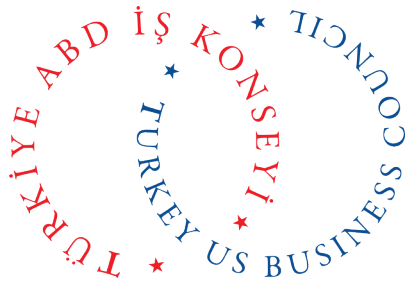


DECEMBER
2015

Monthly Brief

U.S. Politics, Economy and Business





TAİK³⁰_{YIL}
30TH YEAR

Monthly Brief

U.S. POLITICS, ECONOMY AND BUSINESS

ABOUT DEİK

Foreign Economic Relations Board of Turkey (DEİK) is responsible for leading foreign economic relations of Turkish private sector in a myriad of sectors particularly foreign trade, international investment and services, international construction activities and logistics, exploring inward and outward investment opportunities as well as increasing the export volume of Turkish business and coordinating similar business development activities.



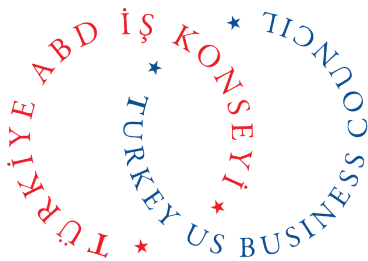
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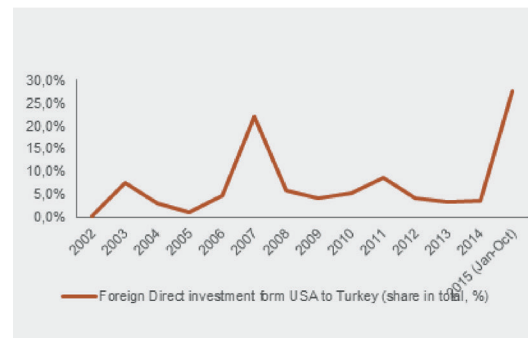
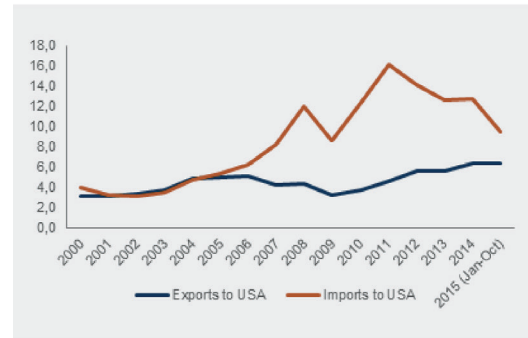
ABOUT TAİK

The Turkey-U.S. Business Council (TAİK), operating under the umbrella of the Foreign Economic Relations Board of Turkey (DEİK) was formed in 1985 as the first council, with the aim to enhance trade and investment relations between the U.S. and Turkey

TAİK operates with a mission to create platform to facilitate development of economic relations between the U.S. and Turkey through its wide spectrum of activities such as conferences, forums, business summits, lobbying visits, networking luncheons and dinners, educational site visits, etc. With its broad range of activities and worldwide network, TAİK represents a role model for other organizations in pursuit of similar goals.



TAİK 30
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YEĞER



U.S. 2016 PRESIDENTIAL ELECTIONS (TAX/ECONOMIC POLICIES)

GOD Candidates

DONALD TRUMP

Trump proposes:

- Getting rid of taxes for single workers who earn less than \$25,000 per year and for married couples who earn less than \$50,000. Trump's plan actually says these people will get a one-page form "to send the IRS saying, 'I win.'"
- Scaling back from seven to four income tax brackets: 0%, 10%, 20%, and 25%. The plan, featuring a decrease from seven brackets, significantly lowers the highest income-tax rate from 39% for the highest earners.
- Lowering business income-tax rate to 15% or lower and will balance these cuts by closing some corpo rate tax loopholes for special interests, though he does not specify which interests these are.
- Giving a tax break to companies that repatriate corporate cash from overseas. "Under this plan, they can bring their cash home and put it to work in America while benefiting from the newly-lowered corpo rate tax rate that is globally competitive and no longer requires parking cash overseas."

- Trumo says that in exchange for lowering income taxes for individuals making over \$ 150,000 and married couples making a combined \$300,000, he will eliminate many tax loopholes and deductions for top earners. He also suggests that the carried-interest loophole will be eliminated entirely.
- Trump would also retain deductions for mortgage interest and charitable contributions but eliminate most other credits and deductions; “Steeper” curve for personal exemption phase out and limitation on itemized deductions.
- The Tax Foundation found that Trump’s changes to the individual tax code would reduce net revenues by about \$10.14 trillion, after accounting for higher incomes due to an 11% jump in GDP.

MARCO RUBIO

- In summary, Rubio would majorly restructure income taxes with 15, 25, and 35% rates for individuals and a 25% rate for businesses. The revenue is unspecified, but it likely result in revenue loss.
- Rubio would replace standard deduction and personal exemptions with \$2,000 refundable personal credit (\$4,000 if married filing jointly) that phases out for high-income taxpayers. He would repeal all itemized deductions except those for charitable contributions and mortgage interest (available to all taxpayers), new partially refundable child tax credit (in addition to current child tax credit) of \$2,500 per child (up to total income and payroll tax liability; phases out for high-income taxpayers). He would also exempt all interest, dividends, and capital gains from income tax.
- Reduce corporate rate to a 25%; allow immediate deduction for inventory and assets but no deduction for interest paid; move to territorial system with no tax on repatriated earnings; 6 % tax on deemed repatriation of currently deferred overseas earnings (payable over 10 years); provide 25% nonrefundable tax credit for firms offering paid family leave.
- He would also repeal the Affordable Care Act, repeal the alternative minimum tax, and would repeal the estate tax.

BEN CARSON

- Carson’s plan would include a flat income tax rate of 10-15%, phased in over time, with no deductions or loopholes.
- It includes a six-month tax hiatus for corporate profits overseas, but 10% has to be used in enterprise zones.
- It would also include a corporate tax rate of 15 to 20% and would also eliminate the payroll tax, estate tax and the Affordable Care Act (ACA/Obamacare).
- Analysts at PolitiFact have noted that this math does not add up. Under the current tax system, the United States is expected to collect \$3.2 trillion in revenue in 2015, while government spending will reach \$3.7 trillion, according to the Congressional Budget Office.
- Carson’s plan falls \$0.6 trillion short of anticipated revenue, and \$1.1 trillion short of spending. To break even, the United States government will have to reduce spending by about 30% annually.
- This line of computation assumes that Carson would get rid of all other sources of revenue. Though he hasn’t offered specifics on excise taxes, customs duties, etc., he has proposed to eliminate both the payroll tax, projected to generate \$1.1 trillion in 2015, and the estate tax, which is roughly \$20 billion. These two factors alone put him in the hole.
- Additionally, Carson has pledged to abolish the IRS, repeal the Affordable Care Act (ACA/Obamacare), and would repeal the alternative minimum tax.

CARLY FIORINA

- From what she has said in speeches and the debates, any plan she puts forward is going to lower income tax rates and brackets, which is likely to reduce tax revenue. She has noted that she would eliminate all tax preferences and maybe restore one or two of them.

TED CRUZ

- Cruz would impose a 10% tax on individual income and a 16% “business flat tax” (which is effectively a value-added tax). He would also offer a one-time 10% tax on repatriated earnings.
- Although unspecified, Cruz’s tax plan would likely lose revenue. Cruz would tax capital gains, dividends and interest incomes at the same 10% tax rate.
- Cruz would also implement a \$10,000 standard deduction (\$20,000 for couples); implement a \$4,000 personal exemption and eliminate all deductions except those for charitable contributions and mortgage interest. He would also retain child tax credit and modified earned income tax credit (EITC) and would introduce new universal savings account with \$25,000 annual limit on tax-deferred deposits.
- Cruz has publicly noted that he would eliminate the Affordable Care Act, the alternative minimum tax, the payroll tax, and the estate tax. Cruz has also advocated for the abolishment of the IRS.

