27.04.2015



Economy Minister Nihat Zeybekci has unveiled an ambitious goal for Turkey to become one of the three largest economies in the world by 2023, apparently bidding to surpass at least one of three giants Germany, France or the United Kingdom.

“This country will become one of the top 10 economies in the world and top three in Europe in 2023,” he said at a meeting in the southwestern province of Denizli in a reference to the 100th anniversary of the foundation of the modern Turkish Republic. The ruling AKP has continually set high goals for 2023, frequently touching on them during election campaigns.

The minister also questioned figures from main opposition Republican People’s Party (CHP) leader Kemal Kılıçdaroğlu, saying it was untrue that 17 million of Turkey’s 77 million were living under the poverty line. The AKP, which came to power in 2002, pushed the percentage of people living on under \$4.35 a day from 30 to 2 percent by the end of 2013, he said. The minister pledged to cut the percentage to 0 percent by the end of the year. Nobody in Turkey lives on under 2 dollars a day, he said. “[Kılıçdaroğlu] has no willingness to learn. He will never learn because he doesn’t want to,” he said.

Turkish company to take part in NATO defense program

Anadolu Agency, 28.04.2015



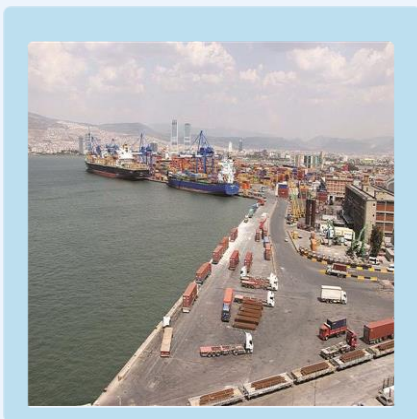
Turkey’s defense systems developer, ASELSAN, is to be part of a team involved in the NATO Ballistic Missile Defense program, the company announced.

In February, the NATO Communications and Information Agency awarded a \$77 million contract to Leidos, a U.S. company specializing in defense, to provide systems engineering and integration support for the Ballistic Missile Defense program. In the statement, ASELSAN said it would work with eight other team members from Canada, France, Germany, the Netherlands, the United Kingdom and the United States.

“As a developer of the system architecture for future Ballistic Missile Defense requirements, ASELSAN ensures NATO and team-members that ASELSAN is committed to transferring its know-how gained in the field of Ballistic Missile Defense in full service of NATO, its agencies and member states,” the company said. Under the contract, Leidos will deliver the NATO Ballistic Missile Defense capability, including Ballistic Missile Defense enhancements to the NATO Communications and Information systems, refinement and maintenance of the NATO Ballistic Missile Defense architecture. The project will be executed on the premises of the NATO Communications and Information Agency in the Netherlands, the statement said.

No hike in exports despite lira at historic lows

Reuters, 20.04.2015



The Turkish lira’s fall to record lows has ramped up the cost of repaying predominantly dollar-denominated external debt while failing to deliver any boost to exports, which remain focused on Europe with its weak currency.

Cheaper currencies usually make exports more competitive, ultimately boosting growth. But in Turkey, the currency’s plunge may instead be raising financial stability risks, because so far it has not seen any improvement in terms of trade while firms earning revenues in lira will find it costlier to repay dollar debt. The clue lies in the lira’s exchange rate to the euro, which is actually up 1.6 percent over the past year.

Versus the dollar, the lira has fallen 20 percent in this period. On April 24, the battered currency hit record lows near 2.74, pressured by upcoming elections and the central bank’s reluctance to irk the government by raising interest rates. “In a way Turkey has had the worst of both worlds,” said William Jackson at Capital Economics. Government data shows that more than 40 percent of Turkish exports go to the European Union and Jackson said the euro zone accounted for a third of the total. “Most of their liabilities are in dollars and a large part of their exports go to the euro zone. The fact the lira has depreciated against the dollar is bad for their liabilities, but they have not seen much benefit on the trade side.”

Turkish exports last month were 13.4 percent below year-ago levels, while imports declined only 5.6 percent. The March trade deficit was 14.8 percent wider year-on-year. The other negative for Turkey is oil, prices for which have risen a lot more in lira than in dollars. SEB analyst Per Hammarlund says that unless the lira depreciates meaningfully against the euro, Turkey’s central bank is unlikely to defend the lira. He notes, however, that since the end of January, the lira has depreciated 9 percent to around 2.95 per euro. A fall to 3.10 is when the central bank will turn hawkish, he reckons.

Erdogan: Turkey aims to be top agriculture producer in Europe

Anadolu Agency, 29.04.2015



Turkey wants to more than double its national agricultural revenue by 2023, President Recep Tayyip Erdoğan has said, claiming that the country is now the top agricultural producer in Europe.

“Turkey is now Europe’s biggest agricultural producer, ahead of France, Italy and Spain,” Erdoğan said. “Our national agricultural revenue reached \$61 billion in 2014. We aim to increase it to \$150 billion by 2023,” he added. “We want to increase our agricultural exports to \$40 billion by 2023,” Erdoğan also vowed. Export of agricultural products earned \$18.7 billion for Turkey in 2014, according to TÜİK.

Turkey currently ranks seventh in Europe in terms of added-value in its exports of agriculture, food and livestock, according to Agriculture Minister Mehdi Eker. The Central Bank blamed food prices for a recent rise in inflation on April 27, warning that more measures were needed to improve food supply. However, Eker ruled out any problems in output, claiming that the hike in vegetable and fruit prices was linked to “election speculation.”

Turkish state lender Ziraat to open first foreign bank branch in Ethiopia

Anadolu Agency, 27.04.2015



Turkey’s largest state-owned lender, Ziraat Bank, has proposed opening the first foreign-owned bank branch in Ethiopia, Turkish Economy Minister Nihat Zeybekci has said.

