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Monthly Brief

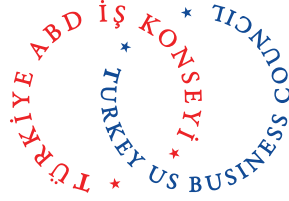
U.S. Politics, Economy and Business



TAİK



DIŞ EKONOMİK İLİŞKİLER KURULU
FOREIGN ECONOMIC RELATIONS BOARD



TAİK

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.



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.



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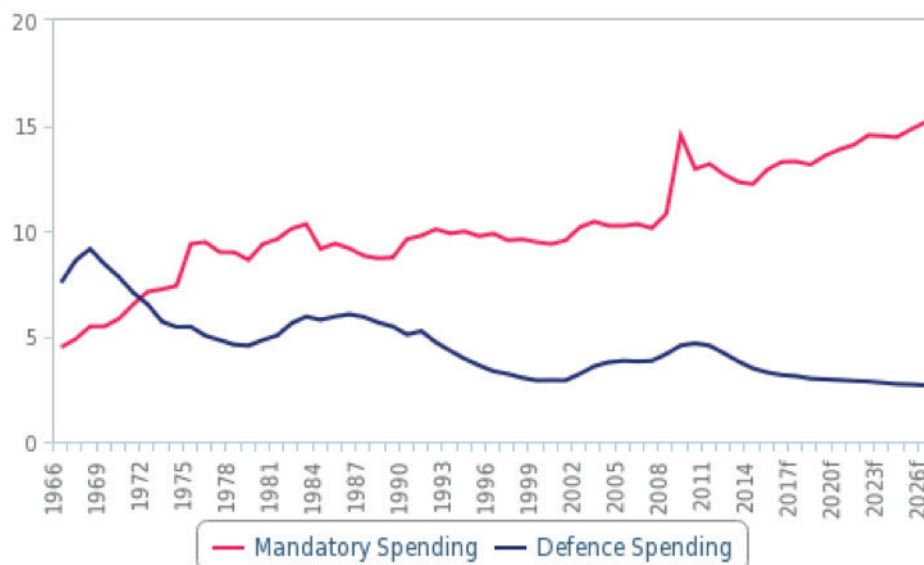
ECONOMY

TRUMP INHERITS A TRICKY FISCAL STARTING POINT

- The most closely-watched policy area of the incoming presidential administration of Donald Trump will be the federal government budget. We expect wider budget deficits in the coming years as tax cuts are implemented but there is little in the way of offsetting expenditure cuts. Federal expenditure is likely to rise even under a modest version of Trump's plans, centring around higher defence investment and some infrastructure outlays. However, as we have noted previously (see 'Post-Election Policy Implies Modest Boost To Growth', 17 November 2016), we expect far less in the way of both tax cuts and expenditure increases than Trump has proposed.
- The main reason is that unlike previous vaunted tax cuts, the most recent of which were under Presidents Ronald Reagan in 1981 and George W. Bush in 2001-2003, President Trump's macroeconomic and fiscal starting point is much less favourable. As the accompanying table shows, Trump enters office with federal government receipts as a percentage of GDP below when Reagan and Bush took office, while expenditure is higher. The inherited budget balance, at -3.2% of GDP estimated for 2016, is the worst starting position of any of the three.
- The economic situation as Trump takes office looks more similar in some ways to Reagan in 1981 than Bush in 2001, with a negative output and employment gap suggesting the economy can take some stimulus without overheating, compared to a relatively strong economy inherited by Bush. But federal debt is much higher, at above 76% of GDP, compared with 25% under Reagan and 33% under Bush. Furthermore, while Trump inherits relatively low spending on the military, at around 3.0% of GDP (as was the case under Bush), 'mandatory' spending, which is largely on programmes that Trump has stated he does not wish to cut such as Medicare, is four percentage points of GDP higher than under Bush or Reagan, thanks to worsening demographics. The latter will rise by a further 0.5pp of GDP by 2020 under Congressional Budget Office estimates, which also currently project defence spending to fall by nearly 0.3pp of GDP over that period. In other words, Trump has less fiscal room to implement tax cuts and expenditure hikes than his predecessors.

