

## Deputy PM: Turkish economy to grow 3 percent this year

Anadolu Agency, 11.09.2015



The Turkish economy is expected to grow only 3 percent this year, a reduction from the government's target of 4 percent growth, Deputy Prime Minister Cevdet Yılmaz told Anadolu Agency.

The target set by the government's Medium-Term Economic Program may be cut by 1 percentage point due to volatility in global markets and political uncertainty ahead of snap-elections, Yılmaz said, in an interview at the Anadolu Agency Editorial Desk. "Indicators showed that Turkey grew 3.1 percent in the first six months of the year. I can say that annual growth at the end of the year may reach 3 percent.

But, to give an exact number, we should expect the announcement of the revised Medium-Term Economic Program," Yılmaz said. "And in such a challenging global economy, growing 3 percent is a significant success," he added. In the second quarter of 2015, Turkey was the third fastest-growing country in Europe with 3.8 percent growth year-on-year after Malta and the Czech Republic, according to figures from Eurostat and the Turkish Statistics Institute (TÜİK).

Yılmaz pointed out that despite global volatility, uncertainty in world markets, geopolitical risk around Turkey and recent terrorist activities within its borders, Turkey managed to show economic resilience. "Our second quarter growth rate was 3.8 percent. The rate for the first half was 3.1 percent. When you take into account all [negative] factors, this is not a performance to look down on. Despite volatility in financial markets, the real economy proceeds on its way," he said. Regarding the high current account deficit, which is one of the Turkish economy's most persistent problems, Yılmaz said Turkey had a current account deficit near 10 percent of the GDP just a few years back, but it has now been cut to 5.5 percent of the GDP. "This year we expect the current account deficit to come down below \$40 billion. But we will assess this target once more in our new Medium-Term Program," Yılmaz said.

## Turkish derivatives to launch on London Stock Exchange on Sept 14

Hurriyet Daily News, 11.09.2015



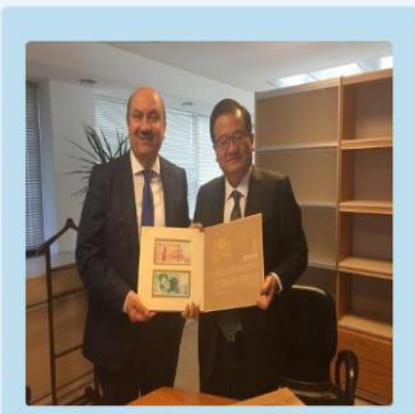
The trading of Turkish equity index derivatives products on the London Stock Exchange Derivatives Market will start, the London Stock Exchange Group (LSEG) has said following a partnership agreement signed between the LSEG and Borsa Istanbul earlier this year.

“From Sept. 14, the London Stock Exchange’s global client base will be able to trade futures and options on the BIST 30 Index, Turkey’s leading index. The flagship BIST 30 Index futures currently trade, on average, more than 180,000 contracts per day on the Borsa Istanbul Derivatives Market.

Liquidity will be provided on screen by market makers,” the LSEG said. LCH.Clearnet will provide central counterparty services to the London Stock Exchange Derivatives Market and its clearing members.”This partnership agreement is wide-ranging and is designed not to just link the two stock markets, but to create a lasting bond between the U.K. and Turkish financial centers – helping Istanbul to grow as an international financial hub. Indeed, positive developments in the Turkish economy in the last decade have brought Turkey and Istanbul to the forefront,” said Abdurrahman Bilgiç, Turkey’s ambassador to the U.K. Nicolas Bertrand, head of equities and derivatives of the London Stock Exchange Group said the launch of the BIST 30 Index futures and options is a significant step in the expansion of the London Stock Exchange Derivatives Market and Borsa Istanbul’s capital markets business.

## Bank of China seeks to expand into Turkey

Anadolu Agency, 11.09.2015



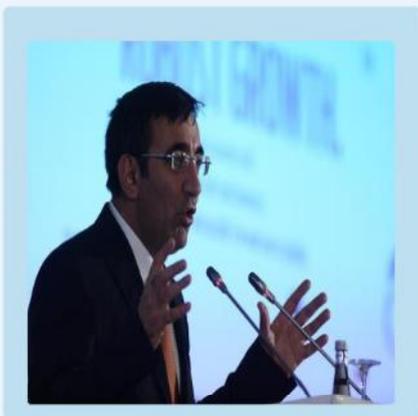
Bank of China will seek approval to expand its operations in Turkey, highlighting efforts by the two countries to boost business ties, according to sources familiar with negotiations.

The move by China’s fourth biggest commercial bank comes as another Chinese lender, ICBC took over a majority stake in Tekstilbank early 2015 to become the first Chinese bank operating in Turkey. Officials from the Turkey’s BDDK and Bank of China executives, including the agency’s head Mehmet Ali Akben and Bank of China Vice President Gao Ying Xin, met to discuss the plan’s legal formalities.

“The Chinese bank will apply to obtain a license in the forthcoming days and will start to operate next year in Turkey,” a source said. It was not clear how much capital the bank is seeking to invest, although Ankara requires a minimum of \$300 million in registered capital.