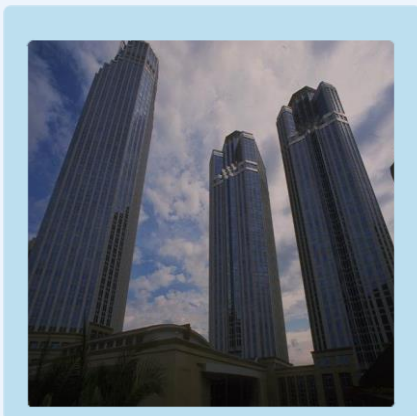
Speaking at the Turkey-Ethiopia Business Forum in Ankara, Zeybekci said Turkish lender Ziraat Bank was awaiting a response from Ethiopia on its proposal. “Ziraat Bank sent a proposal to open a branch in Ethiopia. First, the bank will open an office there, then the bank will be the first bank to obtain a banking license in Ethiopia,” he said. “I think that everything is positive and it will be positive to open before the end of the year,” he said.

Ziraat employs more than 24,000 people in 1,700 branches and has 57 branches in foreign countries including Germany, Bosnia and Herzegovina, Kazakhstan, Russia, the U.K., the U.S., Georgia, Bulgaria and Greece. Turkey is one of the leading countries in terms of foreign direct investment in Ethiopia, along with China and India. There are more than 350 Turkish companies operating in Ethiopia to date. These companies have created jobs for more than 50,000 Ethiopians. Turkish investments are also enabling technology and knowledge transfer to Ethiopia, according to Turkish officials, while Turkish investment in Ethiopia stands at \$3 billion.

The trade volume between the two countries was \$400 million in 2014, down from \$421 million in 2013, according to the Turkish Statistical Institute. Turkish businesses have invested in 14 projects in Ethiopia, including a 389 km-long railway extension project for the Awash-Weldia Railway which aims to connect the northern and eastern parts of the country.

Turkish lender İşbank to sell stake in mobile operator

Hurriyet Daily News, 25.04.2015



İşbank has begun negotiations for the sale of its 7.44 percent stake in mobile operator Avea, the bank said.

“Our head office has been authorized to initiate the negotiations for a block sale of our bank’s shares in Avea, which represent 7.44 percent of the total shares for the nominal value of 610 million Turkish Liras, with Turk Telekom and other investors who might be interested in the company,” İşbank said. Turk Telekom offered earlier to buy Avea’s remaining 10 percent stake it doesn’t already own, worth \$305 million, a deal which would allow it to avoid having to float the struggling wireless firm.

The price for the 10 percent is marked in the İşbank filing to the bourse. According to a 2006 shareholder agreement, İşbank retains the right to demand an initial public offering this year, a floatation that would likely be hampered by Avea’s weak earnings, Reuters reported, depending on analysts. “Even if Avea is advancing towards profitability, right now it is still not profitable,” said Toygun Onaran, an analyst at TEB Invest. “It is logical for İşbank to want to offload the shares.”

Top panel to discuss regional jet, fighter aircraft

Hurriyet Daily News, 27.04.2015



Turkey's top defense procurement panel, the Defense Industry Executive Committee, is expected to hold an unscheduled meeting to discuss two major aerospace programs.

The committee chaired by Prime Minister Ahmet Davutoğlu, is leaning toward a decision to pick up aircraft maker Dornier's jet as a base model to build what will become a "Turkish regional jet," officials said. The Hurriyet reported last month that Turkey's aerospace authorities had silently launched studies into an ambitious program to design, develop and manufacture the country's first indigenous regional jet.

Under the plan, scores of jet aircraft will be manufactured for both civilian and military use. Under its regional jet program, Turkey wants to take a commercially available aircraft body as a "base and starting point." Turkey has been in quiet, preliminary talks with Dornier to take either of its D328 or D428 models as a primary body for the Turkish regional jet. The Dornier 328 is a turboprop-powered commuter airliner. It was initially produced by Dornier Luftfahrt GmbH, which in 1996 was acquired by Fairchild Aircraft and renamed Fairchild-Dornier. The Dornier 328 was produced at the company's Germany plant and sold worldwide from its Texas offices. Fairchild Dornier also undertook the Fairchild Dornier 428JET program to develop a 44-seat regional jet. Aviation industry sources say the licensing rights for the Dornier series of jet aircraft presently are held by a Turkish businessman who resides in the United States.

In addition to its civilian use, Turkish officials are planning to produce hundreds of regional jets for military missions in both the Navy and the Air Force. These missions could include aerial and naval surveillance, border surveillance and small cargo transport, they said. Defense officials also said the top procurement officials at the SSIK meeting will likely agree to allocate funds up to \$1 billion for the second phase of the Turkish national fighter jet program. At a Jan. 7 meeting of the SSIK, the government agreed to progress with the fighter program. Turkey wants to build its first indigenous fighter aircraft by 2023.

70 percent of global foreign direct investments goes to Asia

Hurriyet Daily News 27.04.2015



Asian countries are attracting some 70 percent of all global foreign direct investments (FDI), as investment flow to developed countries is on a fall, according to Mukhisa Kituy, the secretary general of the United Nations Conference.

Global FDI figures fell 8 percent last year to \$1.26 trillion from a year earlier, Kituy said, while addressing the attendees at the G-20 World Association of Investment Promotion Agencies Conference on Foreign Direct Investments in Istanbul. Developing countries made up a \$700 billion portion of these foreign investments, he said. However, the investments to these countries fell 14 percent.