JEB BUCH

- Bush’s “Reform and Growth Act of 2017” would reduce tax rates, curtail or eliminate tax preferences, repeal the estate tax and the alternative minimum tax, cut corporate taxes, and simplify the tax system. His plan would create three tax rates: 10%, 25%, and 28%.
- The result would result in a loss in revenue, even if accounting for economic growth. Although, this amount is not known.
- His plan would tax long-term capital gains, qualified dividends, and most interest at reduced rates (0%, 15%, 20%); proposed repeal of ACA would eliminate 3.8 % tax on gains and dividends for high-income taxpayers; eliminates carried interest loophole.
- It would also increase standard deduction by \$5,000 for single filers and by \$10,000 for joint filers; limit value of itemized deductions other than charitable contributions to 2% of adjusted gross income (AGI); eliminate deduction for state and local taxes; eliminate limitation on itemized deductions and phase out of personal exemptions; double EITC for childless workers and extend to non-students ages 21–24.
- Regarding corporate taxes, Bush’s plan would implement 20% top rate; move to territorial tax system; deemed repatriation tax of up to 8.75% on earnings currently held overseas, payable over 10 years; make research and development credit permanent; expense capital investments while eliminating interest deductibility (same for non-corporate businesses).
- The plan would eliminate the employee share of the Social Security payroll tax for workers over age 66 (full retirement age) and repeal the estate tax and gift tax and would limit step up in basis for inherited assets.
- The plan would repeal the Affordable Care Act and the alternative minimum tax.

JOHN KASICH

- The “Kasich Action Plan” would lower individual and corporate income tax rates, increase the EITC, and simplify deductions. The revenue impact of this plan is unspecified.
- Kasich’s plan would reduce the tax brackets from seven to three brackets with a 28% top rate. The plan would also reduce long-term capital gains tax rate to 15%. His plan would also cut corporate tax rate to 25%; double value of research and development tax credit; lower tax rate on repatriated earnings; allow immediate expensing of costs of equipment, machinery, and buildings; move to territorial system
- Kasich would increase the earned income tax credit 10%; preserve deductions for charitable contributions and mortgage interest (at current limits).
- Kasich has publicly stated that he would repeal the Affordable Care Act and the Estate tax.
- Unlike some other candidates in the Republican field, Kasich won’t abolish the IRS, but says he would reform the IRS to simplify the system and eliminate corruption.
- Uniquely, Kasich would distribute most of the federal gas tax revenue to states to build and maintain highways and other infrastructure.

RAND PAUL

- Paul's "Fair and Flat Tax" plan would replace the current tax system with a 14.5% tax on income with some exemptions and deductions and a 14.5% consumption tax. This 14.5 % flat-rate tax would apply to all personal income, including wages, salaries, dividends, capital gains, rents, and interest rates.
- The revenue impact of this plan is unspecified, but would likely result in a loss of revenue.
- His plan would leave the tax investment income at same 14.5% rate as other income and would allow a \$15,000 standard deduction (\$30,000 for married couples) plus \$5,000 personal exemption for each family member. It would eliminate all deductions except for mortgage and charities and all credits except EITC and child tax credit.
- Rand would also create 14.5% business activity tax (combined with wage tax, it's equivalent to a VAT); no deduction for wages; immediate expensing of all capital purchases
- Rand, a libertarian, would repeal the Affordable Care Act, the alternative minimum tax, the payroll tax, corporate taxes, and the estate tax. He has also publicly stated that he would abolish the IRS.
- Uniquely, Rand would eliminate telephone taxes, gift tax, and all duties and tariffs.

Democratic Condidates

HILLARY CLINTON

- Clinton has no formal plan to date but has proposed some minor tax changes.
- Clinton would raise the holding period for long-term capital gains to two years; tax rate on those gains would decline as holding period lengthens (down to 20% for assets held more than six years).
- Her plan would make the American opportunity tax credit for higher education permanent; cap value of tax preferences for high-income taxpayers; new refundable credit of up to \$5,000 for out-of-pocket health care costs exceeding 5% of income
- Clinton's plan would provide 15% tax credit to for-profit companies to distribute to workers in profit-sharing plan (phased out after two years); supported 2004 repatriation holiday with 5.25% rate.
- Similarly to O'Malley and Sanders, Clinton supports the Affordable Care Act, but would repeal the Cadillac tax.

BERNIE SANDERS

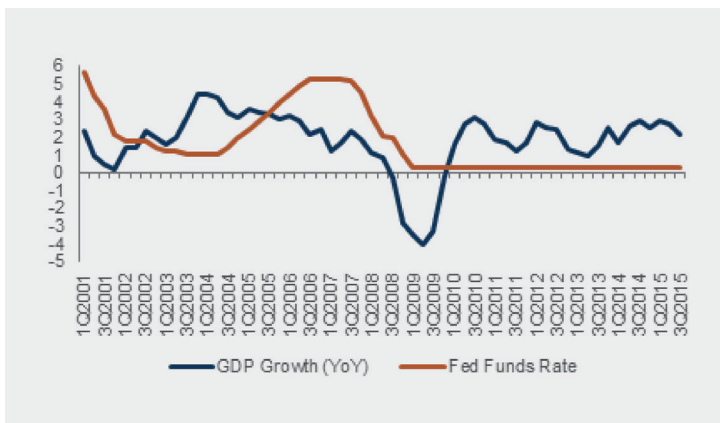
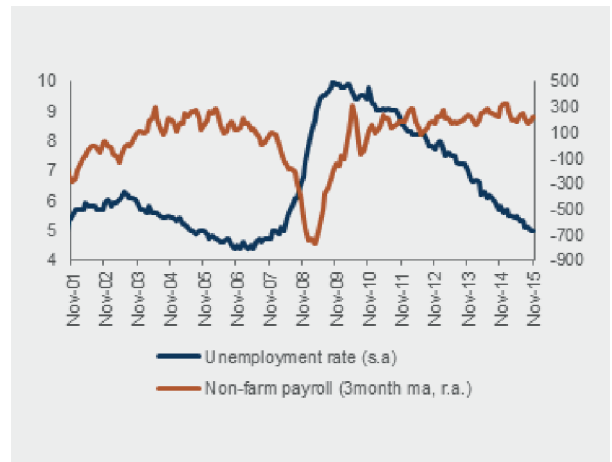
- Sanders has no comprehensive plan yet but supports financial transactions tax, 65% top estate tax rate, and higher tax rates for high-income taxpayers.
- The revenue impact is unspecified, but would likely result in increased revenues.
- His tax plan would raise top tax rate above 50% and would raise the cap on Federal Insurance Contributions Act and Self-Employed Contributions Act taxes funding Social Security.
- The Sanders-Schakowsky Corporate Tax Fairness Act of 2013 proposed to end the deferral of foreign source income and retain the foreign tax credit. Sanders will stick to this tax plan and has also proposed a \$20 per ton carbon tax.
- Sanders will keep the Affordable Care Act, but has pledged to repeal the Cadillac tax.
- Additionally, he will lower the estate tax exemption to \$3.5 million for individuals (\$7 million for couples) and will raise tax rate to as high as 55% (plus 10% surtax on billionaires).
- Uniquely, Sanders has proposed a financial transactions tax of 50 cents per \$100 of stock trades with lower rates for bonds, derivatives, and other financial instruments.

MARTIN O'MALLEY

- O'Malley has no formal plan but has expressed support for a financial transactions tax. During his tenure as the Governor of Maryland, O'Malley raised taxes on millionaires.
- His plan will raise taxes on capital gains and interest but offers no specific details. His plan will also pay for expanding Social Security benefits by lifting the cap on Social Security taxes.
- Similar to Bernie Sanders, O'Malley supports the Affordable Care Act, but would also repeal the Cadillac tax. Additionally, he has proposed a financial transaction tax.

STATE OF ECONOMY

• The United States economy has positively grown since the Great Recession of 2008. The United States has posted 68 straight months of job growth. In October, economists forecasted that the United States would add 182,000 jobs, but these expectations were shattered, when the United States posted that it had added 271,000 jobs in the month of October. This resulted in a decrease in unemployment from 5.1% to 5%, which economists consider being “full employment.” This is the lowest level that unemployment has been since 2008. Full employment is the condition in which virtually all who are able and willing to work are employed.



- Additionally, wages grew at their fastest pace since mid-2009, as average hourly earnings rose 0.4% month-on-month, which is better than the original forecast.
- Compared to last October, earnings rose 2.5%.
- The U.S. public debt is still high though, estimated to be roughly \$18 trillion, which equates to a little over \$18,000 per capita. America's debt-to-GDP ratio has continued to rise and today stands at 102.6%.