## New Turkish economy tsar sees below-target growth but uncertainty clearing

Reuters, 08.09.2015



Turkey’s new deputy prime minister in charge of the economy said that growth and inflation would miss government targets this year but the political uncertainty which has hammered the lira would ease after a November election.

In his first interview, Cevdet Yılmaz told growth may reach 3 percent in 2015, short of the official 4 percent target, but broadly in line with market expectations. Inflation would end the year higher than expected but would fall in 2016, he said. “Growth of around 3 percent for this year seems possible and appropriate,” Yılmaz said, adding that government would review its forecasts after seeing data for second quarter.

A Reuters poll published in July forecast growth of 2.9 percent this year and 3.4 percent next, below the government targets of 4 and 5 percent respectively. Yılmaz, a former state planning official who served as development minister for four years, was appointed last month to an interim government formed after the ruling Justice and Development Party (AKP) lost its parliamentary majority in a June election. The temporary cabinet will lead Turkey until a new vote on Nov. 1. Yılmaz - one of the architects of Turkey’s “medium-term economic programs,” the three-year policy roadmaps it renews each year - took over from Ali Babacan, who had overseen the economy for the best part of a decade and was highly regarded by international investors. His appointment comes at a difficult time.

With emerging markets already sliding, the lira has hit a series of record lows as investors fret over Turkey’s politics, its renewed conflict with Kurdish militants in the southeast and its growing role in the fight against Islamic State of Iraq and the Levant (ISIL) in Syria. The central bank, whose independence has been brought into question by President Recep Tayyip Erdoğan’s repeated assertions that it should lower interest rates, has meanwhile been contending with stubborn inflation coupled with flagging growth. Yılmaz said the bank would “continue to fulfil its duty” in the face of excessive lira volatility.

The government's medium-term economic plans would continue to emphasize growth, keeping the current account deficit - Turkey's economic Achilles heel - under control, and fighting inflation, Yılmaz said, although he acknowledged that the latest data pointed to higher-than-expected inflation this year. Consumer inflation climbed back above 7 percent in August, above forecasts and stoking fears of a worsening outlook. The government's target is 5 percent, although the central bank is forecasting 6.9 percent at year-end. Polls suggest the AKP will again struggle to win enough votes to form a single-party government in November, suggesting it may be forced back to the negotiating table to try to strike a coalition deal. While a coalition could lead to less decisive policy-making, many investors are warm to the prospect of a "grand coalition" between the AKP and the main CHP opposition, hoping such a deal could ease political tensions in a country deeply polarized by what will have been four elections in 18 months.

"I think the political situation after Nov. 1 elections will be a lot better for our economy. It will be a situation where, under any circumstances, there will be lower political uncertainty and where everyone will be able to see ahead in political terms," Yılmaz said. "With the atmosphere of confidence arising from this, I think there'll be a better situation in Turkey in terms of foreign and domestic investment," he said, adding that economic reforms could then begin again.

## Turkish finance minister says political uncertainty biggest risk to economy

Reuters, 09.09.2015



Political instability poses the biggest risk to Turkey's economy, Finance Minister Mehmet Şimşek said, citing potential damage to public finances and further pressure on budget and current account deficits.

Şimşek's comments are a rare admission by the governing AKP, which unexpectedly lost its parliamentary majority in June elections, that politics could further hamper Turkey's once-stunning growth. The lira currency has hit a series of record lows this year as the election result and an upsurge in violence between Kurdish militants and security forces since July have unsettled investors.

"The most important risk to the Turkish economy is long-term political uncertainty," Şimşek said at a conference in Istanbul. "It would be a recipe for budget and current account deficits." He said the economy is likely to grow by 3 percent in 2015 but warned that prolonged political uncertainty could weaken strong public finances, which currently act as a buffer against economic shocks. Şimşek also said achieving a 5 percent inflation target could only happen with a strong government, not through central bank intervention alone. Turks will vote again on Nov. 1 although polls suggest the AKP will again struggle to win enough votes to form a single-party government and may be forced back to the negotiating table to try to strike a coalition deal.

Turkey's new deputy prime minister in charge of the economy, Cevdet Yılmaz, said on Sept. 8 that the political uncertainty which has hammered the lira would ease after the November poll. Turkey needs to restart structural reforms to limit negative effects on emerging markets caused by lower commodity prices and a strong U.S. dollar, Şimşek said. He noted any loosening of fiscal policy under current global and domestic conditions would likely hurt the Turkish economy. He also said the government expected to raise more than 10 billion Turkish Liras in privatization revenues in 2016.

## EU's Tusk to visit Turkey amid escalating migrant crisis

Hurriyet Daily News, 08.09.2015



European Council President Donald Tusk will pay an official visit to Turkey in the coming days as part of a regional tour which also covers Israel, Palestine and Cyprus island island, with a focus on the Syrian refugee crisis.

During his visit to Israel, Ramallah, Turkey and Cyprus island island from Sept. 8-11, Tusk will discuss regional issues and cooperation, including how to help manage the migration crisis, according to a statement on the European Council's official webpage. "The objectives of the visits will be to discuss how the EU can help prevent and fight illegal migration while protecting those in need.