Some studies showed international companies were increasing their strategic investments, he added. Structural reforms are by far the most cost-effective way to attract investment, Turkish Deputy Prime Minister Ali Babacan said at the event. "There is no more-effective way for a government to act," Babacan said, praising the role of the private sector. "It has only to change a few articles in a law, or update a regulation, and the environment for investment can be vastly improved," he said. "Turkey decided to make life easier for business and investment and we succeeded," he added.

The changes introduced in Turkey have been regarded by experts as being critical to the country's rapid growth in GDP over the past 10 years. Turkey attracted about \$6 billion in FDI in 2014. "If you are to spend either \$1 million or \$1 billion, have the private sector spend that, not the public sector. Be sure that you will get better results in terms of productivity, growth and sustainability," he said. The deputy PM also highlighted political and economic stability in a bid to create an investor-friendly atmosphere. Babacan added good governance and transparency also contributed to trust building. His list also included warranties for property rights, the superiority of law, human capital, infrastructure and openness to investments. Turkey will help the small and medium-sized enterprises (SMEs) raise their voices during its continuing term of G-20 presidency, he also said.

Turkey's Central Bank governor: Cautious monetary stance to continue to keep inflation falling

Reuters, 28.04.2015



Turkey should continue cautious monetary and fiscal policies and take steps on food supplies to keep inflation falling, the central bank governor told the country's cabinet.

“Inflation in Turkey is on a falling trend,” Erdem Başçı told. “For the fall in inflation to continue, cautious monetary and fiscal policies should be maintained and measures regarding food supply should be adopted.” March figures showed consumer prices rising 1.19 percent month-on-month. Turkey's Central Bank left key interest rates unchanged last week, holding fire ahead of a June parliamentary election, even as the lira's slide to record lows risks fuelling inflation.

The one-week repo rate stands at 7.50 percent. “Inflation expectations have still not yet reached a desirable level,” Başçı said in his presentation, adding that a “partial correction” in food prices was likely in the second half of the year. The lira has fallen around 15 percent against the dollar this year, underperforming almost every other major emerging market currency apart from the Ukrainian hryvnia, according to Thomson Reuters data. Although the lira's fall risks stoking inflation, the Central Bank has held off from what economists say are much-needed rate increases, opting instead to employ more obscure policy tools in an attempt to defend the currency. Investors have been particularly worried about perceptions of political influence on monetary policy after President Tayyip Erdoğan repeatedly called for lower interest rates and said that those who defended high rates were “traitors.”

Saudi-led planes bomb Sanaa airport to stop Iranian plane landing

Reuters, 29.04.2015



Jets from a Saudi-led alliance destroyed the runway of Yemen's Sanaa airport to prevent an Iranian plane from landing there, Saudi Arabia said, as fighting across the country killed at least 30 people.

Yemeni Vice President Khaled Bahah had called on the Houthis to heed a U.N. Security Council demand for an end to fighting, which the Red Cross says has pushed Yemen into a humanitarian catastrophe. Houthis seized the capital Sanaa last September, demanding a more inclusive government and crackdown on graft. Talks with President Abd-Rabbu Mansour Hadi collapsed and he fled into exile.

Chaos set in as the Iran-allied Houthi forces swept southwards, fighting loyalist army units, regional tribes and al Qaeda militants. Top world oil exporter Saudi Arabia, rattled by what it sees as expanding Iranian influence in the region, has been leading a Gulf Arab coalition in waging air strikes on Houthi targets since late March. Riyadh said the campaign moved to a new phase last week, but fighting has intensified again. In Sanaa, air force planes from the Saudi-led coalition bombed the runway of the country's main airport to stop an Iranian flight landing, officials from both sides said, in a move that will further complicate humanitarian efforts to fly urgently needed aid into Yemen.

Brigadier General Ahmed Asseri, spokesman for the Saudi-led coalition, told Reuters that the airport was bombed after an Iranian aircraft refused to coordinate with the coalition and the pilot ignored orders to turn back. He said the bombing of the runway made it unusable for planned aid flights. Airport officials said the strikes set a civilian aircraft operated by Yemeni Felix Airways ablaze. A cargo plane was also hit they said. An official at the Yemeni civil aviation authority said the runway was targeted by 20 sorties that destroyed both the take-off and landing runways. Iranian state news agency IRNA, confirming the incident, said the pilots had ignored "illegal" warnings from Saudi jets to turn back before the runway was bombed. The agency said the plane was carrying humanitarian aid to Sanaa. The Houthis' al-Masirah television said the plane was scheduled to carry wounded victims of the Saudi-led strikes for treatment in Iran.

A civil aviation official said the airport at the Red Sea city of Hodeidah had also been bombed, but appeared to be still operational. Officials said aid flights would be diverted to Hodeidah until Sanaa airport is repaired. Saudi-led jets bombed a private villa that nearby residents said belonged to Abdullah Yahya Hakim, a senior Houthi official who was among a number of officials blacklisted by the U.N. Security Council in November. Local residents also reported heavy clashes overnight in oil-producing Marib province east of Sanaa, in the city of Taiz in central Yemen, and in the southern port city of Aden.

At least 15 people were killed in the district of Sirwah and around Marib city, the sources said, as tribesmen allied with Hadi tried to stop Houthis and troops loyal to former president Ali Abdullah Saleh from advancing on the provincial capital. The Houthis say their advance on Marib is to flush out militants belonging to al Qaeda in the Arabian Peninsula (AQAP), one of the most active branches of the Sunni Muslim militant network and an enemy of the Shi'ite Muslim Houthis. In the southern province of al-Dhalea, local militiamen said they had killed at least 13 fighters from the Houthi group and troops loyal to Saleh in two separate ambushes. Snipers in Aden also shot and killed two civilians, residents said. As the civil war rages on and the impoverished country sinks deeper into a humanitarian emergency, Yemenis warn that it will get ever harder to restore credible central state authority, raising the risk to nearby oil shipping lanes.