- If not dealt with/serviced, this debt will approach \$21 trillion by 2019.
- Although, under Obama, two-thirds of this debt has been reduced since he took office. However, this claim ignores a stark reality about the deficits. The country's spending is not expected to continue its downward route, according to federal forecasters, for factors that include increased interest payments on the debt and the lack of substantial policy changes for the country's biggest programs, like Social Security and Medicare.
- It should also be noted that the deficits have largely come down as a result of the improved economy for which Obama cannot assume full credit.

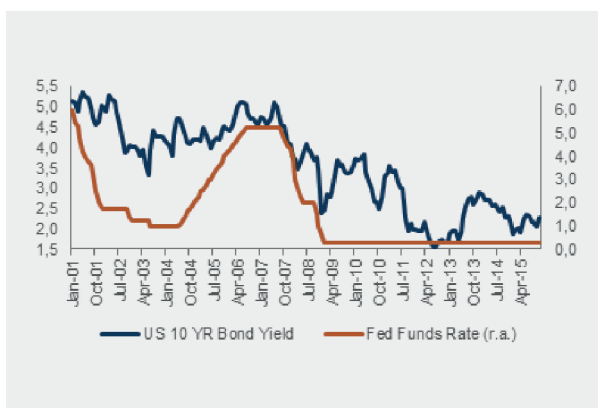
CONGRESSIONAL AND FEDERAL NEWS

Continuing Resolutions

- The United States has faced mounting pressure from both sides regarding fiscal sustainability and the nation's budget. The United States Congress entered a showdown with the White House in September when Congress narrowly avoided a government shutdown, similar to that of 2013. The issue this time was funding for Planned Parenthood, which the Republicans wanted to eliminate. Although it seemed contentious, the White House and the Democrats stood their ground, forcing the Republicans to agree on a clean spending bill.
- Although the issue was diverted and Obama was forced to sign a stopgap-spending bill that would only fund the government through December 11th, 2015. Although, Obama made it very clear that he would not sign any further continuing resolution bills.
- The mere idea of shutting down the government, which cost the economy billions of dollars when it was shut-down for sixteen days in 2013, and scared markets. Even further, the notion of not increasing the spending limit of the United States has rattled markets and terrified investors, especially because this was never a partisan issue in the past.

FEDERAL RESERVE (INTEREST RATES)

- The Great Recession of 2008 caused financial strains in the United States, which prompted the Fed to take aggressive actions to stabilize the economy. In an effort to prevent an economic collapse, the Fed implemented a number of unconventional policies, including zero interest rates to reduce short-term and long-term interest rates. This move was expected to have positive effects on unemployment and consumption. Since Dec. 16, 2008, the Fed has kept its benchmark interest rate at a range between zero and one-quarter percent.



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- In 2009, the U.S. reached its lowest economic point following the financial crisis with inflation of -2.1%, unemployment at 10.2% and GDP growth plummeting to 2.8%. Interest rates dropped to near zero during this period.
- Fast forward five years to January 2014 and the inflation rate was at 1.8%, unemployment was at 6.6% and GDP growth was at 3.2%. This was a sign that the program that the Fed implemented had worked, but it still felt that it was not time to increase the interest rates. In summary, the point of keeping the interest rates at zero was to ensure easy access to cheap money and ensure that investors would be incentivized to spend their capital, rather than collecting interest by keeping it in the bank. This was an effort to revitalize the economy, which had faced its largest downturn since World War II.

- October's job reports were a strong market indication that the Federal Reserve (Fed) could raise interest rates as early as December, a few months earlier than most have previously speculated. This unemployment data is the kind that the "data-dependent" Fed needed to argue that the labor market had shown "further improvement." At a hearing before the House Financial Services Committee in early November, Fed chair Janet Yellen said the economy was "performing well," and that a rate hike in December is "a live possibility." Analysts have speculated that if the Fed were to raise rates in December, there could be particularly heightened market volatility. But others have noted that this is a poor excuse, as the Fed cannot postpone on this basis every year. Moreover, there's been more than enough time for markets to prepare, as the Fed has "choreographed it very well."
- An increase in the interest rate by the Fed will not have an immediate impact on the stock market. Instead, the increased federal funds rate has a single direct effect, which is that it becomes more expensive for banks to borrow money from the Fed. Increases in the federal funds rate also cause a ripple effect.
- Businesses are affected in a more direct way as well since they also borrow money from banks to run and expand their operations. When the banks make borrowing more expensive, companies might not borrow as much and will pay higher rates of interest on their loans. Less business spending can slow down the growth of a company, resulting in decreases in profit.
- The Trans-Pacific Partnership (TPP) is a trade agreement among twelve Pacific Rim countries concerning a variety of matters of economic policy. The agreement was finally reached on October 5, 2015 after seven years of negotiations.

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- The agreement's goal had been to "promote economic growth; support the creation and retention of jobs; enhance innovation, productivity and competitiveness; raise living standards; reduce poverty in our countries; and promote transparency, good governance, and enhanced labor and environmental protections."

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- Among other things, the TPP Agreement contains measures to lower trade barriers such as tariffs, and establish an investor-state dispute settlement mechanism, although states can opt out from tobacco-related measures).
- The United States government has considered the TPP as the companion agreement to the Transatlantic Trade and Investment Partnership (TTIP), a broadly similar agreement between the United States and the European Union.
- Implementing the TPP has been one of the trade agenda goals of the Obama administration.
- Historically, the TPP is an expansion of the Trans-Pacific Strategic Economic Partnership Agreement (TPSEP), which was signed by Brunei, Chile, New Zealand, and Singapore in 2005.
- Starting in 2008, additional countries joined the discussion for a broader agreement: Australia, Canada, Japan, Malaysia, Mexico, Peru, the United States, and Vietnam.
- Participating nations aimed at completing negotiations in 2012, but contentious issues such as agriculture, intellectual property, and services and investments caused negotiations to continue for another three years.
- The TPP agreement includes 30 chapters: Initial Provisions and General Definitions, Trade in Goods, Textiles and Apparel, Rules of Origin, Customs Administration and Trade Facilitation, Sanitary and Phytosanitary Measures, Technical Barriers to Trade, Trade Remedies, Investment, Cross-Border Trade in Services, Financial Services, Temporary Entry for Business Persons, Telecommunications, Electronic Commerce, Government Procurement, Competition Policy, State-Owned Enterprises and Designated Monopolies, Intellectual Property, Labour, Environment, Cooperation and Capacity Building, Competitiveness and Business Facilitation, Development, Small and Medium-Sized Enterprises, Regulatory Coherence, Transparency and Anti-Corruption, Administrative and Institutional Provisions, Dispute Settlement, Exceptions, and Final Provisions.
- According to the United States Trade Representative, the TPP agreement includes the following features:

• Included in the text was a section dedicated to the manipulation of currency and the counter measures to prevent and counter that. A country can devalue its currency to boost exports and gain a trade advantage. One effect of the United States Quantitative Easing policy was the devaluation of the U.S. dollar, which aided economic growth in that country.

• Many economists claim that currency manipulation by Asian manufacturing countries has become pervasive which allows them to boost their exports at the expense of manufacturing companies in the United States and Europe.

• Furthermore, organizations such as the WTO or IMF cannot control such currency manipulation, so some are calling on the United States to “use the free-trade talks to force an end to such actions.”

• An initial concern with the TPP was that Investor-State Dispute Settlement (ISDS) would allow corporations to override laws, including environmental and public health regulations.

• It is explicitly stated that ISDS cannot change the law in the United States or any other country. No government measure can be blocked or reversed under the ISDS provisions or any other part of TPP. This is true with regard to public health and safety, the financial sector, the environment, and any other area where governments seek to regulate.

• Put simply, ISDS is a mechanism to promote good governance and the rule of law. ISDS protects basic rights such as protection against discrimination and expropriation without compensation akin to those enshrined in U.S. law and the Constitution. The United States already provides these protections at home to foreign and domestic investors under U.S. law. Our trade agreements ensure the same kinds of protections to U.S. businesses and investors operating abroad, where they face a heightened risk of discrimination and bias.

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- The TPP eliminates or reduces tariff and non-tariff barriers across substantially all trade in goods and services and covers the full spectrum of trade, including goods and services trade and investment, so as to create new opportunities and benefits for our businesses, workers, and consumers.

- The TPP facilitates the development of production and supply chains, and seamless trade, enhancing efficiency and supporting our goal of creating and supporting jobs, raising living standards, enhancing conservation efforts, and facilitating cross-border integration, as well as opening domestic markets.

- The TPP promotes innovation, productivity, and competitiveness by addressing new issues, including the development of the digital economy, and the role of state-owned enterprises in the global economy.