And preventing further loss of life, stabilize the region and move forward with the Middle East peace process and reach a settlement to end the division of the island of Cyprus island," the European Council added. "Instability in the Mediterranean region poses a serious threat for the whole of Europe. The European Council made it one of its priorities to ensure effective EU cooperation on security issues, such as terrorism and the management of migration flows," it added, recalling that in June 2015, EU leaders agreed on a series of measures on migration covering the areas of relocation and resettlement, return and readmission and cooperation with third countries.

"We should accelerate the parts of the enlargement process related to immigration and asylum so that these countries have a better infrastructure for handling migration challenges. And there is a clear need to revitalize links with Turkey so that we are once again confident friends and partners on this and in other matters," Tusk said last week, at the annual EU Ambassadors' conference. "Men, women and children are fleeing to our borders as a result of insecurity and economic decay in our immediate neighborhood and the countries in neighboring regions; Syria, Iraq, Afghanistan and so on. Europe's limited ability to stabilize the situation is not just a result of the shortcomings of the union's neighborhood policy. The regions in question are facing unprecedented threats like the rise of ISIS [the Islamic State of Iraq and the Levant - ISIL], which controls an area larger than the country of Britain on Turkey's border. This needs to be a matter of reflection for the democracies of the West and the international community more generally," he said.

Tusk is scheduled to hold talks in Turkey on Sept. 9-10, the state-run Anadolu Agency said, noting he will meet with President Recep Tayyip Erdoğan on Sept. 9 and Prime Minister Ahmet Davutoğlu on Sept. 10 before visiting Cyprus island on Sept. 11 to meet with Greek Cypriot President Nikos Anastasiades and Turkish Cypriot President Mustafa Akıncı to discuss dialogue between the two communities. While in Turkey, Tusk will also visit a refugee camp, the agency said, without elaborating.

## UN chief condemns PKK attacks in Turkey

Anadolu Agency, 08.09.2015



**U.N. Secretary-General Ban Ki-moon condemned the outlawed Kurdistan Workers' Party's (PKK) recent attacks in Turkey which have killed dozens of soldiers and police officers.**

**“[Ban] conveys his condolences to the families of the victims and expresses his deep sympathy to the government and people of Turkey,” read a statement issued by his spokesperson. Thirteen Turkish police officers were killed in a bomb attack by PKK militants. The attack in the eastern province of Iğdır came after 16 Turkish soldiers were killed in a roadside bomb attack in southeastern Hakkari province.**

“The secretary-general is gravely concerned by the increase in violence and urges immediate de-escalation of tensions and hostilities. He continues to monitor the situation closely, including its possible impact on the region,” the U.N. statement said.

Turkey has responded to the PKK's attacks by launching airstrikes on the outlawed group's bases in northern Iraq and the army has sent ground troops across the border to track down those behind the Sept. 6 blast, which was the deadliest since the PKK renewed its armed offensive at the end of July. The U.N. chief said Turkey was exercising its right to self-defense as defined by the U.N. charter in its military operations against the PKK. Article 51 of the charter allows countries to engage in self-defense against an armed attack.

## Media: Qatar appoints first ambassador to Iraq in 25 years

Reuters, 11.09.2015



Qatar's emir has appointed an ambassador to Iraq, the first since the embassy was closed 25 years ago, Iraqi and Qatari media said, in the latest sign of a thaw in relations between Gulf Arab countries and Iraq. Iraq's foreign minister had said that Qatar would open an embassy in Baghdad.

Qatari state media as well as Qatar-owned Al Jazeera said that Sheikh Tamim bin Hamad al-Thani had issued a decree appointing Zayed al-Khayareen as Qatar's "ambassador extraordinary and plenipotentiary to Iraq". Tensions between the Sunni Muslim-ruled states of the Gulf and Iraq, which has a Shi'ite majority, have eased since PM Abadi took office.

A rapprochement could help strengthen a regional alliance against Islamic State of Iraq and the Levant (ISIL) militants who have seized vast areas in both Iraq and neighbouring Syria. Saudi Arabia also signalled its intention to reopen an embassy in Baghdad earlier this year and has invited Abadi to visit the kingdom. Some Gulf states have viewed Iraq as being too close to their main regional rival, Shi'ite power Iran. Abadi's predecessor, Nouri al-Maliki, had accused both Qatar and Saudi Arabia of funding ISIL insurgents, allegations denied by both countries. Iraq recalled its ambassador to Qatar this week after the foreign ministry denounced a conference hosted by Doha it said included attendees wanted by Iraqi courts on terrorism charges.

## Wealthy Gulf nations face questions over Syria refugees

AFP, 08.09.2015



As hundreds of thousands of Syrian refugees languish in camps or risk their lives to reach Europe, questions are being asked about why wealthy Gulf states have accepted so few. More than four million Syrians had fled their country but very few if any refugees have been officially accepted by the six countries of the Gulf Cooperation Council.

Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates have donated billions to help refugees, but are facing increasing scrutiny for their apparent unwillingness to accept migrants.



Why, ask many, as one of the greatest migration crises of modern times unfolds, are fellow Arab countries, with similar cultural and religious values and a relative proximity compared to Europe, doing little to help resettle people? And, crucially, that criticism is being voiced not just in the West, but within the region itself. In recent days, social media users in the Gulf have employed various hashtags including “#Welcoming\_Syria’s\_refugees\_is\_a\_Gulf\_duty” to voice their disgust with the perceived inaction of GCC states.