TRUMP FACES TOUGH CHOICES

US - Categories of Spending and CBO Forecasts, % of GDP



f=CBO Forecast. Source: Congressional Budget Office, BMI

One saving grace is the low interest rates on government debt, which mean that in 2016, net servicing costs will be around the lowest of all time, at 1.2% of GDP. This is lower than under Reagan or Bush when the debt load was much lower but interest rates were much higher. But bond markets are pushing up long-end bond yields in anticipation of this stimulus. If Trump wants to go ahead with all of his fiscal proposals, he might need the support via Federal Reserve 'financial suppression' to keep rates pinned down while nominal growth increases (though BMI believes the Fed will maintain an independent stance). Either way, something will have to give, and the political compromises that this might entail could end Trump's honeymoon period fairly quickly.

New Special Report - President Trump: What To Expect

BMI just published a new special report on its outlook for the US economy and key industry sectors under the Trump administration and the new Congress (available for subscribers under the 'Special Reports' tab on BMI online service), which follows on from its webinars on the topic (available under the 'Webinars' tab). In addition to the fiscal analysis above, some of the key points raised in the report and webinar include:

- The election of Donald Trump to the presidency and full Republican control of the legislature has led us to upwardly revise US real GDP growth forecasts amid expected positive supply-side reforms and tax cuts. However, BMI remains cautious in its outlook on potential growth over the medium-to-longer term given Trump's negative stance on international trade and immigration.
- Despite Republican control of Congress, Trump will face hurdles passing his most ambitious policy proposals. That said, Trump will be able to bypass Congress by using executive orders in the key areas of immigration, regulation and international trade.
- Trump's campaign rhetoric is unlikely to translate into draconian protectionism, but new major

trade deals look to be off the table entirely, with the Trans-Pacific Partnership (TPP) pact dead in the water without US ratification and the Transatlantic Trade and Investment Partnership (TTIP) between the US and EU unlikely to come close to getting off the ground. Additionally, BMI expects the Trump administration to prioritise renegotiating existing frameworks, such as the North American Free Trade Agreement (NAFTA) and the World Trade Organization (WTO).

- Meanwhile, each of the core US industries covered by BMI will face a different set of challenges and/or opportunities under the new Trump administration. On the upside, the Republican pledge to lower the corporate tax rate will be a common denominator that will benefit firms across the industry spectrum. BMI reiterates that it sees infrastructure as the clearest winner (though perhaps not as much as some expect), followed by oil & gas and the coal sector.
- Infrastructure: Trump's infrastructure plan - which relies almost entirely on tax credit-induced private capital - will fall well short of the USD1.0trn in promised investment. The transport industry will see the most limited investment gains under the current plan due to the sector being almost entirely public. Meanwhile, energy and utilities would be the primary beneficiary of any surge in investment.
- Oil & Gas: The Trump administration will accelerate the development of oil and gas pipelines in the US, encouraging upstream developments. This will also increase pipeline imports from Canada by displacing less costly rail shipments.

TURKISH CONSUMER CONFIDENCE INCREASES SHARPLY AFTER COUP ATTEMPT

- Turkey consumer confidence rose by 11.1 percent in August from the previous month, data from the Turkish Statistics Institute (TÜİK) showed on Aug. 23.
- The index was 74.44 in August, up from 67.03 in July, according to official data. The index hit a six-year low of 58.52 last September, but has since recovered somewhat, even after the failed coup attempt. Households turned optimistic about the general economic situation for the next 12 months, with the general economic situation expectation index increasing from 89.82 in July to 101.95 in August, according to the results of the TÜİK survey, made in cooperation with the Central Bank. The household financial situation expectation index also increased by 6.6 percent compared to the previous month, becoming 94.19 in August.
- More consumers also expect a decline in unemployment rates and they seemed to be less pessimistic about their saving prospects. The latest figures were the highest since November 2015, following the parliamentary election, when the consumer confidence index rose to its highest level since April 2014, when it jumped 22.9 points from October 2015 to 77.15.

TURKEY'S NATIONAL WEALTH FUND TO FINANCE TRANSPORT PROJECT

- Turkey's proposed national wealth fund, which could total as much as \$200bn, will finance projects including airports, seaports, roads and railroads across the country, according to Transport, Maritime and Communication Minister Ahmet Arslan.
- The fund, approved by parliament last weekend, will be used to carry out projects that don't have a build-operate-finance model, Transport, Maritime and Communication Minister Ahmet Arslan said on Tuesday. Some sub-funds will provide finance for those infrastructure projects, he said in an interview at the

work-site for the third bridge connecting Asia and Europe across the Bosphorus.

- The government planned the wealth fund after the failed coup attempt on July 15. Deputy Prime Minister Mehmet Simsek said that the fund will include state-owned companies and lands, as well as proceeds from privatisations.