- The TPP includes new elements that seek to ensure that economies at all levels of development and businesses of all sizes can benefit from trade. It includes commitments to help small- and medium-sized businesses understand the Agreement, take advantage of its opportunities, and bring their unique challenges to the attention of the TPP governments. It also includes specific commitments on development and trade capacity building, to ensure that all Parties are able to meet the commitments in the Agreement and take full advantage of its benefits.

- The TPP is intended as a platform for regional economic integration and designed to include additional economies across the Asia-Pacific region.

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• TPP includes a number of enhancements that strengthen the transparency and integrity of the dispute settlement process under ISDS. These include making hearings open to the public, allowing the public and public interest groups to file amicus curiae submissions, ensuring that all ISDS awards are subject to review by domestic courts or international review panels, ensuring that governments have a way to dismiss claims that are without merit on an expedited basis, and more.

• In addition, after consultations with Members of Congress, the United States pushed for and secured additional safeguards that will establish a code of conduct for ISDS arbitrators and facilitate the dismissal of frivolous claims, among other first-of-their-kind provisions.

THE UNITED STATES AND JAPAN PROVISION ENDER TPP

- Before Japan entered TPP negotiations in mid-2013, there was an indication that it would allow the United States to continue imposing tariffs on Japanese vehicles. According to the reports, Japan compromised on auto tariffs because Tokyo wants to maintain tariffs on various agricultural products.
- During the negotiations in mid-2015, the U.S. Trade Representative Michael Froman brokered an unanticipated North American-Japan side-deal, on behalf of the United States, Canada, and Mexico that decreased the threshold for how much of an automobile would have to come from Trans-Pacific signatory countries to avoid hefty tariffs when entering North America.
- It was said that this percentage dropped from 62.5% under the current North American Free Trade Agreement, to between 30-55%. Although, it should be noted that Canada and Mexico are concerned that this unexpected side deal “could hit the NAFTA partners’ auto sectors hard.”
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- In addition, after consultations with Members of Congress, the United States pushed for and secured additional safeguards that will establish a code of conduct for ISDS arbitrators and facilitate the dismissal of frivolous claims, among other first-of-their-kind provisions.

TPP AND TURKEY

- Results show that Turkey could be in a loss up to 1% of GDP if the present 12 countries establish the TPP.
- Otherwise, potential countries’ inclusions in TPP could cause higher losses of up to 2.4% of GDP for Turkey.
- Because the TPP represents approximately 40% of world population and 60% of global GDP and at the same time it includes the fast growing emerging countries.
- The members of TPP are among the Turkey’s main trade partners. The United States is one of Turkey’s largest trading partners and although the effects of the TPP on bilateral trade between both countries are still not fully known.
- Therefore, it is highly likely that this initiative will also create vital outcomes for the Turkish economy.
- Since the TPP trade deal was agreed upon, it is highly likely that this initiative will cause considerable impacts on the Turkish economy.

U.S. 2016 PRESIDENTIAL CANDIDATES STANCE ON TPP

HILLARY CLINTON

- In early October 2016 Presidential Candidate Hillary Clinton came out against the TPP, which is a break-away from the Obama Administration that supports it. Clinton said, “As of today, I am not in favor of what I have learned about it.”
- Clinton cited the “high bar” she set earlier in the year as the reason she disapproved of the treaty.
- “I have said from the very beginning that we had to have a trade agreement that would create good American jobs, raise wages and advance our national security and I still believe that is the high bar we have to meet,” said Clinton.

BERNIE SANDERS

- Sanders criticized the TPP trade deal.
- Noting that, “we need trade policies that promote the interests of American workers not just the CEOs of corporations. I am disappointed but not surprised by the decision to move forward on the disastrous TPP that will hurt consumers and cost American jobs. The TPP follows failed trade deals with Mexico & China that have cost millions of jobs & closed tens of thousands of factories across the United States.”

MARTIN O'MALLEY

- O'Malley has come out against the deal.
- He noted that he would only support “free trade agreements that establish strong and enforceable rules for fair competition, creating opportunity for American workers while lifting standards in our partner nations.”
- “The United States already has the leverage we need to meet this high standard, including in the TPP. Other nations sought to join the TPP in order to receive privileged access to the U.S. market. We should do everything in our power to assert a progressive trade agenda, rewarding countries with high labor and environmental standards and encouraging those with weaker standards to make meaningful changes in order to join any trade deal.”

JEB BUSH

- Bush expressed his support for the TPP.
- He wrote, “I know there is political risk in supporting free trade. TPP is President Obama’s biggest trade initiative. I know some political constituencies in my own political party don’t favor it. But I agree with what Hillary Clinton said about TPP in 2012: This is a great deal for America. It would strengthen our ties to our allies throughout the Pacific region, including our close allies and partners in Australia, Mexico and Japan. We could use more friends, frankly. More than that, free trade is essential to creating the sustained, high rate of growth that we need to create well-paying jobs, new opportunities for American farmers and businesses, and even greater access to a global supply of goods and services.”

TED CRUZ

- Cruz said the TPP trade deal should not be voted on during a lame-duck session.
- “No conservative would want a bunch of members who have just been defeated or are retiring passing big government liberal policies with Obama in office. TPP needs to be voted on when members are accountable.”

CARLY FIORINA

- Fiorina has said she opposes the (TPP) trade deal.
- She said, “It’s 30 chapters long the thing has been negotiated in secret for almost two years. The people only now are getting a look at what’s in this thing. There’s a whole bunch of stuff in there that can only be described as crony capitalism, special giveaways to certain industries.”

MIKE HUCKABEE

- Huckabee has come out against the deal.
- He stated that, “Once again, American workers are getting punched in the gut by Washington because this deal is a handout to insiders, interest groups, Obama’s allies and Asia. When it comes to negotiating with foreign countries, the Obama Administration gets rolled like sushi, and this TPP deal is more of the same. I can’t understand why American workers would trust Obama on a trade deal that affects 40 percent of the world’s economy. President Obama can’t be trusted to negotiate a camper off Craigslist, let alone a trade deal with eleven other Asian countries.”

DONALD TRUMP

- Trump questioned congressional support for the TPP trade deal.
- He asked a handful of questions including: “Why are we striking trade agreements with countries we already have agreements with? Why is there no effort to make sure we have fair trade instead of ‘free’ trade that isn’t free to Americans? Why do we not have accompanying legislation that will punish countries that manipulate their currencies to seek unfair advantage in trade arrangements? Why has the Congress not addressed prohibitive corporate tax rates and trade agreements that continue to drain dollars and jobs from America’s shores?”

RAND PAUL

- Paul said that in regards to trade policy, too much power rests with the president, while also not providing a definitive stance on the topic.
- He said, “There is an argument that China doesn’t like the deal because in us doing the deal, we’ll be trading with their competitors. You’re exactly right. But I think we’ve sort of missed the point a little bit here. There is an important point, though, about how we discuss these trade treaties. We should negotiate from a position of strength. And we also should negotiate using the full force and the constitutional power that was given to us. I think it’s a mistake that we give up power to the presidency on these trade deals. We give up the power to filibuster, and I’m kind of fond of that power. We give up the power to amend. And I think, really, one of the big problems we have in our country is, over the last century, really, so much power has gravitated to the executive branch. Really, Congress is kind of a bystander. We don’t write the rules. We don’t make the laws. The executive branch does. So even in trade... I think we should be careful about giving so much power to the presidency.”

JOHN KASICH

- Kasich expressed his support for the TPP trade deal.
- He said “The TPP, it’s critical to us, not only for economic reasons and for jobs, because there are so many people who are connected to getting jobs because of trade, but it allows us to create not only economy alliances, but also potentially strategic alliances against the Chinese. They are not our enemy, but they are certainly not our friend.”

MARCO RUBIO

- Rubio has expressed his support for the TPP trade deal multiple times, although some have speculated that he may be reconsidering the deal, although this has yet to be confirmed.
- “After the Wall Street Journal listed Rubio as supporting the pact, a new paragraph suddenly appeared at the end of the piece stating that ‘Rubio’s spokesman said that although he backed the bill granting Mr. Obama fast-track trade authority this summer, he has not decided whether to support TPP legislation.’”
- Although recently, Rubio said he has “very positive” feelings about the trade deal, but he did not say whether he would vote in favor of the deal.

TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP (TTIP)

- A bigger concern for Turkey might be the initiation of the Transatlantic Trade and Investment Partnership (TTIP).
- TTIP is a series of trade negotiations being carried out mostly in secret between only the EU and US. As a bi-lateral trade agreement, TTIP is about reducing the regulatory barriers to trade for big business, things like food safety law, environmental legislation, banking regulations and the sovereign powers of individual nations.
- Although if an agreement is to be made, it is not expected to be finalized before 2016.
- Although Turkey is not a part of this agreement, it has shown interest in joining TTIP. Under the current rules of the Customs Union that Turkey has with the EU, countries with which the EU has signed FTAs have access to Turkey’s market without having to reciprocate.
- In order to gain market access to those countries, Turkey must negotiate its own FTAs with them. Turkey also has raised the possibility of parallel FTA negotiations with the United States, but the United States reportedly has encouraged Turkey to focus instead on eventually joining the TTIP.
- Turkey could also be included in the agreement if its current European Customs Union Agreement with the EU is modified accordingly.
- On May 2nd, 2015, Prime Minister Davutoglu announced to the General Assembly of the Union of Chambers and Bourses of Turkey that the country was upgrading its Customs Union Agreement with the EU to ensure its participation in the TTIP.
- While the TTIP will bolster U.S.-EU trade ties, with estimated gains amounting to USD 134 billion a year for the EU and USD 107 billion a year for the U.S., Turkey’s absence from the agreement would be a devastating economic and diplomatic loss for the U.S.
- In addition to Turkey’s standalone economic benefits from the TTIP, the U.S.-Turkey relationship looks to improve. Turkey’s inclusion would expand trade ties between the U.S. and Turkey. U.S.-Turkey trade relations have traditionally leaned heavily on the defense industry; however, the TTIP will foster a broader, more dynamic economic relationship capable of reinforcing the diplomatic one.
- The U.S. offers a fertile ground for affordable Turkish textiles and appliances, as well as exports of Turkey’s growing services sector such as tourism, healthcare, and education. Turkey’s domestic industries will benefit from greater synergies with U.S. private-sector expertise. U.S. companies will benefit from fuller engagement with the world’s 17th largest economy. Turkey’s young, savvy, and increasingly consumer-driven population provides enticing growth opportunities for U.S. corporations looking to gain a foothold in an emerging market rife with economic potential.

- The TTIP could also be the prelude to Turkey's recalibrated negotiations with the EU, and a subsequent mending of the U.S.-Turkey diplomatic relationship since it has a broad message of economic and political prosperity.
- Turkey's inclusion in the TTIP should reinforce its motivations to join the Union, especially now that the Turkish population is beginning to again favor closer ties with Europe.
- In 2012 more than 40% of Turkey's foreign trade was with the EU and the U.S. and two-thirds of Turkish capital was invested in the EU and the U.S.
- In 2009, President Obama and Erdogan signed the Framework for Strategic Economic & Commercial Cooperation (FSECC), which aimed to increase U.S.-Turkish bilateral economic relations.
- As a result, U.S.-Turkey trade jumped from \$10.8 billion in 2009 to \$19.1 billion in 2014, and U.S. goods imports from Turkey totaled \$6.7 billion in 2013, up 6% from 2012, and up 76% from 2003.
- In recent years Turkish companies have expanded beyond the country's borders and have started investing in the biggest world markets, including the United States. They have been expanding through acquisitions in particular, buying companies and establishing facilities in the U.S. In 2014 alone, Turkish companies conducted mergers and acquisitions valued at \$5.14 billion.

ENERGY PRODUCTION IN THE UNITED STATES

- As it stands, United States continues to be a net-importer of energy, having imported 9,812 barrels of oil per day and 3,138 billion cubic feet of natural gas in 2012; although, its level of imports have decreased over the past decade. It is also the largest consumer of energy in the world.
- 18.5% of the United States' energy is derived from coal, although this number is steadily declining as the abundance of natural gas has driven down the price of energy. This is coupled with a policy put forth by the Obama Administration to reduce greenhouse gases through the closing of dirty coal burning power plants. Since 2010, the coal industry has faced huge setbacks with over two hundred, or roughly one-third, of the existing coal burning power plants closing down.
- Tougher regulations and a shift away from coal has put the industry in a bind, with many more coal power plants expected to shut down in the near future.
- The biggest advance that the United States has made recently is in the oil and gas sector, and is referred to as the "Shale Revolution." There are many factors that led to the shale revolution in the United States.
- The foremost factor is the technological advancements in hydraulic fracking that have been made over the previous decades, most notably in the last twenty-five years. This new technology enabled economical extraction of oil and gas deposits, which allowed the process to be competitive and profitable.
- These technologies included major advancements in hydraulic fracturing ("fracking"), particularly key advancements in horizontal drilling. Horizontal drilling enables the extraction of more oil and natural gas from shale with fewer rigs and drill sites. Such technological advancements have put the United States decades ahead of its competitors in this industry.
- Another important feature is that the United States oil sector is quite competitive with large numbers of independent oil companies. This furthers technological advancements and reduces the overall costs of extraction.
- Other factors include the logistics and infrastructure of the United States, which was already in place as a result of the oil boom over the last century, including refineries, pipelines, and storage tanks.
- Also, the aspect of private land ownership has helped the shale revolution as it allows oil companies to deal directly with private individuals rather than having to consult and bargain with the government, which can be financially expensive and incredibly time consuming.

- As it currently stands, the United States does not export its oil due to a decades old law that forbids oil exports. Although, there has been a legislative push to change this policy. As a result, supply has outpaced demand and the United States is sitting on excess supplies that have not yet found a market. In fact, there is so much oversupply that new storage tanks had to be built. The United States does not have a ban on natural gas though and the government has approved four facilities to liquefy natural gas for exports.
- This could create a standard global price for natural gas and allow it to be globally indexed. This would result in a decrease of global natural gas prices, and would alter the pricing structure of natural gas, which is likely to benefit Europe and hurt large exporters such as Russia and Qatar. Similarly, as a result of the ban on oil exports, there is a price discrepancy between oil prices, in which West Texas Intermediate crude (WTI) is sufficiently cheaper than Brent Crude.
- The “shale revolution,” transformed the energy landscape of the United States, which is the largest energy consumer in the world. Due to this enormous appetite for energy, the United States was dependent on foreign energy supplies for decades, and often times these energy supplies came from conflict-ridden areas, particularly the Middle East. On a related note, the United States also acknowledged early on that securing these energy supplies was not just beneficial for domestic demand, but was also necessary to ensure the flow of goods and that the global economy would not be crippled by energy shortages.
- The United States has an estimated 338 trillion cubic feet of proven natural gas reserves and an estimated 37 billion barrels of proven oil reserves. Likewise, the United States produced 1,119 barrels of petroleum a day in 2014 and 24,058 billion cubic feet of natural gas in 2012; compared to its 2007 numbers of 8,564 barrels a day.

KEYSTONE XL PIPELINE

- The United States in particular was highly dependent on foreign oil supplies to saturate its growing economy and meet domestic demand. The innovation of shale technology has moved these countries closer towards energy independence.
- Another positive aspect is that the North American countries, particularly the United States, already possess diversified economies so the added element of an enlarged energy sector is unlikely to have a major effect on the economy as a whole if prices dramatically fluctuate.
- One issue that has become highly politically polarized in North America is the Keystone XL Pipeline project. The plan was proposed by TransCanada Energy Company and was supposed to be in partnership with ConocoPhillips, although TransCanada bought ConocoPhillips’ share in the project in 2009.
- Few people are aware that the pipeline already exists, and that the project is aimed at expanding the pipelines, not building new ones. The expanded pipeline will increase supplies by 510,000 barrels a day to a total of 1.1 million barrels a day. Although, the high costs of extracting oil sands the low global oil prices have made this project less economically viable than when it was first proposed.
- Because the pipeline is transnational and would cross the borders of both countries, TransCanada needed a Presidential Permit from the U.S. State Department, which it has been unable to secure. In November 2015, the Obama Administration rejected the Keystone XL pipeline proposal, saying the project “would not serve the interests of the United States.”
- The president also cited concerns about the political climate, which over-hyped the pipeline’s benefit.
- This has turned the expanded pipeline into a politically polarizing issue in the United States, with most of the Democrats against it and most Republicans for it. As we speak, the keystone pipeline had made little to no progress and is likely to be a big issue for the 2016 U.S. presidential election.
- A report released by the State Department found that significant economic growth would result, including 42,100 jobs and \$3.4 billion (approximately 0.2% of the U.S. GDP).
- Beyond the Obama Administration’s rejection of the Keystone XL Pipeline, the real killer is simple economics. When the Alberta Oil Sands first came on the market, the price of oil was hovering around \$110 a barrel, which provided great opportunities and healthy profits for Canada’s emerging oil market. However, as of this writing, WTI crude oil was trading at a little over \$40 per barrel.