The fighting has doubled the number of people displaced by the violence from the previous estimate of 150,000, the U.N. humanitarian agency OCHA said. Speaking in Saudi Arabia, Vice President Bahah said Yemenis should seek a negotiated way out of the crisis based on a U.N. Security Council resolution passed in April. The Houthis have rejected the resolution, which imposes an arms embargo on them and on Saleh's supporters, and calls on them to lay down their weapons and leave Yemen's cities. "The brothers in Ansarullah are called on to fear God ... and to stop their war on the cities," Bahah said, according to Yemeni news website www.voice-yemen.com. Ansarullah is the group's official name. Bahah is popular among many of Yemen's feuding parties, and his appointment earlier this month created some hope that a negotiated solution could be reached.

Netanyahu signs up first two partners for coalition government

AFP, 30.04.2015



Israeli Prime Minister Benjamin Netanyahu made strides toward forming a new government, signing coalition deals with two parties, a week before the deadline to present a cabinet.

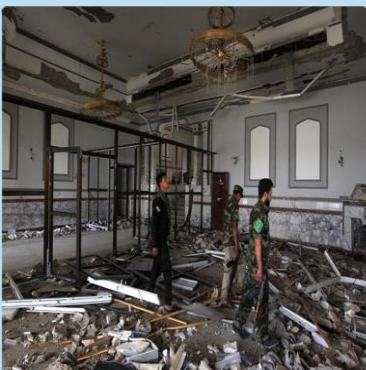
His Likud party won a surprise victory in a March 17 election but its 30 parliamentary seats, although the most of any single party, still left him the task of forging a majority in the 120-member legislature in order to govern. He inked alliances with the ultra-Orthodox United Torah Judaism (UTJ) party and the centre-right Kulanu, putting a combined total of 46 seats under his command.

Kulanu leader Moshe Kahalon, who campaigned on a platform of social reform, was promised the finance portfolio, identical statements from his party and Likud said. “In the forthcoming government we shall press ahead with reforms on housing, banking and work to narrow the gaps in Israeli society,” they quoted him as saying at the signing ceremony. Public radio said that Kulanu would also receive the environmental protection and construction ministries. A separate Likud statement announced the agreement with UTJ. “I think that the agreement we reached is a good agreement,” it quoted the ultra-Orthodox party’s Yaakov Litzman as saying. Ultra-Orthodox news site Kikar HaShabat said the deal included the contentious repeal of legislation enabling criminal sanctions against draft dodgers. The radio said it was agreed that Litzman would serve as deputy health minister, while fellow UTJ member Moshe Gafni would head the powerful parliamentary finance committee.

Historically, ultra-Orthodox men in full-time study at a yeshiva (Jewish seminary) have enjoyed exemptions from Israel’s compulsory military service. An act passed last year, effective from 2017, required yeshiva students to either serve in the military or perform civilian national service. It contained a clause setting out sanctions against draft dodgers, including imprisonment, enraging the ultra-Orthodox leadership who say it would be tantamount to jailing people for practising their faith. Local media predicted that the far-right Jewish Home party, ultra-Orthodox Shas and the hardline anti-Arab Yisrael Beitenu of incumbent Foreign Minister Avigdor Lieberman would also sign up with Netanyahu ahead of the May 6 deadline, boosting the alliance to a comfortable 67 votes in parliament.

Monitor: ISIL has killed over 2,000 off battlefield since June

Reuters, 22.04.2015



ISIL insurgents have killed at least 2,154 people off the battlefield in Syria since the end of June when the group declared a caliphate in territory it controls, monitor said.

The killings of mostly Syrians included deaths by beheading, stoning or gunshots in non-combat situations, the Britain-based Syrian Observatory for Human Rights said, urging the United Nations Security Council to act. “We continue in our calls to the U.N. Security Council for urgent action to stop the ongoing murder against the sons of the Syrian people despite the deafness of members to the screams of pain of the Syrian people,” it said in a statement.

ISIL, which also holds tracts of land in neighbouring Iraq, is an offshoot of al Qaeda and has set up its own courts in towns and villages to administer what it describes as Islamic law before carrying out the killings. The Observatory, which tracks the conflict using sources on the ground, said its figure included combatants, civilians and also 126 ISIL fighters who had tried to flee the group or were accused of being spies. It did not include several beheaded foreign journalists and a Jordanian pilot who was burnt to death by the group, so the probable figure is even higher, the Observatory's Rami Abdulrahman said. Hundreds of people believed captured by the Sunni Islamist group remain missing, he added. One of the worst massacres was against the Sunni Muslim Sheitaat tribe which had been battling ISIL in eastern Syria. ISIL has killed at least 930 Sheitaat tribespeople, the Observatory said.

Ukraine's conflict with Russia leaves economy in ruins

The Telegraph, 29.04.2015



Ukraine's ongoing conflict with Russia has left the country facing years of recession as the country struggles to break ties with Moscow and implement structural reforms, the World Bank has warned.

The Washington-based organisation cut its 2015 growth forecast to -7.5pc, following a contraction of 6.8pc in 2014. Last October, it forecast that the Ukrainian economy would shrink by 1pc this year, while the IMF has forecast a contraction of 5.5pc this year. "Given the situation in the east, we expect GDP to continue contracting sharply especially during the first half of the year," the World Bank said.