“The Gulf countries have to be ashamed when they see Europe’s doors open to Syrian refugees, while they close before us,” Abu Mohammed, a 30-year-old Syrian refugee now living in Jordan, told AFP. An influx of Syrian refugees has swamped Europe this summer, with Germany alone expecting 800,000 new asylum applications this year and efforts under way to organise the relocations of tens of thousands more. But in the oil-rich Gulf, GCC states have been absent from talk of helping with the refugee crisis. “Tragically, the cash-rich Gulf countries have not yet issued a statement on the crisis -- much less come up with a strategy to help the migrants, who are overwhelmingly Muslim,” Qatar’s Gulf Times newspaper wrote in a recent editorial.

Sultan Al Qassemi, a prominent Emirati blogger, wrote that the time had come for Gulf countries to take the “moral, ethical and responsible step” of changing their policy towards accepting refugees. Even the distraught father of Aylan Kurdi, the three-year-old Syrian boy whose body washed ashore in Turkey, said at the funeral of his wife and two children: “I want Arab governments not European countries to see what happened to my children and, because of them, help people.”

Still, analysts say the outpouring of criticism is unlikely to bring about any quick changes in GCC countries, none of which has signed the UN Convention on Refugees setting standards for the treatment and rights of those fleeing to a new country. “I don’t see anybody doing a David Cameron, who U-turned in 36 hours,” Michael Stephens, a Middle East research fellow at RUSI, told AFP, referring to reports the British premier is set to admit 15,000 refugees from Syria. “The vast majority of Gulf citizens believe what their governments have done in Syria is the right thing.”

The Gulf nations have hardly stood on the sidelines during Syria’s conflict, providing significant financial assistance to refugees in Lebanon, Jordan and Turkey. At the same time they have been among the most ardent opponents of President Bashar al-Assad, backing the mainly Sunni rebels who have risen up against his regime, which is supported by their Shiite regional rival Iran. GCC states have also provided funds and weapons for rebel groups fighting Assad -- leading to some accusations that they are backing shadowy extremists. But when it comes to allowing in refugees, domestic concerns seem preeminent, even though many of the refugees are Sunni Muslims like the majority of people in the Gulf.

Smaller Gulf countries like the UAE and Qatar, where millions of foreign workers already vastly outnumber local citizens, fear being overwhelmed by refugees. Security concerns are also paramount for countries like Saudi Arabia that have been targeted in attacks by the jihadist Islamic State group operating in Syria and Iraq. And an influx of large numbers of refugees could upset stability in countries with little grassroots political activity. “The countries of the Gulf are involved in the politics of Syria and they would probably worry who would come into their countries and what they would be involved in once they are,” said Sultan Barakat, a senior fellow at the Brookings Doha Center.

He said one move that could help those fleeing and appease critics alike would be to offer entry to family members of Syrians already in the Gulf. Hundreds of thousands of Syrians live among the millions of foreigners lured by work opportunities to the Gulf states -- prompting some to argue that they are already helping those fleeing the conflict. As one anonymous Syrian wrote recently on Facebook: "Saudi has no refugees but it hosts a million Syrians on visitor visas, in addition to the Syrian residents, (and) they get their health care and schools, and in some cases their rents from charities."

For some in the Gulf, the criticism should be directed instead at Western governments, saying it is their failure to fully back and arm those fighting Assad that is behind the refugee crisis. "European and American officials facing their short-sighted policies must welcome more Syrian refugees," a former Qatari diplomat, Nasser Al-Khalifa, wrote on Twitter.

## Israel PM says country cannot take migrants

The AP, 06.09.2015



Israel's prime minister has said his country is not indifferent to the plight of migrants and refugees flooding Europe, but that Israel is too vulnerable to absorb them. Benjamin Netanyahu bemoaned the "human tragedy" of the victims of Syria's civil war and said Israel has aided them in various ways. But he added that Israel is too small a country, both geographically and demographically, to provide a haven for a large influx of migrants.

Israel runs a field hospital on its border with Syria and has taken in wounded Syrians, but has stopped short of opening the borders to its longtime enemy.

Israel's opposition leader Isaac Herzog says the country should take in a limited number of Syrian asylum seekers amid the current refugee crisis in Europe.

# US asks Greece to deny Russian flights to Syria

AFP, 08.09.2015



The United States has asked Greece to bar Russian supply flights to Syria from its airspace, a Greek official, as Moscow vowed to continue arming the regime of Bashar al-Assad. “We received the (US) request and are examining it,” a Greek foreign ministry official said on condition of anonymity.

Washington is concerned that Moscow could be increasing its military support to the regime of President Bashar al-Assad, an issue raised by US Secretary of State Kerry to his Sergei Lavrov over the weekend. The New York Times has reported that Russia has sent a military advance team to Syria.