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“Transport projects impact the lives of millions of people and hundreds of billions of dollars of local and international trade,” Arslan said. “That’s why it’s normal that transport-infrastructure projects benefit from a large part of the wealth fund.”

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The third bridge on the Bosphorus, called Yavuz Sultan Selim after the 16th century Ottoman sultan Selim I, was built by Astaldi and local partner IC Ictas through a \$3bn investment. The group will operate the 1.4km (0.9 miles) suspension bridge, which also has a rail track, along with 95km of connecting roads for about 10 years. The project is part of a wider network of roads stretching from the east of Istanbul to its west, known as the North Marmara Highway project.

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“All the road and bridge projects around Istanbul and around the Sea of Marmara will be completed by the end of 2019 and will cost around \$20bn, serving around 30mn people,” Arslan said.

The government is also planning to auction the rights next year to build a tunnel for a road and railway under the Bosphorus to carry about 6.5mn passengers a day, Arslan said. The project will cost about \$5bn and will be integrated into existing metro lines and roads, he said.

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PROJECT FINANCING BY TURKISH BANKS UP 20 PERCENT

- Turkish banks have shown their full support for Turkey’s megaprojects, which have continued despite recent terrorist attacks and global uncertainties, with the amount of project financing reaching TL 223 billion (\$75 billion), a 20 percent rise. Half of the loans were given to the energy sector.
- Despite terrorist attacks carried out by the PKK and DAESH terrorist organizations over the past year and the Gülenist Terror Group’s (FETÖ) coup attempt last month, Turkey is progressing on its way to achieving its 2023 vision goals by realizing megaprojects, especially in the energy and infrastructure sectors. Banks reached a record high in funds raised for megaprojects such as the Osman Gazi Bridge and Yavuz Sultan Selim Bridge.
- According to Banks Association of Turkey (TBB) data, project financing loans provided by banks increased to TL 223 billion at the end of June 2016 from TL 186 billion in the same period last year, achieving

a 20 percent upsurge. Cash loans also soared to TL 195 billion from TL 155 billion in the same period, while non-cash loans dropped to TL 29 billion from TL 31 billion. The total liability amount, which indicates the highest risk that can be taken by loan users, surged to TL 313 billion from TL 266 billion.

- A total of 52 percent of the loans that were provided for the financing of projects in June 2016 was given to the energy sector, while 12 percent and 13 percent of them were provided for the infrastructure and real estate sectors, respectively. The remaining 23 percent of the loans was given to other sectors. Loans provided for the energy sector rose to TL 111 billion from TL 98 billion, while loans for the infrastructure sector, which includes giant projects such as roads, bridges, highways and airports, soared to TL 32 billion from TL 15 billion. Loans given to the real estate sector, including hotels, shopping centers, and housing and office projects, increased to TL 53 billion from TL 51 billion.
- Kapital FX Research Analyst Enver Erkan said that banks' project financing consists of long-term loans provided for certain investments made with special purposes and that such projects are expected to create significant cash flow in the future. Stressing that a large portion of project financing is provided for the energy sector, followed by real estate and infrastructure projects, respectively, Erkan stated many significant projects have been actualized through the public-private partnership model in the recent period.
- Public-private partnership is a new-trend business model where public investments are regulated and supervised by the state and actualized by the private sector. When the lack of infrastructure causes public financing to remain inadequate, especially in developing countries, the public-private partnership model removes the financial burden on the state. Erkan said the model has helped the rise of project financing volume in Turkey, adding that the ongoing megaprojects will maintain this trend.

19-YEARS OLD STUDENT CREATES JOBS FOR 800 WOMEN ACROSS TURKEY

- The 19-year-old daughter of the owner of Koton, one of Turkey's leading clothing brands, has created jobs for more than 800 women across Turkey, mainly in the southeastern region, through a project.
- Deniz Yılmaz, who is enrolled in Robert College in Istanbul, said she developed the project in line with integrative business models following a summer camp in the Koç University last summer.

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“For us, money does not matter, but causes [do]. I feel very happy to follow my cause,” said Yılmaz. Through the project, more than 800 women in the southeastern provinces of Gaziantep, Adıyaman, Mardin and Şanlıurfa, as well as the Aegean district of Soma, which was hit by the worst mining accident of the county ever in 2014, have received an opportunity to work.

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- Koton's management contacted multi-purpose community centers, dubbed ÇATOMs, to develop the project further, Yılmaz noted. In line with the project, Koton's designers created sample models for these women to embroider on natural linens at home or at the ÇATOM units. Then, they embroidered more than 12,000 units and were paid for their work.