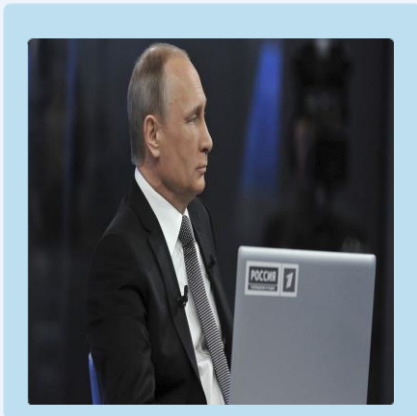
While the organisation expects Ukraine to emerge from recession in 2016, it said this forecast was subject to "substantial risks", adding that the economy faced a "prolonged" period of contraction if trade relations between the two countries continued to deteriorate and the country failed to implement vital reforms to its energy and banking sectors. "Growth is expected to be led by a modest recovery of investment from a low base following large declines for three consecutive years," it said. However, it added: "Further deterioration in trade relations with Russia could result in prolonged recession as reorientation of Ukrainian exports towards other markets will require more time and investments."

Ukraine's \$17.5bn (£11.4bn) lifeline from the IMF was approved last month, providing swift assistance for the country's struggling finances as part of a larger four-year bailout. The World Bank urged policymakers to act quickly to reduce inefficient subsidies on energy, agriculture, and coal, as well as implement reforms to the pension system.

Ukraine's conflict with Russia, which escalated after Russia's annexation of Crimea, has also hurt Moscow. Dmitry Medvedev, Russia's prime minister, admitted last week that the double shock of the collapse in oil prices and Western sanctions following the annexation last year presented an unprecedented challenge for the economy. He said the economy had contracted by 2pc in the first quarter alone compared with the same quarter in 2014, and added that the sanctions could cost Russia €75bn this year - or around 4.8pc of gross domestic product (GDP).

Russia's economy: In better shape than you might think

Fortune, 29.04.2015



Russia experts and investors argue that Western sanctions against the nation have not dealt as heavy of a blow as it may seem. During President Obama's State of the Union address earlier this year, he boasted about the effectiveness of Western sanctions against Russia, claiming that the Eastern European nation's economy was "in tatters."

The president certainly had incentive to pump up the sanctions he helped enact. But at a panel discussion on the future of the Russian economy at the Milken Institute Global Conference, Russia experts and investors in the Russian economy vehemently disagreed with his analysis.

Panelists argued that the Russian recession is largely a result of a collapse in oil prices rather than Western sanctions. Meanwhile, the ruble has stabilized after falling sharply last year and the Russian stock market has recovered more than 20% in 2015. Billionaire investor David Bonderman argued that Western sanctions, though much lighter than those imposed on countries like Iran, are actually creating opportunities for investment in Russia. "The market has fallen a long way, and there's a shortage of capital," he said. "Returns tend to be higher where either the troops are in the street or prices are low." Retailers like Russian supermarket Lenta, which Bonderman has a stake in, are seeing higher margins absent Western competition, and demand for staples like groceries remain strong. Russian-born investment banker Ruben Vardanyan pointed out that the collapse of the ruble left much of the economy untouched, with roughly 90% of the population not inclined to buy imported goods. And that population, Vardanyan points out, has only increased its support for Vladimir Putin in the months following the imposition of sanctions.

The panel uniformly condemned U.S. policy towards Russia as ineffective and short-sighted. Susan Eisenhower, chairman and CEO of The Eisenhower Group, a consulting firm, argued that isolating Russia, even as a punishment for breaking international law, "isn't in the United States' interest." She pointed to the increased risk of nuclear weapons proliferation in a world where the United States and Russia aren't communicating. Eisenhower argued for a reset of U.S.-Russia relations, first by appointing a special envoy to Russia to restart a dialogue that can help resolve the dispute over Crimea.

Bonderman said that U.S. policy towards Russia is simply pushing the country into the arms of China, a relationship he argued is counter to the desires of the Russian people and the interests of the United States. “The Russian people want to be Western; to force them to the east is unnatural,” he said. To be sure, investors in Russia, like those who sat on the panel at the Milken Conference, would benefit from a lifting of sanctions. But the surge in Russian markets and Putin’s popularity suggests that the Russian economy isn’t as bad as we thought.

Tsipras presses for early Greek debt deal but flags referendum

Reuters, 28.04.2015



Greek Prime Minister Alexis Tsipras said that he was confident of an early deal with international creditors, after shaking up his negotiating team and sidelining his outspoken finance minister who has infuriated eurozone partners.

But Tsipras also said he would have to resort to a referendum if lenders insisted on demands deemed unacceptable by his leftist government, elected to scrap austerity. Athens is weeks away from running out of cash, and talks with EU and IMF lenders on more aid have been deadlocked over their demands for Greece to implement reform measures, including pension cuts and labor market liberalization.

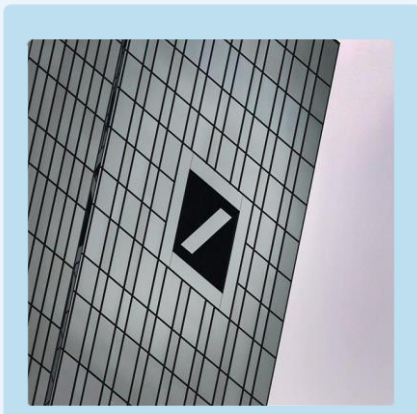
In his first major television interview since being elected in January, Tsipras said he expected a deal with creditors by May 9, three days before a debt payment to the IMF of about 750 million euros (\$815.5 million) falls due. He ruled out a default but stressed the priority was to pay wages and pensions. Greek financial markets and the euro rallied on April 27 on hopes that the relegation of Finance Minister Yanis Varoufakis, a Marxist academic prone to lecturing his euro zone peers, would improve prospects for an early deal to avoid a default that might lead to a Greek exit from the currency area. Pressed on the options if no deal were found, Tsipras ruled out snap elections but said the government did not have the right to accept demands that fell outside the limits of its mandate and would have to ask Greeks to decide. “If the solution falls outside our mandate, I will not have the right to violate it, so the solution to which we will come to will have to be approved by the Greek people,” he told Star television in the interview. “But I am certain we will not reach that point. Despite the difficulties, the possibilities to win in the negotiations are large. We should not give in to panic moves. Whoever gets scared in this game loses.”