- This has killed off any potential of a profitable Keystone XL Pipeline for the coming future. More than half of current oil sands production can't break even unless WTI crude-oil prices rise above \$44 a barrel.
- While about 45% of oil sands production comes from strip mines, the remainder is tapped via horizontally or vertically drilled wells. Operators pump steam into these wells to melt deposits of crude embedded in sand using techniques called steam-assisted gravity drainage, or SAGD, and cyclic steam stimulation, or CSS. Current prices may no longer allow operators to cover the costs involved in extracting those deposits of heavy crude, or bitumen.
- Despite lower prices, the Canadian Association of Petroleum Producers (CAPP) expects oil-sands output to continue to grow another 30% through 2020 as multibillion-dollar projects already under construction start producing.
- CAPP forecasts oil-sands volumes will grow by 130,000 barrels a day over 2014 levels to 2.29 million barrels a day in 2015 as major producers such as Suncor and Exxon Mobil Corp.'s Imperial Oil Ltd. subsidiary increase their output.

U.S. IMMIGRATION POLICIES

- In 2013, approximately 41.3 million immigrants lived in the United States, an all-time high for a nation historically built on immigration. The United States remains a popular destination attracting about 20 percent of the world's international migrants, even as it represents less than 5 percent of the global population.
- Immigrants accounted for 13 percent of the total 316 million U.S. residents; adding the U.S.-born children (of all ages) of immigrants means that approximately 80 million people, or one-quarter of the overall U.S. population, is either of the first or second generation.

6 ESSENTIAL FACTS ABOUT U.S IMMIGRATION POLICIES

1

U.S. IS A NATION OF IMMIGRANTS

Even though immigration has taken place throughout U.S. history, large scale immigration periods have only been four:

- a) The country experienced a first period of large-scale immigration when slaves were forcibly brought to the US;
- b) a second major period of large-scale immigration occurred in the middle of 19th century and coincided with the opening up to the West ;
- c) a third large-scale period of immigration followed the civil war, went up until World War I and coincided with a period of great industrialization and economic transformation that culminated with largest cities on the north-eastern part of the country having been formed.
- d) Since about 1970 the U.S. has been experiencing a fourth period of large-scale immigration. This current period of immigration has coincided - just as it did before - with economic transformation witnessing the shift from an industrial economy to the later stages of knowledge based global economy.

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- While large-scale immigrations tend to be stimulated by major economic transformations, they also help an economy and a country absorb some of the harshest effects of economic transformations.
 - Although the pick period the US has been living for the last 40 years has been similar to what the country has experienced before, it has also been dissimilar in a couple of key ways that are relevant to US immigration policies nowadays.
 - Earlier periods of pick immigration occurred when the US did not have any immigration laws envisaging numerical ceilings. For the first time, the country is experiencing a real rise connected to economic transformations where there are laws in place that limit the number of people who come.
 - U.S. laws currently do not allow enough visas and opportunities for those coming for work purposes. Current legal immigration system is indeed primarily based on family connection which claims more than 2/3 of US visas. There are about 480,000 family-based visas available every year while there are only few visas left for labour market based purposes, and the visas that are left are for high skilled workers.
 - The US is currently experiencing a phase in which the country has more job demand and more people coming than the number of visas that are available in its immigration laws, a phenomenon inevitably producing waves of large-scale illegal immigration in addition to legal ones.
 - In recent years Turkish companies have expanded beyond the country's borders and have started investing in the biggest world markets, including the United States. They have been expanding through acquisitions in particular, buying companies and establishing facilities in the U.S. In 2014 alone, Turkish companies conducted mergers and acquisitions valued at \$5.14 billion.
 - As a matter of fact, large-scale immigration is currently changing the face of America. While earlier immigrations were largely from European countries, today US immigration is predominantly from Latin America. About 55% the US immigrants are from Latin America, 25% from Asia and only 13% from Europe. This is changing the US to the point that the notion of minorities is becoming almost meaningless in certain parts of the country. California and Hawaii are for instance among those states where the white population has now become a minority. About five hundreds of the largest cities in the country are predominantly composed by non-white population and many more will join the list in fairly quick succession.

2

DEMOGRAPHIC AND EMPLOYMENT PROFILE OF U.S.

- U.S. is becoming an aging society for the first time in its history. As a result, the country is no longer producing enough young workers from its native population for the number of jobs that its economy has generated. Hence, demography has become an important and critical issue when it comes to immigration policies.
- With the aging of the society and the increase in low fertility rates, US workers for new jobs have been coming primarily from two sources:
 - a) older workers
 - b) foreign born workers

- Older workers are an important phenomenon particularly in light of recession. While an increasing number of older people will be working for longer, there are jobs and needs in the labour market that cannot be met by those domestic sources. Those needs have been instead met by foreign born workers.

- According to MIP, US foreign born population is about 13% of the national population. This percentage is quite high even though it is not the highest the US has ever witnessed. Foreign born were about 14% in the period running from the turn of the century to about World War I.

- Today, nearly 16% of US work force are foreign born and when looking at the labour force growth in the last ten years, 40% of the labour force growth in US economy has been produced by foreign born. 1 in 6 workers are foreign born and 1 in 2 new workers are foreign born. •

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3 SKILLS

- What do foreign born workers actually do? They tend to be concentrated in the high and low end, filling gaps in those very different parts of the labour market.

- What we find in the low end is that the US is now a country where almost 90% of its native foreign born population gets at least high school education where only 10% of the native foreign born population was educated a century ago. However, a lot of the job creation that was taking place in US economy prior to the recession was in sectors requiring less than high school education. Hence, in the low end of the labour market there were not enough native foreign born workers aspiring to jobs requiring at least high school education, a mismatch that has inevitably led to the concentration of a part of the foreign born population in low skill sectors of the labour market.

- In the high end, foreign born workers tend to concentrate in those fields that are essential for a high technology economy and which native young people generally do not like to go in to - science, math and engineering. Although President Obama has recently launched programs to upgrade science and math skills in the American native population, these are long term endeavors.

Older workers are an important phenomenon particularly in light of recession. While an increasing number of older people will be working for longer, there are jobs and needs in the labour market that cannot be met by those domestic sources. Those needs have been instead met by foreign born workers. As a result, the US currently deploys foreign born workers in the high end in order to continue to be innovative. Needless to say, start-ups and Silicon Valley's companies are dominated by foreign born founders, inventors and innovators.

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WAGES AND ECONOMIC EFFECTS OF IMMIGRATION

- Over the past three decades, a large number of studies have characterized the degree of competition between immigrants and natives, and estimated the overall effect of immigration to the United States on the nation's wage structure. Complicating matters, a number of factors that determine employment and earnings have changed coincidentally with the most recent immigrant wave, making it difficult to disentangle the impact of immigrant competition from the effects of other forces in the economy.
- While it is certainly true that in economic theory and in experience large influxes of new workers drive down wages, it is also widely acknowledged that large influxes of new workers stimulate growth by creating new consumers, entrepreneurs and industrials. That was for instance very much the case in 1990s and early 2000s.
- According to MIP, the vast majority of American workers is not hurt in wages and job prospects by foreign born workers. Indeed, native American workers' wages are higher to some degrees than those of their "counterparts" due to the overall productivity of the economy generated by immigration.
- Moreover, MIP data reveal that when there are contractions in the economy, foreign born workers are the most vulnerable. In particular, the recession has suffered high degrees of job loss and has hit so hard in some of the sectors that are saturated with immigrant workers - most importantly, construction and housing industry.
- Overall, MIP data show therefore modest effects of immigrants on native wages and employment, with the greatest impact on those workers who are most like immigrants in skill. However, for each job that an immigrant fills, an additional American job is created. Hence, the availability of foreign born workers does make it possible for employers to expand more quickly.