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“We are now working on a new collection for the winter... Female participants of the project want to work and earn their own money,” said Deniz Yılmaz’s mother and Koton co-founder Gülden Yılmaz.

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TURKEY’S CENTRAL BANK HIKES INTEREST RATES TO CONTAIN THE FALL IN TURKISH LIRA

- In a move to contain the depreciation of Turkish lira against the U.S. dollar, Turkey’s Central Bank raised its benchmark one-week repo rate by 50 basis points from 7.5 percent to eight percent at the Monetary Policy Committee’s meeting yesterday.
- In the meantime, the upper band of the interest rate corridor (marginal funding rate) was also increased by 25 basis points to 8.50 percent. The lower upper band of the interest rate corridor remained unchanged at 7.25 percent.
- The U.S. dollar fell to 3.37 against the Turkish lira after the Turkish Central Bank’s (CBRT) decision, which saw another historic high at 3.42 earlier in the day. However, after the European Parliament’s discussion to temporarily suspend Turkey’s EU accession talks, the rate again jumped over the 3.44 level, reaching a new historic high. The euro also hit a new record high of 3.63.
- The CBRT also decreased the foreign currency reserve requirements of banks by 50 basis points for all terms, in a move to provide the financial system with \$1.5 billion of funds.
- Deputy Prime Minister Mehmet Şimşek, who is in charge of economy, tweeted after the decision saying “As our prime minister had said at the beginning of the week, we follow economic developments closely, take them seriously, and take necessary measures...”

YELLEN: CASE FOR RAISING RATES HAS STRENGTHENED IN RECENT MONTHS

- In a much-anticipated the speech at the central bank’s annual Jackson Hole summit, Fed Chair Janet Yellen voiced optimism about the economy and an expectation that interest rate hikes are ahead. Speaking as the market wonders when the Fed will resume a policy tightening that began in December, Yellen issued some cautionary tones, but pointed to more increases on the horizon.
- The Federal Open Market Committee “continues to anticipate that gradual increases in the federal funds rate will be appropriate over time to achieve and sustain employment and inflation near our statutory objectives,” Yellen said in prepared remarks.
- More pointedly, she added, “Indeed, in light of the continued solid performance of the labor market and our outlook for economic activity and inflation, I believe the case for an increase in the federal funds rate has strengthened.”
- “The pre-prepared text from Yellen’s speech at Jackson Hole today didn’t necessarily offer much in the way of surprises but it did confirm one thing, there is now a clear and public hawkish consensus building within the Fed and Chair Yellen is on board,” said Craig Erlam, senior market analyst at currencies trading

platform OANDA.

- After digesting Yellen's remarks, traders moved up the chances of a rate hike in the months ahead.
- The possibility of a December hike, around 50 percent before Yellen's remarks, moved up to 60.2 percent, according to the CME. The market continues to doubt anything happening in September — less than two months before the presidential election — though the probability for a move jumped to 30 percent.
- The Fed in December approved a quarter-point hike, its first move in more than nine years after anchoring its rate target near zero during the financial crisis and Great Recession. However, at that meeting FOMC members indicated that four more hikes were on the way in 2016.
- A wobbly economy, low inflation and turmoil abroad had kept the Fed from continuing rate normalization. Going into the Yellen speech, the market was anticipating a coin-flip chance of any increase at all this year.
- But Yellen said the jobs market is nearing full employment and inflation is ticking toward the Fed's 2 percent goal, despite downward pressure from "the transitory effects of earlier declines in energy and import prices."
- The speech otherwise was an academic exercise exploring whether the Fed has the tools to respond to another financial crisis. Critics worry that the low funds rate — currently targeted between 0.25 and 0.5 percent — will prevent the Fed from having latitude should a crisis on the scale of the 2008 one materialize.
- Yellen defended the Fed's position, though she did acknowledge some limitations.