Tsipras said Greece was in the final stretch of negotiations despite differences on key issues like labor reform, pension cuts and a proposed value-added tax hike on popular tourist islands. He said he expected an initial deal on reforms this week or next and that asset sales would be part of the concessions offered, including two major items - the sale of Piraeus port and the lease of 14 regional airports. He also said Greece was hoping for a 3 billion to 5 billion euro pre-payment of future profits if it struck a deal with Russia on Turkish Stream, a pipeline project.

Tsipras appointed Deputy Foreign Minister Euclid Tsakalotos - one of his close allies and a soft-spoken economist liked by officials representing creditors - to head a new group handling negotiations with Greece's lenders. He also put economist George Chouliarakis, a close aide to Deputy Prime Minister Yannis Dragasakis, in charge of talks with the so-called Brussels group - representatives of the European Commission, the European Central Bank and the International Monetary Fund - in a bid to break the logjam. In an effort to show that Athens is serious about giving lenders access to data, a new team was also set up to support EU and IMF officials gathering information in the Greek capital. The moves effectively took the talks out of the hands of Varoufakis, although Tsipras defended the flamboyant intellectual, while acknowledging that the mood towards Greece among euro zone finance ministers was sour. "There is a negative climate but I believe that this part of the negotiating game," Tsipras said. "Part of the negotiating game is to deconstruct the person who sits opposite you at the negotiation table." A senior European Central Bank policymaker, Bank of France governor Christian Noyer, said sidelining Varoufakis from the talks could be productive, but Athens still faced hard choices. "He's creating a number of tensions so that can certainly help the negotiations - but it doesn't change the substance at all. The Greek government ... must finally decide on serious reforms to put the economy back on track," Noyer told France's Europe 1 radio.

Deutsche Bank to cut costs by 3.5 bn euros by 2020

AFP, 27.04.2015



Deutsche Bank, Germany's biggest lender, unveiled April 27 details of a massive strategic shake-up as part of which it plans to bring down annual costs by 3.5 billion euros by 2020.

The restructuring programme will also entail the flotation of the bank's Postbank unit at the end of next year, the closure of up to 200 high-street branches by 2017 and a "re-focus" of its geographical footprint whereby it would exit or reduce its presence in some countries, the group said in a statement. "Our course for the next five years is simple: we are focusing to deliver value," said co-chief executives Anshu Jain and Juergen Fitschen.

"We are confident that, by 2020, Deutsche Bank will be better capitalized and less leveraged; more cost-efficient; well-funded; more value-creating for shareholders; and better governed, with stronger systems and controls," they said. Deutsche Bank said it recognised that the centres of global economic power "are shifting toward key emerging markets and cities." The group therefore aimed to "refocus our global footprint, reducing the number of countries or local presences by 10-15 percent and actively investing in markets and urban centres which are most relevant to international and multinational clients," it said.

Deutsche Bank said it also aimed “to transform its operating model by simplifying its structure, strengthening its controls, and becoming more efficient, more resilient and more resolvable.” It planned to bring down annual costs by 3.5 billion euros by 2020, of which 60 percent would be achieved by efficiency improvements arising from digitisation, infrastructure adjustments and other measures. The other 40 percent would be achieved by exiting structurally unprofitable businesses, rationalising its geographic organisation and reducing its branch network. In order to achieve these savings, Deutsche Bank anticipated one-off costs of 3.7 billion euros, it said.

UK recovery slows sharply in pre-polls setback

Reuters, 28.04.2015



Britain’s economy slowed sharply in the first three months of 2015, a setback for Cameron who has staked his campaign for re-election next week on the strength of the recovery.

Gross domestic product grew by 0.3 percent in the January-March period, the slowest quarterly rate since the end of 2012 when there were fears Britain was heading into recession. Economists said the weakness was likely to be a blip, with the economy still on course for another strong year of growth. But coming just nine days before what looks like being the closest national election in a generation, the numbers put Cameron’s Conservatives on the back foot.

Finance minister George Osborne said the recovery could not be taken for granted and urged voters to stick with the Conservative Party. “The future of our economy is on the ballot paper at this election,” he said. “With rising instability abroad, now is the worst possible time to vote for instability at home.” But the opposition Labour Party seized on the data to challenge the Conservatives’ claim to be trustworthy guardians of the economy. “While the Tories have spent months patting themselves on the back, these figures show they have not fixed the economy,” Labour’s would-be finance minister Ed Balls said. Labour has focused on what it calls a cost-of-living crisis. Wages have failed to keep pace with inflation throughout most of Cameron’s five-year premiership. Conservative campaigning has been dominated by references to the success of the government’s “long-term economic plan.”

Sudan's Bashir re-elected with 94 percent of vote

AFP, 27.04.2015



Sudan's President Omar al-Bashir was elected to another five years in office, results showed, despite international war crimes charges and a vote marred by low turnout and an opposition boycott.

Bashir, 71, took more than 94 percent of the vote in the election held earlier this month, the electoral commission said, prompting the opposition to reject the result as a "joke". National Electoral Commission chief Mokhtar al-Asam announced Bashir's victory to a Khartoum news conference to cries of "Allahu akbar!" (God is greatest) from the long-serving president's supporters.

Only little-known candidates had run against Bashir and his closest competitor -- Fadl el-Sayed Shuiab of the small Federal Truth Party -- took just 1.43 percent of the vote. Bashir's ruling National Congress Party also dominated results in simultaneous parliamentary elections, taking 323 of 426 seats. The elections took place over four days from April 13, with voting extended by a day after turnout appeared minimal. Asam said the official participation rate was more than 46 percent. Western governments criticised the elections, which were held amid deepening economic woes and conflicts in the Darfur, Blue Nile and South Kordofan regions. Bashir is wanted by the International Criminal Court on charges of war crimes, crimes against humanity and genocide in Darfur, where the UN says more than 300,000 people have been killed and more than 2.5 million displaced.