5

ILLEGAL IMMIGRATION

- When looking at immigration issues through the lens of what US laws allow today, a very large amount of people (about 1.1 million a year) enter the country through the legal system. Although Mexico, the Philippines, China, India and the Dominican Republic are the top five countries for legal immigration, substantial illegal immigration has been taking place in the last 40 years.
- While in the public mind those immigrants are typically coming across the south-western border of Mexico illegally, there also is a wide share of illegal immigrants entering the country with legal visas, then overstaying those visas. As a result, 40 million foreign born population (12.9 % of the national population) falls today in 3 groups:
 - a) about a third of US foreign born population are naturalized citizens;
 - b) about a third of US foreign born population has green cards;
 - c) the remaining third is unauthorized population consisting now of about 12 million people.
- Those data reveal therefore that US law and economy are disconnected. The US has not had enough visas in the system to meet the labour market demand that has occurred in the period of economic growth that has run from the 1990s to the 2000s and has culminated in the recession in

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THE NEW GROWTH STATES PHENOMENON

- Immigration has historically taken place in six parts of the country. New York, New Jersey, Florida, Illinois, Texas and California have for long time been destination states accustomed to dealing with immigration. Much more recently that picture has changed. In the 20 years the so called new growth states have started to play a relevant role with large amount of foreign born population having been relocated in places that have never been accustomed to the phenomenon.
- Although the numbers may not be that significant, the percentage growth in a short lapse of time has been the issue. The state with the highest rate of change of growth in foreign born population is Alabama (92%), followed by South Carolina (88%) and Tennessee (81%).
- While rapidity of change has generated social reaction in those states that are not equipped to dealing with migration phenomena and cross cultural issues, illegal immigration has also positively affected those states being the ones in the country that have been losing population for years due to aging in demography and the coastal phenomenon. Indeed, foreign born population has often been reviving communities in rural areas that would have disappeared by now.
- Needless to say, immigration has become also a political issue. Many new growth states have taken measures in their hands to fill vacuums of policies at the federal level and in the attempt to responding to the needs of their own population they have often passed harsh laws on immigration at the state level.

IMMIGRATION PLANS OF CANDIDATES

DONALD TRUMP'S IMMIGRATION PLAN

- Build a fence, deploy 25,000 additional border agents, utilize Predator drones. Trump said there has been “mediocre success rates of the current crop of virtual fences that have been developed and tested.” However, large fences have been successful in various parts of Arizona. That’s why America needs a large border fence and more agents to stop the endless flood of alien criminals who cross everyday.
- Enforce immigration law
- No more cozy detention centers
- Oppose “DREAM Act”. Trump said he opposes the so-called DREAM Act, and he lambasted sections which grant in-state tuition benefits at public colleges and universities, resulting in a situation where illegals may pay less than out of state U.S. citizens. He did not offer any suggestions in the book about deporting illegal aliens. However, he has since advocated the deportation of illegal aliens, while allowing some back into the country through an expedited process.
- No future tuition benefits. According to Trump, far too many American students pay more than illegal aliens, who receive generous taxpayer subsidies and lower in-state tuition rates. He would stop this immediately.

HILARY CLINTON'S IMMIGRATION PLAN

- Fight for comprehensive immigration reform legislation with a path to full and equal citizenship. As senator, Hillary was a strong supporter of comprehensive immigration reform, cosponsoring Senator Ted Kennedy's 2004 bill and supporting the Comprehensive Immigration Reform Act in 2006 and 2007. She cosponsored the DREAM Act in the Senate in 2003, 2005, and 2007 to give undocumented students who grew up in the U.S. a chance to contribute to our nation's growth. As president, Hillary would fight for comprehensive immigration reform that provides a full and equal path to citizenship, treats every person with dignity, upholds the rule of law, protects US borders and national security, and brings millions of hardworking people into the formal economy.
- Defend President Obama's DACA and DAPA executive actions. President Obama's executive actions that provide relief from deportation for DREAMers and parents of Americans and lawful residents would protect an estimated 5 million people. Hillary would defend DACA and DAPA against partisan attacks and politically motivated lawsuits that would put DREAMers and others at risk of deportation.
- Conduct humane, targeted immigration enforcement. Hillary believes immigration enforcement must be humane, targeted, and effective. She would focus enforcement resources on detaining and deporting those individuals who pose a violent threat to public safety, and work to ensure refugees who seek asylum in the U.S. have a fair chance to tell their stories.
- End family detention. Hillary believes US should end family detention for parents and children who arrive at US border in desperate situations. The country should have alternatives to detention for those who pose no flight or public safety risk, such as supervised release, that have proved effective and cost a fraction of what it takes to keep families in detention.
- Close private immigrant detention centers. Hillary would end private immigrant detention centers. She believes US should move away from contracting out this critical government function to private corporations and private industry incentives that may contribute—or have the appearance of contributing—to over-incarceration.
- Expand access to affordable health care to all families. Hillary has been fighting her entire life to ensure that families have access to affordable health care. She sponsored the Immigrant Children's Health Improvement Act in the Senate, which later became law and allows immigrant children and pregnant women to obtain Medicaid and SCHIP. She believes US should let families—regardless of immigration status—buy into the Affordable Care Act exchanges. Families who want to purchase health insurance should be able to do so.

G20 SUMMIT (ANTALYA)

- The G20 summit was overshadowed by the Paris terrorist attack that occurred two days before the G20 Summit began.
- The crisis in Syria was already high on the agenda at the meeting, but the violence in Paris dramatically changed the dynamic of the talks. Obama vowed to step up efforts to eliminate ISIL and prevent more attacks like those in Paris.
- Shortly after his arrival, Obama discussed the terror attacks in a meeting with President Erdogan before beginning broader discussions with Group of 20 leaders.
- In the meeting, Obama said he also discussed coordinating efforts to fortify the border with Syria, which ISIL has used to smuggle supplies and foreign fighters.
- Turkey desires a "safe haven" in northern Syria as well as a no-fly zone for a long time, which is something that Obama and the West have continued to reject.

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“There have been some who are well-meaning, and I don’t doubt their sincerity when it comes to the issue of the dire humanitarian situation in Syria, who, for example, call for a no-fly zone or a safe zone of some sort. ... After we’ve gone through a lot of planning and a lot of discussion, and really working it through, it is determined that it would be counterproductive to take those steps — in part because [IS] does not have planes, so the attacks are on the ground,” Obama said.

“A true safe zone requires us to set up ground operations. And the bulk of the deaths that have occurred in Syria, for example, have come about not because of regime bombing, but because of on-the-ground casualties,” Obama said. He noted that implementing a no-fly zone would raise many questions: “Who would come in, who could come out of that safe zone; how would it work; would it become a magnet for further terrorist attacks; and how many personnel would be required, and how would it end?” His statement was unequivocal.

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SYRIA PEACE TALKS (VIENNA)

- The participants in these talks are known as the International Syria Support Group (ISSG), which consists of: the Arab League, China, Egypt, the EU, France, Germany, Iran, Iraq, Italy, Jordan, Lebanon, Oman, Qatar, Russia, Saudi Arabia, Turkey, UAE, the UK, the United Nations, and the United States.
- Neither the government of Syria, nor the Syrian opposition take part in the talks. Iran was involved in such negotiations for the first time.
- Two senior Turkish government officials said Iran’s participation would not be an obstacle to Turkey taking part in the Vienna talks, but that the final decision was up to the foreign minister himself.
- These talks ensured a commitment for a Syrian-led and Syrian-owned political transition based on the 2012 Geneva Communiqué in its entirety. The ISSG agreed on the need to convene Syrian government and opposition representatives in formal negotiations under UN auspices with a target date of 1 January 2016.
- The ISSG reiterated that ISIL, al-Nusra Front, and other terrorist groups, as designated by the UNSC must be defeated.
- Jordan was given the charge “to help develop among intelligence and military community representatives a common understanding of groups and individuals for possible determination as terrorists, with a target of completion by the beginning of the political process under UN auspices.”
- From a separate agreement, Turkish Foreign Minister Sinirlioğlu confirmed that NATO allies Ankara and Washington have agreed to stage a “joint operation” along Turkey’s border with Syria, with sources saying this is the start of a previously announced bid to establish an “ISIL-free zone.”
- U.S. Secretary of State John Kerry had said earlier in the day that the two countries would start an operation to complete the securing of the northern Syrian border, which has been used in the past by ISIL.
- Military and diplomatic sources said that Kerry was referring to “a cleaning operation” to be conducted in a 98-kilometer long zone on the so-called “Mare-Jarablus line,” underlining that the campaign would kick-off soon.
- As the U.S. and Turkey together provide “air protection,” armed forces from the FSA will launch an offensive against ISIL.
- Officials stressed that the Turkish Armed Forces would not be putting boots on the ground, though action will be taken against ISIL elements along the Turkey-Syria border.
- The Turkish military will hit ISIL targets in Syria by strikes launched from Turkish territory, they said.