US Q2 GROSS DOMESTIC PRODUCT UP 1.1% VS. 1.2% INCREASE EXPECTED

- U.S. economic growth was a bit more sluggish than initially thought in the second quarter as businesses aggressively ran down stocks of unsold goods, offsetting a spurt in consumer spending.
- Gross domestic product expanded at a 1.1 percent annual rate, the Commerce Department said on Friday in its second estimate of GDP. That was slightly down from the 1.2 percent rate reported last month.
- The revision also reflected more imports than previously estimated as well as weak spending by state and local governments. The economy grew at a 0.8 percent pace in the first quarter. It grew 1.0 percent in the first half of 2016.
- The revision to second-quarter GDP growth was in line with economists' expectations. The economy has struggled to regain momentum since output started slowing in the last six months of 2015, which puts it in danger of stalling.
- While data so far for the third quarter has been mixed, a strong labor market should continue to support consumer spending and underpin growth in the coming quarters. Output will also likely get a boost as businesses restock warehouses after liquidating inventories in the second quarter.
- The government also reported that after-tax corporate profits fell at a 2.4 percent rate last quarter after increasing at an 8.1 percent pace in the first quarter. Weak profits could limit an anticipated rebound in business spending.

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- With profits declining, an alternative measure of growth, gross domestic income, or GDI, increased at only a 0.2 percent rate in the second quarter, the weakest since the first quarter of 2013. GDP measures the economy's performance from the income side. It increased at a 0.8 percent pace in the first quarter.
 - Business inventories fell \$12.4 billion in the second quarter, the first drop since the third quarter of 2011, instead of the \$8.1 billion reported last month.
 - As a result inventories sliced off 1.26 percentage points from GDP growth, the largest drag in more than two years, and up from the 1.16 percentage points subtraction in last month's estimate.
 - It was the fifth straight quarter that inventories weighed on output. Economists say some of the inventory drawdown could partially be attributed to robust consumption.
 - Consumer spending, which makes up more than two-thirds of U.S. economic activity, was revised up to show it increased at a 4.4 percent rate -- the fastest since the fourth quarter of 2014. Consumer spending, which was previously reported to have advanced at a 4.2 percent rate, accounted for the bulk of the rise in output last quarter.
 - With consumption accelerating, imports were revised to show them growing at a 0.3 percent rate instead of declining at a 0.4 percent rate. There was also a modest downward revision to export growth. As a result, trade contributed one-tenth of a percentage point to GDP growth in the second quarter instead of 0.23 percentage point as reported last month.
 - Business spending on equipment fell at a 3.7 percent rate and not the 3.5 percent pace reported last month. Business spending on equipment contracted for a third consecutive quarter, the longest stretch since the 2007-2009 recession, though the pace of decline slowed.
 - Business spending has been hurt by cheap oil, which has squeezed profits in the energy sector, forcing companies to cut capital spending budgets. There are signs that the worst of the decline is probably over, with a report on Thursday showing demand for manufactured capital goods rising in July for a second straight month.
 - There were also downward revisions to investment in nonresidential structures, which include oil and gas wells.

TURKEY PLANS TO CONSTRUCT 7 NEW AIRPORTS

- According to Transport, Maritime Affairs and Communications Ministry data, the government has taken fundamental steps to develop the aviation sector, one of the most important elements in the transport system, since 2003. In addition to aviation projects that have been actualized via the budget, the government has also paved the way for the private sector in the civil aviation sector through public-private partnership models and alternative finance and investment funds, leading to a decline in travel costs and making airlines "the way of the people." The number of operating airports in the domestic flight network will rise to 62 from 55 currently, with the construction of new airports in Yozgat, Rize-Artvin, Bayburt-Gümüşhane (Salyazı), Niğde-Aksaray, Karaman, İzmir (Çeşme Alaçatı) and western Antalya.
- A total of 90 percent of Turkish citizens and foreign tourists that travel by air can access a Turkish airport every 100 kilometers. Now, the aim is to provide everyone in Turkey access to an airport every 100 kilometers by 2023.

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- International flight network soared by 372 percentThe number of wide-body aircraft in the Turkish aviation sector has soared to 540 from 162, while the number of airline passengers increased by nearly six times since 2003, surging to 181.5 million at the end of 2015. Meanwhile, the number of countries that have airline agreements with Turkey increased to 167 from 81, making a major contribution to the Turkish civil aviation sector. Turkey's international flight network also skyrocketed by 372 percent, while two airline companies were offering flights to 60 foreign destinations in 2003. Now, six airline companies provide flights to 283 destinations in 116 countries. The first phase of the Istanbul New Airport, which is scheduled to open in the first quarter of 2018, will be able to serve 90 million passengers a year. The airport will make Turkey one of the most important transit centers in the world and will turn over a new leaf in the Turkish aviation sector.