Norway, the United States and Britain slammed Sudan for its "failure to create a free, fair and conducive elections environment" while the European Union said the vote could not produce a "credible" result because of Bashir's failure to engage the opposition in national dialogue talks he promised last year. Bashir dismissed his critics, saying they were "colonialist parties" and that their complaints would have no effect on the polls. The mainstream opposition and rebel groups -- which urged voters to stay away from polling stations -- rejected the vote from the beginning. "Nobody recognised the election, it is a one-party, one-person election process, and of course we have been saying so all along," said Arnu Lodi, a spokesman for the Sudan People's Liberation Army-North.

The SPLA-N launched an insurgency against Bashir's government in the South Kordofan and Blue Nile areas in 2011, complaining of economic and political marginalisation. "The SPLA-N doesn't recognise the elections, let alone the results," he told AFP by telephone. "It's a joke and I don't think anybody can believe that figure." His group, along with rebels in Darfur who have been fighting Khartoum's forces since 2003, had vowed to disrupt the ballots across their region. During the four-day vote, a handful of polling stations in the troubled areas were attacked and ballots stolen.

Bashir has promised to launch the national dialogue with the opposition after the election, and rebels from Darfur and South Kordofan were due to participate. But fighting still rages in the regions, and the election results came the day after rebels and the Sudanese military said there had been major clashes in South Darfur state, with both claiming to have inflicted heavy losses on the other side. Career soldier Bashir took power in an Islamist-backed takeover in 1989, the last in a series of coups that marked Sudan after its independence from joint British and Egyptian rule in 1956. He has since overseen the country's split with South Sudan after a 22-year civil war. Bashir promised on the campaign trail that his next term would be one of "security and political and economic stability for Sudan". He made few concrete policy promises but vowed to boost development of Sudan's struggling economy, which for years has suffered from international isolation. The United States imposed a trade embargo in 1997 over alleged rights abuses and sanctions over Khartoum's sheltering of Al-Qaeda leader Osama bin Laden for five years in the early 1990s. More than three quarters of the country's oil reserves were also lost with South Sudan's split.

Nepal scrambles to organise quake relief, many flee capital

Reuters, 28.04.2015



Nepalese officials scrambled to get aid from the main airport to people left homeless and hungry by a devastating earthquake two days earlier, while thousands tired of waiting fled the capital Kathmandu for the surrounding plains.

A senior interior ministry official said it could rise to as high as 5,000, in the worst such disaster in Nepal since 1934, when 8,500 people were killed. Kathmandu's Tribhuvan International Airport was hobbled by many employees not showing up for work, people trying to get out, and a series of aftershocks which forced it to close several times since the quake.

Home Minister Bam Dev Gautam was supervising aid delivery and arranging for passengers to leave the country. Government officials said they needed more supplies of food, medicines, specialized rescue services and body bags. The morgues are getting totally full," said Shankar Koirala, an official in the Prime Minister's Office who is dealing with the disposal of bodies. Families lit funeral pyres for the dead in towns and across the countryside. Many of Kathmandu's one million residents have slept in the open since Saturday, either because their homes were flattened or they were terrified that aftershocks would bring them crashing down. Thousands streamed out of the city. Roads leading from Kathmandu were jammed with people, some carrying babies, trying to climb onto buses or hitch rides aboard cars and trucks to the plains. Huge queues had formed at the airport. "We are escaping," said Krishna Mukhari, who runs a small grocery store in Kathmandu, standing at a road intersection.



Meanwhile, the extent of Nepal's disaster was only just emerging as reports of devastation began to come in from other parts of the country. High in the Himalayas, hundreds of climbers were staying put at Mount Everest base camp, where a huge avalanche after the earthquake killed 17 people in the single worst disaster to hit the world's highest mountain. Rescue teams, helped by clear weather, used helicopters to airlift scores of people stranded at higher altitudes, two at a time. In Sindhupalchowk, about a three-hour drive northeast of Kathmandu, the death toll had reached 875 people and was expected to rise. In Dhading, close to the quake's epicentre west of Kathmandu, 241 people were killed. Survivors spoke of trying to stay flat on the ground while the tremors shook the forested mountains. Some were stuck for hours afterwards, unable to move because of injuries. "There is nobody helping people in the villages. People are dying where they are," said A. B. Gurung, a Nepali soldier who was waiting in Dhading district for an Indian helicopter that had gone to his village Darkha.

In Kathmandu, sick and wounded people were lying out in the open, unable to find beds in the devastated city's hospitals. Surgeons set up an operating theatre inside a tent in the grounds of Kathmandu Medical College. Across the capital and beyond, exhausted families laid mattresses out on streets and erected tents to shelter from rain. People queued for water dispensed from trucks, while the few stores still open had next to nothing on their shelves. Some relief supplies began to trickle into the capital, a Reuters witness said. Some portable toilets had been set up and food was being provided by local aid agencies. A few United Nations vehicles were seen with medical equipment and first aid kits. The United Nations Children's Fund said nearly one million children in Nepal were severely affected by the quake, and warned of waterborne and infectious diseases.