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“Seventy-five percent of Syria’s northern border has so far been shut down. And we are entering an operation with the Turks to shut off the remaining 98 kilometers,” Kerry said.

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- The United States and Turkey hope that by sweeping ISIL from the border zone they can deprive it of a smuggling route that has seen its ranks swell with foreign fighters and its coffers boosted by illicit trade.

U.S. SPECIAL FORCES IN IRAQ

- The United States said on Tuesday it was deploying a new force of special operations troops to Iraq to conduct raids against Islamic State there and in neighboring Syria, a ratcheting up of Washington’s campaign against the group that was quickly rejected by Iraq’s government.
- Iraq’s Prime Minister al-Abadi said the deployment of such a force was not acceptable without Iraq’s approval, raising questions over how closely Washington coordinated the plan with Baghdad.
- Powerful Shi’ite Muslim armed groups pledged to fight any new deployment of U.S. forces to the country.
- U.S. Defense Secretary Ash Carter said the deployment of the new “specialized expeditionary targeting force” was being carried out in coordination with Iraq’s government and would aid Iraqi government security forces and Kurdish Peshmerga forces.

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“These special operators will over time be able to conduct raids, free hostages, gather intelligence and capture ISIL leaders. This force will also be in a position to conduct unilateral operations into Syria,” Carter said.

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- While the force is expected to number only about 200 with only several dozen likely to conduct operations, its creation marks the latest stepping up of U.S. military pressure on ISIL while also exposing American forces to greater risk, something Obama has done only sparingly.
- Obama is under pressure to accelerate a U.S.-led coalition’s efforts to combat ISIL.
- He has been reluctant to commit large numbers of U.S. ground troops, instead deploying limited numbers of advisors and elite forces.
- His critics, including Republicans in Congress, accuse Obama of moving too slowly against Islamic State, which controls large swathes of territory in Iraq and Syria and claimed responsibility for the Paris attacks.
- The force is separate from a previously announced deployment of up to 50 U.S. special operations troops in Syria to coordinate on the ground with U.S.-backed rebels fighting in a civil war raging since 2011.

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“The Iraqi government stresses that any military operation or the deployment of any foreign forces - special or not - in any place in Iraq cannot happen without its approval and coordination and full respect of Iraqi sovereignty,” Abadi said in a statement.

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- Carter offered few details on the new group, whose mission promises a more regular operational role for U.S. Special Forces.

U.S. AIRSTRIKES AGAINST ISIL OIL SUPPLIES

- A U.S.-led air campaign aimed at crippling the Islamic State's oil business knocked out the militant's main oil infrastructure in Syria, dealing a major blow to the group's finances.
- The airstrikes have largely shut down the Deir ez-Zor facility in Syria, which accounted for about two-thirds of the ISIL's oil revenue.
- The damage follows a month-long air campaign aimed at crippling the Islamic State's black market oil business.
- The Treasury Department has estimated that ISIL brings in \$500 million a year from selling discounted oil on the black market.
- The Pentagon says about half the terror group's revenue comes from oil.
- Deir ez-Zor is a major oil-producing region in part of eastern Syria controlled by ISIL.
- Although, U.S. officials acknowledge the damage to the Islamic State's revenue may not have an immediate impact on operations.
- Defense Secretary Ashton Carter said in congressional testimony Tuesday that refinements in intelligence allowed coalition aircraft to specifically target parts of the oil infrastructure that directly benefit ISIL.
- Marine Gen. Joseph Dunford, chairman of the Joint Chiefs of Staff, said the aim is to prevent militants from producing and shipping oil without permanently destroying the infrastructure, so it can be restored once the civil war in Syria ends.
- The U.S.-led coalition has targeted ISIL oil infrastructure since bombing began more than a year ago, frequently hitting mobile oil refineries. But militants were able to quickly repair oil infrastructure after it was hit.
- This year, Army Gen. Lloyd Austin, commander of U.S. Central Command, ordered a review of the bombing campaign to determine whether more effective targets could be developed.
- Staff officers developed a broader list of targets, including wellheads, oil collection points, trucks and the distribution network.
- Knocking out a large chunk of ISIL's revenue is a blow to the militants, but the group still gets much of its money from other sources, including extortion and taxing businesses and individuals in areas it controls.
- The Pentagon said that the coalition would continue to strike oil infrastructure to ensure militants are not able to rebuild the industry.
- In mid-November, U.S. aircraft began targeting fuel trucks used by ISIL and declared that it had destroyed 116 fuel trucks in its first strike.
- A follow up attack that took place roughly two weeks after destroyed an additional 280 fuel trucks, bringing the total to 396 destroyed fuel trucks so far.

or you will be killed.” To reinforce the message, aircraft dropped bombs in front of and behind the convoys. The drivers were not considered combatants.

2016 GOP CANDIDATES DISCUSS TURKEY SHOOTING DOWN OF RUSSIAN JET

- Jeb Bush briefly touched on the Turkish-Russian incident during a campaign speech, saying it was the very reason American leadership is needed in the world.

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“We’re living in a world rife with insecurity,” Bush said. “Today was another example of it, where a Russian plane was shot down and a helicopter apparently shot down right behind it. And it’s because America’s leadership in the world is so necessary for peace and security.”

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- Rand Paul, who sits on the Senate Foreign Relations Committee, positioned his viewpoint as the best answer to the situation. Rand Paul released a statement highlighting how his foreign policy positions are distinct from most of his opponents in the GOP primary. The libertarian-leaning Republican in general strongly opposes foreign intervention, and clashed with Rubio in a recent presidential debate over the need to cut back military spending.

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“The shooting down of a Russian fighter jet illustrates precisely why we need open lines of communication with Russia and should resist calls from some presidential candidates to isolate ourselves from discussions with our adversaries,” Paul said. “In addition, those who are calling for a no-fly zone need to realize that shooting down other countries’ fighter jets will be the result and a war between nuclear superpowers a possibility.”

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- GOP candidate Carly Fiorina has in the past called for not talking to Putin at all as a way to deal with Russian aggression, and many of the candidates are calling for establishing a no-fly zone within Syria as a way to curtail the Assad regime and protect Syrians.
- Rubio, who has been a proponent of more military spending said that despite concerns about the direction Turkey has been going, the country is still a NATO ally and the U.S. must come to its defense. That means if Russia were to retaliate, NATO allies would be obligated to get involved, he said, emphasizing he’s been predicting such a situation since he got to the Senate.
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“It’s the reason why I warned about having Russia in the Middle East,” Rubio said. “I warned exactly, specifically, this could happen. That there could be an incident with Turkey, a NATO ally. That they could aggressively fly over their territory and be shot down.”

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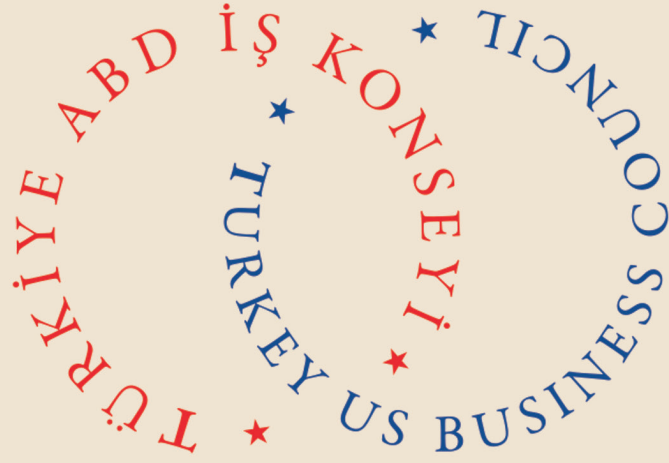
- Rubio said the key question for escalation is what Russia does next, and that depends on how the U.S. responds.

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“ If Russia believes that they can respond and retaliate against Turkey because NATO’s not going to do anything about it, what they are basically doing is they are making the argument that NATO is no longer viable, that it is a feckless alliance,” Rubio said. “So it’s important for us to be clear that we will respond and defend Turkey if they come under assault from the Russians.”

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- Despite Putin being a “gangster and a criminal” in Rubio’s estimation, epithets Rubio has used for the leader in the past, Rubio predicted Putin would not risk escalating the situation if he believed the U.S. would support Turkey.



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