And was taking other steps that Washington fears may signal plans to vastly expand its military support for President Bashar al-Assad. Russia has asked Greece to permit the passage of two planes between September 1 and 24, the Greek official said. Moscow has dismissed American concerns, saying its aid to al-Assad is nothing extraordinary. “The Russian side has never concealed the fact that it is sending military equipment to the Syrian authorities to help them fight terrorism,” Russian foreign ministry spokeswoman Maria Zakharova told AFP earlier, commenting on the Kerry-Lavrov phone talks.

A Russian senator told the country’s RIA Novosti state agency that if Greece closes its air space for Russian planes Moscow would find other routes.”This is a silly move and if Greece moves to support it then it would also be unfriendly towards Russia,” senator Vladimir Dzhubarov was quoted as saying. He suggested that Russia could turn to countries like Iran and Turkey for help. A prominent Russian blogger suggested over the weekend that Moscow was apparently building up its military presence in Syria to help prop up Assad.

The blogger Ruslan Leviyev -- known for his investigations into Russian military activity in Ukraine -- referred to widely-circulated footage from Syria apparently showing a Russian-made BTR-82A armoured personnel carrier as well as reports on social networks that Russian paratroopers have been dispatched to Syria. Moscow has also denied sending regular troops to prop up separatist rebels in Ukraine, leaving activists and journalists to trawl through social networks for evidence of the Russian military presence abroad.

Liberal lawmaker Dmitry Gudkov on Monday said he sent a formal enquiry to Defence Minister Sergei Shoigu, asking whether Russian troops are fighting in Syria, and if so, whether any have died or been wounded. “I’m doubtful that the Sunnis, the Shias and Alawites of the Middle East should be dearer to Russia than its own citizens,” he wrote on Facebook.

# Poroshenko says Ukraine truce holding despite Russia ‘threat’

AFP, 11.09.2015



Ukrainian President Petro Poroshenko told conference that Russia remained a threat to “entire democratic world” but that he held out hope a new truce with pro-Moscow insurgents would hold.

The Western-backed leader told about a hundred global investors and diplomats that they must press Russian President Putin to fulfil the disputed terms of a tentative peace deal to the 17-month war. Ukraine is concerned that the EU’s attention was been diverted by its migrant crisis. Washington is focused on implementing new Iranian nuclear agreement and conducting strikes against ISIL fighters.

Poroshenko warned that Russia was harbouring “imperialist” ambitions under Putin and trying to seize back former tsarist and Soviet lands. “By the aggression against sovereignty and territorial integrity of Ukraine, Russia has actually challenged the entire democratic world,” the 49-year-old former chocolate baron told the Yalta Annual Meeting (YES) that had been held in Crimea until its annexation by Russia. The meeting comes with government forces and pro-Moscow insurgents largely abiding by a new September 1 ceasefire that is meant to reinforce a broader -- but repeatedly broken -- deal signed in February in the Belarussian capital Minsk. “The ceasefire is in place for almost two weeks and not a dream anymore,” said Poroshenko. He added that his telephone talks with Putin and the leaders of Germany and France “strengthened my feeling of cautious optimism.” The February pact is designed to end one of Europe’s deadliest conflicts in decades by the end of the year. It is also meant to give broader autonomy to the Russian-speaking Lugansk and Donetsk regions within a unified Ukraine. But the sides have fought bitterly over how the 13-point deal should come into force.

Russia has blamed Kyiv for the political impasse and backed the separatists diplomatically in heated United Nations Security Council debates throughout the past year. The European Union and Washington have slapped trade and personal sanctions against Russia that -- together with the recent plunge in commodity prices -- have pulled the former superpower into recession and seen its currency shed half its value since the conflict broke out.

Poroshenko told his audience that “we must make clear that... enhanced restrictive measures will follow if Russia further obstructs the settlement process.” Kyiv accuses Russia of covertly sending around 8,000 crack troops into the war zone and supplying an estimated 40,000 insurgency fighters with sophisticated rockets and heavy tanks. Putin denies the charges and accuses the United States of orchestrating protests that led to the downfall of a Kremlin-backed president in February 2014. Moscow annexed Ukraine’s Russian-speaking peninsula of Crimea a few weeks later. The separatist conflict broke out in April 2014.

“No one single Russian soldier, no one single Russian tanks returned back to Russia, unfortunately,” said Poroshenko. He added that the pace of Ukraine’s own recovery from an economic contraction that is expected to reach nearly 10 percent this year was hard to predict because few could tell whether the heavy fighting would resume again. “For those who try to predict Russian behaviour, I have very bad news,” said Poroshenko. “This is unpredictable. Nobody can say if Russia will continue its offensive operation.”

## Catalans hold mass rally for independence from Spain

AFP, 04.09.2015



Catalan separatists hold a mass rally for independence that will kick off campaigning for a regional election billed as a de facto referendum on breaking away from Spain. Under the slogan “Let’s start building a new country,” the show of force on Catalan national day comes at a time of high political tensions in a country recovering from a bitter recession.

Polls show pro-secession candidates could win a majority of seats in the Catalan parliament. If they win, Catalan president Artur Mas has vowed to push through an 18-month roadmap to secession for the region of some 7.5 million people, which accounts for a fifth of Spain’s economic output.