In the ancient temple town of Bhaktapur, east of Kathmandu, many residents were living in tents in a school compound after centuries old buildings collapsed or developed huge cracks. "We have become refugees," said Sarga Dhaoubadel, a management student whose ancestors had built her Bhaktapur family home over 400 years ago. They were subsisting on instant noodles and fruit, she said. "No one from the government has come to offer us even a glass of water," she said. "Nobody has come to even check our health. We are totally on our own here. All we can hope is that the aftershocks stop and we can try and get back home." A total of 3,726 people were confirmed killed in the quake, the government said on April 27. More than 6,500 were injured. Another 66 were killed across the border in India and at least another 20 in Tibet, China's state news agency said. Several countries rushed to send aid and personnel.

India sent helicopters, medical supplies and members of its National Disaster Response Force. China sent a 60-strong emergency team. Pakistan's army said it was sending four C-130 aircraft with a 30-bed hospital, search and rescue teams and relief supplies. A Pentagon spokesman said a U.S. military aircraft with 70 personnel left the United States on April 26 and was due in Kathmandu on Monday. Australia, Britain and New Zealand said they were sending specialist urban search-and-rescue teams to Kathmandu at Nepal's request. Britain, which believes several hundred of its nationals are in Nepal, was also delivering supplies and medics. The disaster has underlined the woeful state of Nepal's medical facilities. Nepal has only 2.1 physicians and 50 hospital beds for every 10,000 people, according to a 2011 World Health Organization report.

Police enforce curfew in Baltimore, disperse protesters

Reuters, 28.04.2015



Thousands of police in riot gear and National Guard troops patrolled Baltimore to enforce a curfew at night, dispersing protesters with pepper spray a day after the city was shaken by the worst rioting in the United States in years.

With helicopters overhead and armored vehicles on the ground, most people respected a curfew that started at 10 p.m. local time and goes until 5 a.m. all week. But a few hundred people defied authorities, gathering at an intersection that was the scene of heavy looting in the largely black city a night earlier. Police broke up the group using rubber bullets and projectiles with pepper spray.

Baltimore erupted in violence, hours after the funeral for a black man who died after he was injured in police custody a week earlier. The death of 25-year-old Freddie Gray has renewed a national debate on law enforcement and race that was sparked by police killing unarmed black men last year in Ferguson, Missouri; New York City and elsewhere. Just ahead of the curfew, Mayor Stephanie Rawlings-Blake went to the intersection where protesters had gathered and pleaded with them to go home. "Let's take our babies home and abide by the curfew. I want to thank you for understanding that we want to bring peace," Rawlings-Blake said through a megaphone.

Shops were looted, 19 buildings were set on fire, 20 officers were injured and police arrested more than 250 people in the city just 64 kilometers from the nation's capital in Washington. More than 2,000 National Guard troops and 1,000 police from all over Maryland, as well as from New Jersey and the District of Columbia, were sent in to restore order. Almost a quarter of the 620,000 people in Baltimore live below the poverty line and decayed, crime-ridden areas of the city inspired the gritty television police drama "The Wire." Baltimore saw scenes of reconciliation, cleanup and even celebration, as well as continued protest. Groups of demonstrators marched and chanted "Black Lives Matter," one of the anthems of a national movement against police use of lethal force, which is used disproportionately against minorities.

Near a looted and burned-out CVS pharmacy, hundreds of people waved flags and swayed in the street as they watched 50 dancers gyrating to the drumming of a unity band put together for the evening from music groups from all over the city. "It feels good to see everyone coming together. People just enjoying themselves," said Roxanne Gaither, 45. "This is what Freddie Gray would have wanted to see. Last night was terrible if a curfew is what it takes to avoid that, so be it." In Chicago, about 500 people demonstrated outside police headquarters and marched in solidarity with the people of Baltimore, chanting "Stop Police Violence." At least one person was arrested, but the event was mostly peaceful.



Announcements & Reports

▶ *The Relationship Between Taxes and Growth at the State Level: New Evidence*

Source : Brookings

Weblink : <http://www.brookings.edu/~media/Research/Files/Papers/2015/04/29-relationship-between-taxes-and-growth-gale/Gale--Taxes-and-Growth-42915.pdf?la=en>

▶ *A Shaky Equilibrium in Ukraine*

Source : CSIS

Weblink : <http://csis.org/publication/shaky-equilibrium-ukraine>

▶ *Military Spending and Arms Sales in the Gulf*

Source : CSIS

Weblink : <http://csis.org/publication/military-spending-and-arms-sales-gulf>

▶ *UK Election Notes: Foreign Policy Opportunities – Tackling Climate Change*

Source : Chatham House

Weblink : <http://www.chathamhouse.org/expert/comment/17451>

Upcoming Events

▶ *Tackling Global Diets to Curb Greenhouse Gas Emissions*

Date : 05 May 2015

Place : London - UK

Website : <http://www.chathamhouse.org/event/tackling-global-diets-curb-greenhouse-gas-emissions>

▶ *Crime on the Internet: The UK Response*

Date : 06 April 2015

Place : London - UK

Website : <http://www.chathamhouse.org/event/crime-internet-uk-response>



► *Russia's International Networks: Impact of the War in Ukraine*

Date : 08 May 2015
Place : London - UK
Website : <http://www.chathamhouse.org/event/russias-international-networks-impact-war-ukraine>

► *The Implications of Decarbonisation for Business and The Financial Sector*

Date : 17 May 2015
Place : Brussels - Belgium
Website : <http://www.bruegel.org/nc/events/event-detail/event/515-the-implications-of-decarbonisation-for-business-and-the-financial-sector/>

► *Mapping European Competitiveness*

Date : 29 May 2015
Place : Brussels - Belgium
Website : <http://www.bruegel.org/nc/events/event-detail/event/517-mapping-european-competitiveness/>

► *Towards A Digital Single Market: The European Commission Strategy*

Date : 08 June 2015
Place : Brussels - Belgium
Website : <http://www.bruegel.org/nc/events/event-detail/event/522-towards-a-digital-single-market-the-european-commission-strategy/>