ISRAELI LEVIATHAN PARTNERS GET UP TO \$1.75 BILLION HSBC, JP MORGAN FINANCING

- The main Israeli partners developing the large Leviathan natural gas site said on Sunday that they signed commitment letters with HSBC and J.P. Morgan for up to \$1.75 billion of financing.
- Delek Drilling and Avner Oil Exploration said the funds would go towards the A1 development stage of the project.
- Delek and Avner, units of conglomerate Delek Group, hold a combined 45.3 percent of Leviathan. Texas-based Noble Energy owns nearly 40 percent.
- Leviathan, which is expected to start production in 2019 or 2020, was discovered in the eastern Mediterranean in 2010. Much of its 622 cubic meters of natural gas is earmarked for exports.
- The Leviathan partners have already signed a number of supply deals within Israel as well as a \$10 billion contract with Jordan. Israel has also been searching for the best way to export the gas, including possible pipelines to Turkey, Egypt and Cyprus.
- The \$1.5-\$1.75 billion loan will be provided against the encumbrance of the partners' shares in Leviathan, with variable interest due every three months. The principal will be repaid in a single instalment after four years through a raising of long-term bonds.
- The A1 development stage for Leviathan includes the supply of gas from Leviathan to the domestic market, Jordan, the Palestinian Authority and other regional agreements, if signed.

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“We are committed to act in order to pipe gas from Leviathan to the Israeli market and for export already in late 2019. The Leviathan project is taking a significant step forward today,” Delek Drilling CEO Yossi Abu said in a statement.

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POLITICS

45TH PRESIDENT OF THE UNITED STATES: DONALD J. TRUMP

- On November 8, Donald Trump was elected as the 45th President of the United States.
- TAIK Members followed the US Elections together with the US Consulate staff, academics and journalists from the midnight till the morning.

[*Please click here for the pictures of the night.*](#)

- President-elect Donald Trump has been busy since the election day putting together his cabinet in New York City. Here are his choices so far:

- > Vice President: Indiana Governor Mike Pence
- > National Security Adviser: Mike Flynn
- > Chief of Staff: RNC Chairman Reince Priebus
- > Treasury Secretary: Steven Mnuchin
- > Commerce Secretary: Wilbur Ross
- > Attorney General: Alabama Senator Jeff Sessions
- > Health and Human Services Secretary: Georgia Congressman Tom Price
- > Transportation Secretary: Elaine Chao
- > Housing and Urban Development Secretary: Dr. Ben Carson
- > Education Secretary: Betsy DeVos
- > Director of the CIA: Mike Pompeo
- > U.S. Ambassador to the United Nations: Nikki Haley

PRESIDENT RECEP TAYYIP ERDOĞAN IS NOT WORRIED ABOUT TRUMP'S COMMENTS ON MUSLIMS

- The Turkish President has told Donald Trump's opponents to stop calling the President-elect a "dictator" and respect the results of the US election.
- Recep Tayyip Erdogan, who has himself been accused of dictatorial tendencies amid concern over a litany of human rights abuses reported in Turkey, said opponents were angry that the "plan failed".

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Speaking to the Organisation for Islamic Cooperation in Ankara on Wednesday, he said: "In America they started calling Trump a dictator. "In various countries of the Europe they spilled into the streets and started saying 'dictator.' Why aren't you respecting the results of the ballot box? "This is the result that came out of the ballot box. Trump came out. Respect it."

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- President-Elect Trump's election sparked a wave of concern in Muslim-majority countries following his campaign pledge to put a temporary ban on Muslims entering the US. But President Erdogan said his "mistake will be corrected".

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Turkish President Recep Tayyip Erdogan says he is not worried about U.S. President-elect Donald Trump's comments on Muslims made during his election campaign. President Erdogan dismissed concerns when asked about Trump's remarks about Muslims on Israel's Channel 2 TV investigative news program "Uvda" aired. The president said he phoned Trump the day after he won. "I don't think at all he will adopt such (negative) approach towards Muslims," he said in his recent interview to Israeli media. President Erdogan stated "Every country needs a strong leader in order to progress. A country without a strong leader will go down."

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- President Erdogan has been critical of the Obama Administrations' handling of the conflict in Syria.

DONALD TRUMP'S BIG 10 FOREIGN POLICY PLEDGES: WILL HE STICK TO THEM?