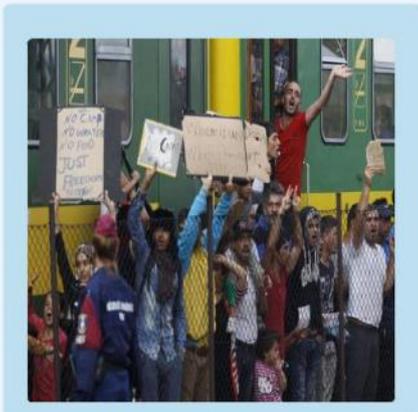
“In your hands is the strength and the tool to mark the political future of this nation: the vote,” said Mas, a conservative who is campaigning in an alliance with left-wing nationalists. “Once the people have spoken through their vote, we will all take onboard what the majority decides,” he said in a televised speech. Mas wants to organise an official independence referendum like those held in Scotland last year and in Canada’s French-speaking province of Quebec in 1980 and 1995, all of which resulted in a “no” to secession.

Polls show a majority of Catalans are in favour of a referendum even if they are almost evenly divided on independence. Catalan nationalism has reached new heights during Spain’s economic downturn. Separatists say Catalonia pays an unfair level of taxes to Madrid compared to the central funding it receives. Spanish Foreign Minister Jose Manuel Garcia-Margallo opened the door to talks on constitutional reform and greater fiscal powers for Catalonia. Prime Minister Mariano Rajoy refuses to allow a plebiscite, arguing it violates the Spanish constitution. “It is up to Spaniards to decide what they want Spain to be,” he has repeatedly said. On Catalan’s national day a year ago, hundreds of thousands of flag-waving separatists rallied in Barcelona. The year before, they formed a 400-kilometre (250-mile) human chain across the region. The pro-independence list includes former FC Barcelona coach Pep Guardiola. “We want to manage our resources ourselves,” he said, calling for “a more socially stable and prosperous country for all”.

Opponents of Catalan independence are more divided. Rajoy refuses to negotiate on independence and has not publicly discussed possible constitutional reforms. New far-left anti-austerity party Podemos favours a referendum. The main opposition Socialists promise a constitutional reform which would make Spain a federal state and grant Catalonia more powers. “We should set aside the reproaches and talk about solutions,” said the Socialists’ leader Pedro Sanchez. “Both Mas and Rajoy not only lie to their people, but they hide” from the debate, Sanchez told radio station Onda Cero. British Prime Minister David Cameron and German Chancellor Angela Merkel have backed Rajoy. Cameron has warned that Catalonia would leave the EU if it broke away from Spain.

## Ireland to take in 2,900 more refugees under EU quotas

AFP, 04.09.2015



Ireland has agreed to take part in a refugee quota system proposed by the EC and will take in 2,900 additional refugees, Justice Minister Fitzgerald confirmed. In a statement following an emergency cabinet meeting, Fitzgerald said Ireland will accept up to 2,900 additional refugees as part of the EU programme in addition to the 600 people Dublin.

Another 520 people are currently being resettled under a separate programme.”Ireland has always lived up to its international humanitarian obligation and we are fully committed to playing our part in the migration crisis facing Europe,” Fitzgerald said.

“It is expected that these numbers will be augmented by further family reunifications,” the statement said. EU Commission chief Jean-Claude Juncker unveiled a major plan for binding quotas that would share out 160,000 refugees across the EU. Under EU treaties, Britain and Ireland can decide to participate in the plan if they choose, while Denmark has a blanket opt-out clause. Britain has ruled out accepting EU quotas but has agreed to take in up to 20,000 Syrians from UN refugee camps directly over the next five years.

During his speech, Juncker spoke of the waves of emigration from European countries during times of conflict and persecution. Ireland has a long history of emigration stemming from the Great Famine in the 19th century. “There is a reason the number of O’Neills and Murphys in the US exceeds by far those living in Ireland,” Juncker said. Fitzgerald said it would cost an estimated 12 million euros (\$13.43 million) per year for every thousand refugees. A network of “emergency reception and orientation centres” would be set up to process the new arrivals, she said. She also committed to fast-tracking the decision-making process on refugee status and said that the newcomers would not be housed in the existing system for refugees, which has been heavily criticised.

# UK Labour's leadership vote closes with Corbyn favourite

AFP, 02.09.2015



Voting ends in the leadership contest for Britain's main opposition Labour party after a campaign dominated by the shock popularity of radical left candidate Jeremy Corbyn, who looks set to win.

Corbyn was attracting 53 percent support from those intending to vote, according to the most recent opinion poll from YouGov in a race whose result will be announced. His victory seems barely in doubt. Corbyn is closer to European anti-austerity movements than Blair. He has become darling of youthful, elderly Labour supporters and trade unions, all tired of the centrist policies of senior Labour figures.

Corbyn holds his final rally in his home constituency in north London before a sell-out crowd, as has often been the case, after the ballots close at 1100 GMT. Grey-haired and with a close-cropped beard, often sporting sandals and looking like a retired teacher, he is neither a great orator nor a charismatic leader. But faced with his campaign, the other three candidates -- Andy Burnham, Yvette Cooper and Liz Kendall, all polished fortysomethings advocating more centrist policies -- have struggled to galvanise support and Corbyn was 6/1 on with bookmakers as polls were about to close.