- During his campaign, Donald Trump outlined numerous foreign policies that depart dramatically from those of President Obama — and long-standing U.S. positions in some cases.
- Now as president-elect, Trump and his transition team are sticking to some of those promises, while retreating from others.
- Trump pledged to build a wall along the southwest border — and make Mexico pay for it, possibly by withholding remittances that Mexicans in the U.S. send back home. But Mexican President Enrique Peña Nieto, who met with Trump in August, has said flatly that Mexico won't finance such a project.
- In an interview that aired Sunday on CBS' 60 Minutes, Trump said the wall with Mexico was still part of his plan. When asked if he would accept a fence, as has been discussed in the Republican-controlled Congress, Trump said, "For certain areas I would, but certain areas, a wall is more appropriate. I'm very good at this, it's called construction."
- Trump also said in the interview that he would deport 2 million to 3 million people who are in the U.S. illegally and suspected of having criminal records. More than half are estimated to be Mexican, and sending so many back would create a logistical challenge for the U.S. and an economic and humanitarian crisis for Mexico.
- Trump said he would move the U.S. Embassy from Tel Aviv to the contested city of Jerusalem, breaking with a half-century of U.S. policy that says the future of Jerusalem must be decided in talks between Israel and the Palestinians. Israel has occupied the West Bank and East Jerusalem since the 1967 Middle East war. Last week, Trump adviser Walid Phares told the BBC that moving the embassy would happen under "consensus," not right away. Trump also has said he would support the continued existence of Israeli settlements built on land claimed as well by Palestinians, a reversal of bipartisan U.S. policy that considers the settlements illegal.
- Trump has repeatedly mocked and derided the nuclear deal the Obama administration negotiated with Iran and five other world powers.

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In September 2015, Trump said he would “renegotiate” the agreement, which limits Iran’s nuclear program to peaceful activities in return for lifting crippling sanctions. In October, Trump said Iran “should write us a letter of thank you” for “the stupidest deal of all time.” Vice President-elect Mike Pence said the deal would be “ripped up” after consultation with U.S. allies.

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WHAT DID THEY SAY IN NOVEMBER?

- State Department spokesman Mark Toner said officials will explain the merits of the deal to Trump’s transition team, though any decision about sticking to the terms of the agreement would be up to the next administration.
- Trump said in April that the United States spends too much on posting troops in Japan and South Korea. He said these nations should spend more on their own defense, including developing nuclear weapons, if necessary. He threatened to withdraw troops if Japan and South Korea didn’t increase compensation for posting them there.
- Withdrawing troops that have been stationed there for more than a half-century could create a power vacuum at a time when North Korea has been displaying aggressive behavior with nuclear and missile tests. And China has been asserting its might by building military facilities in areas of the South China Sea claimed by other Asian nations.
- Last December, the United States and nearly 200 other countries adopted the world’s first pact to limit emissions of gases that nearly all scientists say are warming the planet. Trump — who has called climate change a “hoax” — has vowed to renegotiate the deal.
- That won’t be easy. The Paris Agreement includes a section that makes it difficult for countries to withdraw once the pact takes force. That status was reached Nov. 4 — unusually fast by international standards, in part because of fears of a Trump presidency.
- Legally, a country can withdraw three years after the agreement goes into force, and then it must wait a year for the withdrawal to go into effect. That means a formal withdrawal by the U.S. could not happen before 2020, at the end of Trump’s four-year term.
- Under current rules, a country can stay in the Paris Agreement but simply ignore its obligations, a path Trump could take.
- Trump has said he would reconsider the NATO alliance if other member countries don’t pay their share of common defense expenditures, 2% of gross domestic product. Only five countries — the United States, Greece, the United Kingdom, Estonia and Poland — meet that benchmark.
- During his campaign, Trump shocked Europe after vowing that he might not automatically come to the aid of NATO allies if they were attacked. Instead, he would first look at their contributions to the 28-nation alliance.

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- President Obama said Monday that he can reassure allies that his successor supports NATO. Trump has not responded to Obama's latest comments.
 - Trump pledged during the campaign to withdraw from the North American Free Trade Agreement (NAFTA) to revive U.S. renegotiate jobs that have fled to Mexico, where labor costs are much cheaper. During one debate, Trump called NAFTA "the single worst trade deal ever approved in this country." If Trump decides he wants to renegotiate NAFTA, it won't be simple, since both Canada and Mexico would have to agree to any changes.
 - Republican and Democratic supporters of NAFTA agree that the trade pact has produced some U.S. losers — those who lost their jobs because of increased competition from Canada and Mexico imports. Overall, however, NAFTA has been a net positive for the U.S. economy by increasing U.S. exports and jobs.
 - Former president George W. Bush said Tuesday that NAFTA has created millions of jobs, in U.S.
 - Trump could withdraw the United States from NAFTA, the World Trade Organization and bilateral trade deals with other countries. But such a provocative step could invite retaliation in the form of import duties on U.S. goods. The result would be a global trade war that could trigger a worldwide recession.
 - Candidate Trump expressed admiration for Russian President Vladimir Putin. During NBC's "Commander-in-Chief" forum on Sept. 14, Trump said, "Certainly in that system, he's been a leader far more than our President has been a leader."
 - Trump has promised to improve ties with Putin after a frosty relationship with the Obama administration, which imposed sanctions on Russia in 2014 for annexing Ukraine's Crimea province and aiding pro-Russian separatists in eastern Ukraine.
 - The U.S. also opposes Russia's expanded military support for Syrian President Bashar Assad in his bloody civil war against rebel groups. In addition, U.S. intelligence agencies accused Russia of hacking Democratic National Committee e-mails and providing them to WikiLeaks in an effort to interfere in the U.S. election.
 - Trump said in July that Russia "is not going into Ukraine," although it had already annexed Crimea and has military assets in eastern Ukraine, according to the White House and NATO.
 - In a phone call Monday, Trump and Putin agreed that U.S.-Russian relations are in "extremely unsatisfactory" condition now. The two also discussed the need to join forces to combat international terrorism. Hours after the phone call, Russia launched a major military offensive in Syria on behalf of Assad, who President Obama wants to step aside because of brutality against his own people.
 - The Kremlin said Trump and Putin spoke about the need "to normalize ties and engage in constructive cooperation on a broad range of issues." The Kremlin also pledged to build "dialogue with the new administration on the principles of equality, mutual respect and non-interference in the internal affairs of each other."
 - Trump has declined to talk about his plans for defeating the Islamic State, saying he doesn't want to tip off the enemy. But he has also said he will give his generals 30 days after he takes office to come up with a plan to soundly defeat the militant group.
 - In general he has hinted at ramping up the war against the radical militant group, but avoid getting

the United States into a Middle East quagmire. He has not advocated using large numbers of U.S. ground troops to do the fighting. “I’m going to bomb the out of them,” Trump said last year.

- Under the Obama administration, the U.S. military and its allies have made steady progress in pushing the Islamic State out of most of Iraq and are now moving in on Mosul — the last major Iraqi city in the militants’ hands. The coalition is also targeting the terror group’s headquarters in Syria.
- As the Islamic State loses territory in Iraq and Syria since its peak in 2014, the group has reverted to more traditional terror tactics around the world. Some “lone-wolf” attacks by Islamic State supporters have proven virtually impossible to stop, even as the group suffers losses on the battlefield.
- Trump has hinted that he might cooperate with Assad and Russia to defeat the Islamic State in Syria. Currently, the United States is targeting the Islamic State but refuses to coordinate with Russia because of its support for Assad and attacks on U.S.-backed rebel groups.
- Trump told The Wall Street Journal last week that he would withdraw support for Syrian rebels battling Assad and work with Russia to fight the DAESH.
- But after more than five years of civil war that has claimed hundreds of thousands of lives and forced millions to flee their homes, the conflict in Syria shows no signs of ending. And the continued chaos provides a safe haven for terror groups such as the Islamic State.

TAİK EVENTS

35TH ATC-TAİK ANNUAL CONFERENCE:

- **500+ PARTICIPANTS:** The largest gathering of its kind, the Annual Conference hosts over 500 attendees including leaders and visionaries in the private sector, government, and the non-profit space.
- **20+ INDUSTRIES:** CEOs, entrepreneurs, investors, key Members of the U.S. Congress and the Turkish Parliament, as well as Ministers and Cabinet Secretaries assemble to discuss macro and sector-specific topics.
- **NETWORKING:** The Annual Conference provides you with endless opportunities to network with fellow participants and get exposed to new ideas.



[Please click here for the pictures from the Conference.](#)

US ELECTIONS NIGHT

Turkey-U.S. Business Council organized a social event to watch the U.S. elections unfold live in an intimate setting. Business people, journalists, academics and politicians joined the event on this historic evening. Participants watched the elections results on CNN International, Fox New, CNN Turk, NTV, and occasionally switch to panel discussions from the audience.

[Please click here for the pictures from the night.](#)

TAİK IN THE PRESS

- Barçın Yinanç, Hürriyet Daily News - TAIK Chairman Ekim Alptekin: "Trump willing to take fresh look at Mideast"

[Please click here to read the interview.](#)

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