"He has triumphed because he represents a rejection of conventional politics and also because Labour's mainstream candidates failed to inspire excitement or hope," Andrew Harrop, general secretary of left-wing think-tank the Fabian Society, told AFP. Ironically, many commentators blamed Labour's defeat under leader Ed Miliband by David Cameron's Conservatives on a more leftist policy agenda pursued since 2010. The party looks set to vote for a far more left-wing figure, who is fond of bicycling around his constituency in London's gentrifying Islington North, as its leader. Support for Corbyn may have been fuelled by the belief among some Labour voters that neither Burnham, Cooper nor Kendall would fare any better than Miliband did. "They also feel a sense of despair at the prospect of at least a decade of Conservative rule, so they are choosing forthright, principled opposition over the compromise and discipline needed to prepare for government," added Harrop.

The opening up of the vote -- previously reserved for members of the party and trade unions -- to anyone willing to pay 3 (four euros, \$4.50) will also play a key role in the outcome, with over 600,000 people having applied. But Burnham complained on Sept.10 that some members had not received their ballot papers, although he does not want the voting deadline extended. Corbyn has run a good campaign, avoiding "difficult questions" on issues such as his views on the Middle East and Britain's place in the European Union, said Iain Begg, a professor at the London School of Economics. A pacifist who wants to scrap Britain's nuclear weapons, Corbyn believes Islamist movements Hamas and Hezbollah should be involved in Middle East peace talks.

Finance Minister George Osborne, the second most powerful figure in the ruling Conservative Party, said such policies would be “a real risk to Britain’s security”, hinting at how his party will target the likely new leader. “We don’t regard what is being said in the Labour leadership contest as a joke,” he wrote in the New Statesman. “I regard these things as a real risk to Britain’s security were they ever to have the chance to be put into practice.” Corbyn seems to be keeping his options open on the EU ahead of Britain’s referendum on whether to leave the bloc, which must be held by the end of 2017. Few believe he can ever be elected prime minister. “With Corbyn, the chance that Labour could win in 2020 (the date of the next general election) is minimal,” said Begg.

But Harrop added that Corbyn’s legacy could be long-lasting if Labour splits between centrist and leftist elements. “The influence of his hard-left supporters could spread... in that case, Labour is likely to be out of power for a long time and may struggle to continue as a single party,” he said.

## Japan boosts embassy security worldwide after ISIL threat

AFP, 11.09.2015



Japan has ordered beefed-up security at its embassies worldwide, a top official said, after ISIL group highlighted its missions in Indonesia, Malaysia and Bosnia-Herzegovina as part of a broader threat.

The move comes about eight months after ISIL claimed to have beheaded two Japanese hostages in Syria and amid anxiety at home over impending legislation that critics fear could drag the officially pacifist country into wars overseas. In its Dabiq online magazine’s latest issue, the Jihadist group issued a broadly worded threat against 70 “crusader nations” and “apostate armies”.

“What, for example, prevents (a jihadi) from targeting... communities in Dearborn, Michigan, Los Angeles, and New York City? Or targeting Panamanian diplomatic missions in Jakarta, Doha, and Dubai? Or targeting Japanese diplomatic missions in Bosnia, Malaysia, and Indonesia? Or targeting Saudi diplomats in Tirana, Albania, Sarajevo, Bosnia, and Pristina, Kosovo?” it said. Top government spokesman Yoshihide Suga told reporters in Tokyo that security would be ramped up at Japan’s nearly 200 diplomatic missions around the world. “We are aware of the (threat) and, in cooperation with host countries, are tightening security,” he said. He did not elaborate on what steps were being taken. Erika Nakano, a spokeswoman for the Japanese embassy in Jakarta, said the heavily fortified building already has “very tight security” and business was going on as usual.

“We are okay and we have a good relationship with the Jakarta police -- that’s all I can tell you,” she said in response to questions from AFP. Japan’s parliament is expected to pass legislation next week that will expand the role of its military, and possibly put troops into combat for the first time since the end of World War II.

However there is no suggestion that Japan has any immediate plan to get involved in the military campaign against ISIL. The changes to a pacifist constitution imposed by US occupiers after the war has been deeply unpopular among the general public and sparked protests involving tens of thousands of demonstrators, with critics warning that it could thrust Japan into foreign wars.

Japan has long avoided involvement in Middle East conflicts and has rarely been affected by religious extremism. But in a video released in January, ISIL militants said they had beheaded war correspondent Kenji Goto, a week after the group also claimed responsibility for the death of his friend Haruna Yukawa, a self-styled contractor. Their killings came after Japanese Prime Minister Shinzo Abe pledged \$200 million in aid for refugees fleeing jihadist-controlled areas in Syria and Iraq during a tour of the Middle East. Militants had demanded the same sum in exchange for the release of the pair, whom they had been holding for months.

## Oil market slides on Goldman forecast

AFP, 11.09.2015



Oil prices sank after U.S. bank Goldman Sachs slashed its forecasts for crude futures, while the International Energy Agency warned of a major cut to non-OPEC output. Brent North Sea crude for delivery in October shed \$1.05 to stand at \$47.98 a barrel around midday in London. U.S. benchmark West Texas Intermediate for October lost \$1.07 to \$44.85 a barrel compared with the close.

Crude futures had rallied as investors focused on a decline in US crude production instead of a bigger-than-expected jump in inventories."The oil market is drifting lower," said analysts at energy consultancy PVM in a note emailed to clients.

"The main reason for this change of heart is Goldman Sachs' latest oil price forecast." Goldman cut its 2016 price forecast for WTI to \$45 a barrel, sharply down from prior guidance of \$57. "Oil prices have declined sharply over the past month to our \$45-per-barrel forecast," Goldman said in a research document. "In fact, the oil market is even more oversupplied than we had expected and we now forecast this surplus to persist in 2016 on further OPEC production growth, resilient non-OPEC supply and slowing demand growth, with risks skewed to even weaker demand given China's slowdown." Goldman warned that the oil price could tumble as low as \$20 to help clear a global supply glut, but without giving a timeline. Crude oil, the world economy's most important raw material, has roughly halved in price in a year, plagued by oversupply and mounting worries over demand from top energy consumer China. Traders also digested the latest monthly report from the International Energy Agency (IEA) watchdog.

Cheap oil prices ushered in by Saudi Arabia's policy of protecting its market share will end up squeezing high-cost producers like U.S. shale drillers, leading next year to the biggest drop in output in nearly a quarter century, the IEA said. Cheap fuel is also hooking consumers, with oil demand growth set to hit a five-year high this year, it added.



The oil market has been driven for the past year and half by an increasingly transparent policy by OPEC oil cartel kingpin Saudi Arabia to safeguard its influence against upstart shale producers who could change global dynamics by cutting US dependence on imported oil. The IEA forecast non-OPEC oil output may drop by half a million barrels per day next year -- the biggest decline in 24 years -- with US shale producers accounting for four-fifths of that drop.



# Announcements & Reports

## ► *Beyond the Iran Deal*

**Source** : CSIS  
**Weblink** : <http://csis.org/publication/beyond-iran-deal>

## ► *The Future of Russia-Japan Relations*

**Source** : CSIS  
**Weblink** : <http://csis.org/publication/pacnet-55-future-russia-japan-relations>

## ► *The Globalisation of Angel Investments*

**Source** : Bruegel  
**Weblink** : <http://bruegel.org/2015/09/the-globalization-of-angel-investments/>

# Upcoming Events

## ► *Productivity, Innovation and Digitalisation: Which Global Policy Challenges?*

**Date** : 12 September 2015  
**Place** : Brussels - Belgium  
**Website** : <http://bruegel.org/events/productivity-innovation-and-digitalisation-which-global-policy-challenges/>

## ► *Capital Requirements and Loss Absorbing Capacity for Large Banks*

**Date** : 13 September 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/538-capital-requirements-and-loss-absorbing-capacity-for-large-banks/>

## ► *The Meaning of Russia's Nuclear Threats*

**Date** : 14 September 2015  
**Place** : Washington DC – The USA  
**Website** : <http://www.brookings.edu/events/2015/07/08-russia-nuclear-threat>



► *Financing The Post-2015 Sustainable Development Agenda: What Are The Issues and What Is The Role of The IMF?*

**Date** : 14 September 2015  
**Place** : Washington DC – The USA  
**Website** : <http://www.brookings.edu/events/2015/07/08-financing-post-2015-sustainable-development-lagarde>

► *The Productivity Gap: Why is Innovation Not Increasing Growth?*

**Date** : 15 September 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/544-the-productivity-gap-why-is-innovation-not-increasing-growth/>

► *The Kuwait Crisis 25 Years Later*

**Date** : 20 September 2015  
**Place** : Washington – The USA  
**Website** : <http://www.brookings.edu/events/2015/07/15-kuwait-crisis-25-years-later>

► *Competitive Gains in the Economic and Monetary Union*

**Date** : 21 September 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/534-competitive-gains-in-the-economic-and-monetary-union/>

► *The Future of Capitalist Democracy: UK-Japan Perspectives*

**Date** : 21 September 2015  
**Place** : London - UK  
**Website** : <http://www.chathamhouse.org/event/future-capitalist-democracy-uk-japan-perspectives>

► *Emerging Markets and Europe: Time for Different Relationships?*

**Date** : 22 September 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/524-emerging-markets-and-europe-time-for-different-relationships/>

► *What future for Europe's Social Models?*

**Date** : 24 September 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/526-what-future-for-europes-social-models/>

► *Challenges for Growth in Europe*

**Date** : 28 September 2015  
**Place** : Brussels - Belgium  
**Website** : <http://www.bruegel.org/nc/events/event-detail/event/521-challenges-for-growth-in-europe/>



► *Global Governance of Public Goods: Asian and European Perspectives*

**Date** : 01 October 2015

**Place** : Paris - France

**Website** : <http://www.bruegel.org/nc/events/event-detail/event/529-global-governance-of-public-goods-asian-and-european-perspectives/>

► *The Future of the Welfare State*

**Date** : 17 November 2015

**Place** : Berlin - Germany

**Website** : <http://www.bruegel.org/nc/events/event-detail/event/541-the-future-of-the-welfare-state/>